

Company for Audit and Tax Consulting

ADITON Ltd.

BANJA LUKA

INDEPENDENT AUDITOR REPORT

**ON FINANCIAL STATEMENTS
FOR YEAR 2014**

SARANTIS Ltd., Banja Luka

Banja Luka, February, 2015

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TO OWNERS AND MANAGEMENT
SARANTIS Ltd., Banja Luka

INDEPENDENT AUDITOR REPORT

Introduction

We have audited submitted financial statements of “SARANTIS Ltd.”, Banja Luka (hereinafter the “Company”) which comprise the Balance Sheet on the day of December 31th 2014, Income Statement, Cash Flow Statement and Statement on Changes in Equity for the year ended on that date, and a summary of significant accounting policies and notes to the financial statements.

Management’s responsibility for financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting regulations of Republic of Srpska, as well as for the internal controls relevant to the preparation of financial statements that do not contain misleading financial information, whether due to fraud or error.

Auditor’s responsibility

Our responsibility is to express an opinion on submitted financial statements based on performed audit. We conducted our audit in accordance with International Standards on Auditing and the Law on Accounting and Auditing of Republic of Srpska. These standards require compliance with ethical principles and that we plan and perform the audit in a way that makes it possible to, in reasonable measure, assure that financial statements do not contain misleading material information.

An audit involves performing procedures to obtain audit evidence about the amounts and informations disclosed in financial statements. Selected procedures are based on auditor’s judgement, including risk assessment of material errors contained in financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the preparation and fair presentation of financial statements, in order to design best possible audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluation of used accounting policies and significant estimates made by management, as well as evaluating the overall presentation of financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Unmodified Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the „SARANTIS Ltd.“ on the day December 31st 2014, and the results of its operations and cash flow for the year ending on that date, in accordance with the International Accounting Standards.

Protocol Number: 102/14-3/15
Banja Luka, February 16th 2015



Authorized Auditor
Milivoje Đurić

A handwritten signature in black ink, appearing to read "M. Đurić".

Balance Sheet

(Statement of Financial Position)
date 31.12.2014.

Group and part of group of accounts	Item	AOP	Current Year Amounts			Previous Year (Opening Balance)
			Gross	Allowance	Net (4-5)	
1	2	3	4	5	6	7
ASSETS						
	A. FIXED ASSETS (002+008+015+021+030)	001	277.326	93.140	184.186	150.631
	I INTANGIBLE ASSETS (003 through 007)	002	41.086	9.411	31.675	35.784
01	1. Research and development investments	003			0	
010	2. Concessions, patents and licenses and similar rights	004			0	
011	3. Goodwill	005			0	
012	4. Other intangible assets	006	41.086	9.411	31.675	35.784
014	5. Advances (prepayments) and intangible assets in preparation process	007			0	
015 and 016						
	II REAL ESTATES, PLANT, EQUIPMENT AND INVESTMENT					
02	PROPERTY (009 through 014)	008	235.240	83.729	151.511	113.847
020	1. Land	009			0	
021	2. Buildings	010			0	
022	3. Plant and equipment	011	201.727	83.729	117.998	113.847
023	4. Investment property	012			0	
027 and 028	5. Advances (prepayments) and real estates, plant, equipment and investment property in preparation process	013	33.513		33.513	
029	6. Investment property, plants and equipment not owned by the company	014			0	
	III BIOLOGICAL ASSETS AND AGRICULTURAL PRODUCE					
03	(016 through 020)	015	0	0	0	0
030	1. Forest	016			0	

Independent Auditor Report on Financial Statements of Company „SARANTIS Ltd.“ for year 2014.

031	2. Growing crops	017		0		
032	3. Live stock	018		0		
033	4. Agricultural produce	019		0		
038 and 039	5. Advances (prepayments) and biological assets and agricultural produce in preparation process	020		0		
04	IV LONG TERM FINANCIAL INVESTMENTS (022 through 029)	021	1.000	0	1.000	1.000
040, part 049	1. Shares in related legal entities	022		0		
041, part 049	2. Shares in other legal entities	023		0		
042, part 049	3. Long-term loans to related legal entities	024		0		
043, part 049	4. Domestic long-term loans	025		0		
044, part 049	5. Long-term loans abroad	026		0		
045, part 049	6. Financial assets available for sale	027		0		
046, part 049	7. Financial assets held to maturity	028		0		
048, part 049	8. Other long-term financial investments (placements)	029	1.000	1.000		1.000
050	V POSTPONED TAX FUNDS	030		0		
	B. CURRENT ASSETS (032+039+060)	031	2.107.861	0	2.107.861	995.205
10 to 15	I INVENTORIES, FIXED ASSETS AND ASSETS OF DISCONTINUED OPERATIONS AVAILABLE FOR SALE (033 through 038)	032	701.418	0	701.418	265.372
100 to 109	1. Inventory of materials	033		0		
110 to 112	2. Inventories of work in progress, goods, unfinished products and services	034		0		
120	3. Inventory of finished products	035		0		
130 to 139	4. Inventory of merchandise goods	036	701.418	701.418		265.372
140 to 149	5. Fixed assets and assets of discontinued operations available for sale	037		0		
150 to 159	6. Advances paid (prepayments)	038		0		
	II SHORT-TERM RECEIVABLES, INVESTMENTS AND CASH (040+046+055+058+059)	039	1.406.443	0	1.406.443	729.833
20, 21, 22	1. Short-term receivables (041 through 045)	040	1.343.296	0	1.343.296	514.155
200, part 209	a) Customers – related legal entities	041		0		
201, part 209	b) Domestic costumers	042	1.248.931	1.248.931		508.985
202, part 209	v) Foreign costumers	043	94.365	94.365		

Independent Auditor Report on Financial Statements of Company „SARANTIS Ltd.“ for year 2014.

210 to 219	g) Receivables from specific products	044		0		
220 to 229	d) Other short-term receivables	045		0		5.170
23	2. Short-term financial investments (047 through 054)	046	0	0		0
230, part 239	a) Short-term loans to related legal entities	047		0		0
231, part 239	b) Domestic short-term loans	048		0		0
232, part 239	v) Short-term loans abroad	049		0		0
233 and 234	g) Share of long-term financial placements which mature in one year	050		0		0
235, part 239	d) Financial assets at fair value through profit and loss available for trading	051		0		0
236, part 239	d) Financial assets recognized at fair value through profit and loss	052		0		0
237	e) Shares bought back indented for sale or cancelation	053		0		0
238, part 239	ž) Other short-term investments	054		0		0
24	3. Cash equivalents and cash (056+057)	055	37.466	0	37.466	215.678
240	a) Cash equivalents - securities	056		0		0
241 to 249	b) Cash	057	37.466		37.466	215.678
270 to 279	4. Value added tax	058		0		0
280 to 289, except 288	5. Prepaid expenses and accrued income	059	25.681		25.681	
288	III DEFERRED TAX ASSETS	060		0		0
29	C. LOSS OVER THE CAPITAL	061		0		0
	D. OPERATING ASSETS (001+031+061)	062	2.385.187	93.140	2.292.047	1.145.836
880 to 888	E. OFF BALANCE SHEET ASSETS	063			0	0
	F. TOTAL ASSETS (062+063)	064	2.385.187	93.140	2.292.047	1.145.836

Group and part of group of accounts	Item	AOP	Current Year Amounts	Previous Year (Opening Balance)
1	2	3	4	5
EQUITY AND LIABILITIES				
	A. CAPITAL (102-109+110+111+114+115-116+117-122)	101	566.443	421.939

Independent Auditor Report on Financial Statements of Company „SARANTIS Ltd.” for year 2014.

30	I SHARE CAPITAL (103 through 108)	102	700.000	700.000
300	1. Share capital	103		
302	2. Shares in limited liability company	104		
303	3. Shares in cooperatives	105		700.000
304	4. Other shares	106		
305	5. State-owned capital	107		
306	6. Other capital	108		
31	II SUBSCRIBED CAPITAL UNPAID	109		
320	III ISSUANCE PREMIUM	110		
part 32	IV RESERVES (112+113)	111	0	0
321	1. Legal reserves	112		
322	2. Statutory reserves	113		
330, 331 and 334	V REVALUATION RESERVES	114		
332	VI UNREALISED GAINS FROM THE FINANCIAL ASSETS AVAILABLE FOR SALE	115		
333	VII UNREALISED LOSSES FROM THE FINANCIAL ASSETS AVAILABLE FOR SALE	116		
34	VIII RETAINED EARNINGS (118 through 121)	117	144.504	0
340	1. Profit from previous years	118		
341	2. Profit for the financial year	119	144.504	
342	3. Unallocated surplus of income over expenditure	120		
343	4. Net income of entrepreneurs	121		
35	IX. LOSS UP TO THE AMOUNT OF CAPITAL (123+124)	122	278.061	278.061
350	1. Loss of previous year	123	278.061	91.009
351	2. Loss of current year	124		187.052
40	B. LONG-TERM PROVISIONS (126 through 131)	125	0	0
400	1. For expenses in warranty period	126		
401	2. For restoration of natural resources	127		
402	3. For kept down payments and deposits	128		
403	4. For costs of reorganization	129		
404	5. For employees wages and benefits	130		

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405	6. Other long-term provisions	131		
	C. LIABILITIES (133+142)	132	1.725.604	723.897
41, except 418	I LONG-TERM LIABILITIES (134 through 141)	133	0	0
410	1. Liabilities convertible in capital	134		
411	2. Liabilities toward related legal entities	135		
412	3. Long-term securities payable	136		
413 and 414	4. Long-term debt (borrowings)	137		
415 and 416	5. Long-term liabilities from financial leasing	138		
417	6. Long-term liabilities at fair value through profit and loss	139		
418	7. Deferred tax liabilities	140		
419	8. Other long-term liabilities	141		
42 to 48	II SHORT-TERM LIABILITIES (143+148+153+154+155+156+157+158+159+160)	142	1.725.604	723.897
42	1. Short-term financial liabilities (144 through 147)	143	0	0
420 to 423	a) Short-term borrowings and liabilities from short-term securities	144		
424 and 425	b) Share in long-term financial liabilities which mature in one year	145		
426	v) Short-term liabilities at fair value through profit and loss	146		
429	g) Other short-term financial liabilities	147		
43	2. Operating liabilities (149 through 152)	148	1.617.435	679.488
430	a) Prepayments, deposits and bails received	149		
431	b) Suppliers-related legal entities	150	876.747	595.951
432 and 433	v) Other suppliers	151	740.688	83.537
439	g) Other operating liabilities	152		
440 to 449	3. Liabilities from specific operations	153		
450 to 458	4. Wages (salaries) and salaries (salaries compensations) payable	154	195	
460 to 469	5. Other liabilities	155		
470 to 479	6. Value added tax	156	10.149	1.033
48 except 481	7. Other taxes, contributions and other fees payable	157	2.479	1.299
481	8. Profit tax liabilities	158		

Independent Auditor Report on Financial Statements of Company „SARANTIS Ltd.“ for year 2014.

49, except 495	9. Accrued expenses and deferred income	159	95.346	42.077
495	10. Deferred tax liabilities	160		
	D. OPERATING EQUITY AND LIABILITIES (101+125+132)	161	2.292.047	1.145.836
890 to 898	E. OFF BALANCE SHEET EQUITY AND LIABILITIES	162		
	F. TOTAL EQUITY AND LIABILITIES (161+162)	163	2.292.047	1.145.836



In Banja Luka

Date, 09.02.2015.

Authorized Person: Gordana Jovčić

Director: Vaso Knežević

Income Statement
(Statement of Comprehensive Income)
from 01.01. to 31.12.2014

- in BAM -

Group and part of group of accounts	Item	AOP	Amount	
			Current Year	Previous Year
1	2	3	4	5
	A. OPERATING INCOME AND EXPENSES			
	I OPERATING INCOME			
	(202+206+210+211-212+213-214+215)	201	3.465.924	1.928.904
60	1. Income from sales of merchandise goods (203 through 205)	202	3.448.257	1.919.244
600	a) Income from sale of merchandise goods to related legal entities	203		
601	b) Income from sale of merchandise goods on domestic market	204	3.439.992	1.919.244
602	v) Income from sale of merchandise goods on foreign market	205	8.265	
61	2. Income from sale of products (207 through 209)	206	0	0
610	a) Income from sale of products and services to related legal entities	207		
611	b) Income from sale of products and services on domestic market	208		
612	v) Income from sale of products and services on foreign market	209		
62	3. Income from employment (activation) or consumption of goods, products and services	210	17.667	9.660
630	4. Increase in value of products in stock	211		
631	5. Decrease in value of products in stock	212		
640 and 641	6. Increase of the value of investment properties and biological assets that are not subject to depreciation	213		
642 and 643	7. Decrease of the value of investment properties and biological assets that are not subject to depreciation	214		
650 to 659	8. Other operating income	215		
	II OPERATING EXPENSES			
	(217+218+219+222+223+226+227+228)	216	3.250.137	1.951.833
500 to 502	1. Merchandise goods sold at cost	217	2.329.095	1.277.669
510 to 513	2. Materials expenses	218	76.113	71.401
52	3. Wages, salaries and other employee benefits expenses (220+221)	219	384.891	319.772
520 and 521	a) Gross wages and gross salaries	220	361.863	300.395
522 and 529	b) Other employee expenses	221	23.028	19.377
530 to 539	4. Services expense	222	283.795	152.014
54	5. Depreciation and provisions expenses (224+225)	223	39.331	32.451
540	a) Depreciation	224	39.331	32.451
541 to 549	b) Provisions expenses	225		
55 except 555 and 556	6. Immaterial expense (excluding taxes and contribution)	226	85.805	64.056
555	7. Tax expense	227	14.193	10.762

556	8. Contribution expense	228	36.914	23.708
	B. OPERATING INCOME (201-216)	229	215.787	0
	C. OPERATING LOSS (216-201)	230	0	22.929
	D. FINANCE INCOME AND EXPENSES			
66	I FINANCE INCOME (232 through 237)	231	188	504
660	1. Finance income from related legal entities	232		
661	2. Interest income	233	164	492
662	3. Foreign exchange gains	234		
663	4. Incomes from currency clause	235		
664	5. Income from joint venture investments	236		
669	6. Other finance income	237	24	12
56	II FINANCE EXPENSES (239 through 243)	238	28	10
560	1. Finance expenses from relations with related legal entities	239		
561	2. Interests expense	240		
562	3. Foreign exchange losses	241		
563	4. Currency clause expenses	242		
564	5. Other finance expense	243	28	10
	E. OPERATING INCOME (229+231-238) or (230+231-238)	244	215.947	0
	F. OPERATING LOSS (-229-231+238) or (230-231+238)	245	0	22.435
	G. OTHER INCOME AND EXPENSES			
67	I OTHER INCOME (247 through 256)	246	153.269	1.879
670	1. Income from sale of intangible investments, real-estates, plant and equipment	247		1.802
671	2. Income from sale of investment property	248		
672	3. Income from sale of biological assets	249		
673	4. Income from sale of discontinued operations assets	250		
674	5. Income from sale of stakes in capital and long-term securities	251		
675	6. Income from sale of materials	252		
676	7. Surpluses, excluding surpluses of products in stock	253		
677	8. Collected written-off receivables	254		
678	9. Incomes from contractually agreed risk protection which cannot be included in the revaluation reserves	255		
679	10. Income from reduction of liabilities, termination of unused long-term provisions and other incomes	256	153.269	77
57	II OTHER EXPENSES (258 through 267)	257	224.712	166.496
570	1. Losses arising from liquidation and write-off of fixed assets and intangible assets	258		
571	2. Losses arising from sale and write off of investment property	259		
572	3. Losses arising from sale and write off of biological assets	260		
573	4. Losses arising from sale and write off	261		

	of discontinued operations assets			
574	5. Losses from sale of stakes in capital and long-term securities	262		
575	6. Losses from sale of materials	263		
576	7. Deficits, excluding deficits of products in stock	264		
577	8. Losses from risk protection	265		
578	9. Losses from revaluation and write-offs	266	18.026	
579	10. Losses from write-off of material and goods and other losses	267	206.686	166.496
	H. GAIN FROM OTHER INCOMES AND EXPENSES (246-257)	268	0	0
	I. LOSS FROM OTHER INCOMES AND EXPENSES (257-246)	269	71.443	164.617
	J. INCOME AND LOSSES FROM REVALUATION OF PROPERTY VALUE			
	I INCOME FROM REVALUATION OF PROPERTY VALUE (271 through 279)			
68	I INCOME FROM REVALUATION OF PROPERTY VALUE (271 through 279)	270	0	0
680	1. Income from revaluation of intangible assets	271		
681	2. Income from revaluation of real-estates, plant and equipment	272		
682	3. Income from revaluation of investment property which is subject to depreciation	273		
683	4. Income from revaluation of biological assets which are subject to depreciation	274		
684	5. Income from revaluation of long-term financial placements and financial assets available for sale	275		
685	6. Income from revaluation of materials and goods	276		
686	7. Income from revaluation of short-term financial placements	277		
687	8. Income from revaluation of capital value	278		
689	9. Income from revaluation of other property value	279		
58	II LOSSES FROM REVALUATION OF PROPERTY VALUE (281 through 288)	280	0	0
580	1. Impairment of intangible assets	281		
581	2. Impairment of real-estates, plant and equipment	282		
582	3. Impairment of investment property which is subject to depreciation	283		
583	4. Impairment of biological assets which are subject to depreciation	284		
584	5. Impairment of long-term financial placements and financial assets available for sale	285		
585	6. Impairment of materials and goods	286		
586	7. Impairment of short-term financial placements	287		
589	9. Impairment of other property value	288		

Independent Auditor Report on Financial Statements of Company „SARANTIS Ltd.“ for year 2014.

	K. REVALUATION GAIN	289	0	0
	L. LOSS FROM THE REVALUATION OF PROPERTY VALUE (280-270)	290	0	0
690 and 691	M. INCOMES FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS YEAR	291		
590 and 591	N. LOSSES FROM CHANGES IN ACCOUNTING POLICIES AND CORRECTIONS FROM PREVIOUS YEAR	292		
	O. INCOME AND LOSS BEFORE TAXES			
	1. Income before taxes (244+268+289+291-245-269-290-292)	293	144.504	0
	1. Loss before taxes (245+269+290+292-244-268-289-291)	294	0	187.052
	P. CURRENT AND DEFERRED INCOME TAX			
721	1. Tax expenses of reporting period	295		
part 722	2. Deferred tax expenses of reporting period	296		
part 722	3. Deferred tax incomes of reporting period	297		
	Q. NET INCOME AND NET LOSS			
	1. Net income of current year (293-294-295-296+297)	298	144.504	0
	2. Net loss of current year (294-293+295+296-297)	299	0	187.052
	TOTAL INCOME (201+231+246+270+291)	300	3.619.381	1.931.287
	TOTAL EXPENSES (216+238+257+280+292)	301	3.474.877	2.118.339
723	R. INTERIM DIVIDENDS AND OTHER FORMS OF NET INCOME DISTRIBUTION DURING REPORTING PERIOD	302		
	Share of net income/loss which belongs to majority owners	303		
	Share of net income/loss which belongs to minority owners	304		
	Basic earnings per share	305		
	Diluted earnings per share	306		
	Average number of employees based on the working hour	307	18	15
	Average number of employees according to month ending balance	308	18	15



In Banja Luka
 Date, 09.02.2015.
 Authorized Person: Gordana Jovčić
 Director: Vaso Knežević

Cash Flow Statement
(Statement of cash flows)
from 01.01. to 31.12.2014

-in BAM

Number	Item	AOP	Amount	
			Current Year	Previous Year
1	2	3	4	5
1	A. CASH FLOWS FROM OPERATING ACTIVITIES			
2	I. Cash proceeds from operating activities (502 through 504)	501	3.362.799	2.264.076
3	1. Proceeds from sale and advances (prepayments)	502	3.357.106	2.253.914
4	2. Proceeds from premiums, subventions, grants, etc.	503		
5	3. Other proceeds from operating activities	504	5.693	10.162
6	II. Cash outflows from operating activities (506 through 510)	505	3.478.799	2.148.663
7	1. Payments to suppliers and given advances (prepayments)	506	3.010.090	1.751.683
8	2. Payments for employee wages, salaries, and other employee benefits	507	392.740	303.337
9	3. Payment of interests	508		
10	4. Payment of income taxes	509		
11	5. Other payments of operating activities	510	75.969	93.643
12	III. Net inflow of cash from operating activities (501-505)	511	0	115.413
13	IV. Net outflow of cash from operating activities (505-501)	512	116.000	0
14	B. CASH FLOWS FROM INVESTING ACTIVITIES			
15	I Proceeds from investing activities (514 through 519)	513	164	13.992
16	1. Proceeds from short-term financial investment	514		
17	2. Proceeds from sale of shares and capital stakes	515		
18	3. Proceeds from sale of intangible assets, real-estates, plant, equipment, investment property and biological assets	516		13.500
19	4. Proceeds from interests	517	164	492
20	5. Proceeds from dividends and participation in profit	518		
21	6. Proceeds from other long-term financial investments	519		
22	II Cash outflow from investing activities (521 through 524)	520	62.376	45.722
23	1. Outflows from short-term financial investments	521		
24	2. Outflows arising from purchase of shares and participation in capital	522		
25	3. Outflows from purchase of intangible assets, real-estates, plant, equipment, investment property and biological assets	523	62.376	45.722
26	4. Outflow arising from other long-term financial investments	524		
27	III. Net cash inflow from investing activities (513-520)	525	0	0
28	IV. Net cash outflow from investing activities (520-513)	526	62.212	31.730

29	V. CASH FLOW FROM FINANCING ACTIVITIES			
30	I. Cash inflow from financing activities (528 through 531)	527	0	0
31	1. Inflow from increase in share capital	528		
32	2. Inflow arising from long-term financial liabilities	529		
33	3. Inflow arising from short-term financial liabilities	530		
34	4. Inflow from other long-term and short-term financial liabilities	531		
35	II. Cash outflow from financing activities (533 through 538)	532	0	0
36	1. Outflow from redemption of own shares and capital stakes	533		
37	2. Outflow from long-term financial liabilities	534		
38	3. Outflow from short-term financial liabilities	535		
39	4. Net outflow arising from finance lease	536		
40	5. Outflow arising from dividends and participation in profit	537		
41	6. Outflows from other long-term and short-term liabilities	538		
42	III. Net inflow of cash from financing activities (527-532)	539	0	0
43	IV. Net outflow of cash from financing activities (532-527)	540	0	0
44	G. TOTAL CASH INFLOW (501+513+527)	541	3.362.963	2.278.068
45	D. TOTAL CASH OUTFLOW (505+520+532)	542	3.541.175	2.194.385
46	Đ. NET CASH INFLOW (541-542)	543	0	83.683
47	E. NET CASH OUTFLOW (542-541)	544	178.212	0
48	Ž. CASH AT THE BEGINNING OF REPORTING PERIOD	545	215.678	131.995
49	Z. FOREIGN EXCHANGE GAINS FROM TRANSLATION OF CASH	546		
50	I. FOREIGN EXCHANGE LOSSES FROM TRANSLATION OF CASH	547		
51	J. CASH AT THE END OF REPORTING PERIOD (545+543-544+546-547)	548	37.466	215.678



In Banja Luka
Date, 09.02.2015.
Authorized Person: Gordana Jovčić
Director: Vaso Knežević

Statement on Changes in Equity

for period ending 31.12.2014.

- in BAM -

Number	Type of change in equity	Share in shareholders' equity that belongs to owners of parent company							Minority interest	TOTAL EQUITY
		AOP	Shareholders' equity and stakes in limited liability companies	Revaluation reserve	Unrealized gains/losses arising from financial assets available for sale	Other reserves (issuance premium, legal and statutory reserves, cash flow protection)	Retained earnings / uncovered loss	Total		
		2	3	4	5	6	7	8	9	10
1	Value on day 31.12.2012.	901	700.000				-91.009	608.991		608.991
2	Effects of the changes in accounting policies	902						0		0
3	Effects of the corrections of material errors	903						0		0
4	New value on day 31.12.2012. (901 ± 902 ± 903)	904	700.000	0	0	0	-91.009	608.991	0	608.991
5	Effects of the revaluation of the material and immaterial assets	905						0		0
6	Unrealized gains/losses arising from financial assets available for sale	906						0		0
7	Foreign exchange differences from the translation of the financial statements in other foreign currency	907						0		0
8	Net income/ loss of the reporting period as reported in income statement	908					-187.052	-187.052		-187.052

LEGAL AND OTHER BASIS

1.1. In accordance with the Law on Accounting and Auditing of Republika Srpska, the Company is regarded as a small company.

1.2. The persons responsible for the preparation of financial statements are:

1. Vaso Knežević, the director of the Company
2. Gordana Jovčić, certified accountant

1.3. Audit documentation includes financial statements of the Company (Balance Sheet, Income Statement, Balance of Cash Flow, Statement of Changes in Equity) as well as gross profit, inventory lists, decisions of the management bodies, business documentation, reports, records on the control of inspection bodies, rules on accounting and bookkeeping policies, normative acts, an extract from the register, other evidence and explanations made available to the auditor.

1.4. Documentation and information was presented to us by Gordana Jovčić, an accountant employed by the Company.

1.5. Financial book keeping is performed through a software program for data processing and includes all the essential elements for analytical and synthetic review of the business changes in the Company. Data processing, business records and financial statements submitting are performed by the employee of the Company, who has certified accountant licence.

1.6. Internal control is not organized as a separate division and is conducted in accordance with necessary guidelines and procedures, as well as auto controls according to descriptions of job positions.

1.7. The audit team:

1. Duško Daničić, certified auditor
2. Milivoje Đurić, certified auditor
3. Danka Panić, junior auditor

1.8. Duration of the audit of client: January 2015 – February 2014.

1.9 Accounting records are based on the following accounting regulations.

- *Law on Accounting and Auditing of Republika Srpska (Official Gazette of RS 36/09)*
- *International Standards on Auditing and International Standards on Financial Statements*
- *Standards Act on the application of chart of accounts for companies, cooperatives, other legal entities and entrepreneurs who perform double-entry book keeping (Official Gazette of RS 79/09)*
- *Standards Act on the content and form of charts of financial statements for companies, cooperatives, other legal entities and entrepreneurs who perform double-entry book keeping (Official Gazette of RS 84/09)*
- *Standards Act on the form and content of chart of statement of changes in equity (Official Gazette 84/09).*

According to the standards of Law on Accounting and Auditing, the companies and co-operations apply the International Standards on Auditing and International Standards on Financial Statements.

NOTES TO THE REPORT

1. COMPANY BACKGROUND

Sarantis Ltd. is a trade and service company based in Banja Luka at Kojića put Street No 4, founded in November 23rd 2011.

The abbreviated name of the company is Sarantis Ltd., Banja Luka. The Company's main business is wholesale trade of porcelain, glass and cleaning products – 46.44.

The responsible person or person authorized to represent the Company is

- Vaso Knežević, (NIN - 1503972800037), represented as Director of the Sarantis Ltd., Banja Luka

The founder of the Company is:

SARANTIS Ltd. trade and services company, based in Serbia, Belgrade, Milana Rešetar Street, No 7 with a startup capital of 700.000,00 BAM which is currency equivalent to 357.904,32 Euro.

On November 25th, 2011. in the court registry of the District Court of Banja Luka with the Decision No. 257-0-Reg-11-003100 were entered changes in company seat – adress and additional activities, based on provisions of Article 58 Law on Registration of Business Entities of RS (Official Gazette of RS, No. 42/05). The legal basis for registration was Decision amending the Decision on the Establishment OPU – 742/2011 from November 23rd 2011.

On May 25th 2013. decision was taken on the establishment of business unit at Sarajevo. Business Unit Sarajevo is registered in the Register of the District Court of Banja Luka decision no. 057-0-Reg-13-001123 on July 08th 2013.

2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS AND ACCOUNTING METHOD

• Basis for preparation and presentation

The financial statements of the Company for the period 01.01.2014 -31.12.2014 have been prepared in accordance with the accounting regulations of Republika Srpska.

The supplementary financial statements represent the Company's annual financial statements. The financial statements are arranged on the investing cost principle. The financial statements of the Company are presented in the format prescribed by the Standards Act on the application of chart of accounts for companies, cooperatives, other legal entities and entrepreneurs who perform double-entry book keeping (Official Gazette of RS 79/09), the Standards Act on the content and form of charts of financial statements for companies, cooperatives, other legal entities and entrepreneurs who perform double-entry book keeping (Official Gazette of RS 84/09) as well as the Standards Act on the form and content of chart of statement of changes in equity (Official Gazette 84/09).

The amounts in the financial statements attached are expressed in Bosnia and Herzegovina convertible marks (BAM). Convertible Mark represents the official reporting currency in Republika Srpska and Bosnia and Herzegovina.

In the preparation of the cash flow statement for the period 01.01.2014-31.12.2014 the Company used the direct method for reporting the cash flow.

In preparing these financial statements the Company applied accounting policies explained in Note 3 to the financial statement, which are based on the accounting and tax regulations of Republika Srpska.

The complementary financial statements are prepared according to the International Accounting Standards (IAS-39) i.e. the International FinanceReporting Standards (IFRS), which are effective from January 1st 2009 thus based on the accounting regulations of Republika Srpska. Specifically, based on the provisions of the applicable Law on Accounting and Auditing of Republika Srpska ("Official Gazette of RS", No. 36/09), all legal entities domiciled in Republika Srpska are required to fully apply IAS i.e. IFRS, as well as International Standards on Auditing (ISA), the Code of Ethics for Professional Accountants, as well as the accompanying instructions, explanations and guidelines adopted by the International Accounting Standards Board and all accompanying instructions, explanations and guidelines issued by the International Federation of Accountants (IFAC), the financial statements for periods beginning on January 1st 2010 or later.

Moreover, on the July 15th 2010 the Governing Board of the Association of Accountants and Auditors of Republic of Srpska (SRRS) issued a decision on the "Decision on the start of the mandatory IAS / IFRS editions application (published on January 1st 2009)", and based on "Decision on powers for translation and publication" of the responsible Commission for the accounting and auditing of Bosnia and Herzegovina dated March 10th 2006 (Official Gazette BIH, No. 81/06), with such authorizations the SRRS is granted. The above mentioned IAS/IFRS version is approved by the International Financial Reporting Standards Foundation (IFRS) as an official translation into Serbian language for Bosnia and Herzegovina (Republika Srpska), Serbia and Montenegro. The above mentioned IAS / IFRS Decision published on January 1st 2009 is mandatory applicable to financial statements prepared and presented in Republika Srpska for the accounting periods beginning on January 1st 2010 or later.

However, changes to existing standards and interpretations, as well as the newly adopted standards and interpretations, issued after January 1st 2009, are not disclosed and officially adopted in Republika Srpska.

At the date of publication of these financial statements, the mentioned standards and changes of the standards and interpretations were issued by the International Accounting Standards i.e. Standing Interpretation Committee interpretations (SICs), but not formally adopted in the Republika Srpska for annual periods beginning on January 1st 2014 or later:

- IFRS 1 (Revised) "First time application of IFRS" (effective for annual periods beginning on or after July 1st 2009)
- IFRS 3 (revised), "Business Combinations" (effective for annual periods beginning on or after July 1st 2009)
- Amendments to IFRS 1 "First-time adoption of IFRS" - Additional Exemptions for those who first adopted IFRS (effective for annual periods beginning on or after January 1st 2010).

- Amendments to IFRS 2 "Action-based Payment"- Group transactions cash payments based on shares (effective for annual periods beginning on or after January 1st 2010),
- Amendments to IAS 27 "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after July 1st 2009)
- Amendments to IAS 39 "Financial Instruments: Recognition and Measurement" - Eligible hedged items (effective for annual periods beginning on or after July 1st 2009)
- Amendments to various standards and interpretations resulting from the Annual quality improvement project of IFRS published on April 16th 2009 (IFRS 2, IFRS 5, IFRS 8, IAS 1, IAS 7, IAS 17, IAS 18, IAS 36, IAS 38, IAS 39, IFRIC 9, IFRIC 16) primarily with a view to removing inconsistencies and clarifying wording (most amendments are to be effective for annual periods beginning on or after January 1st 2010),
- IFRIC 17 "Transfer of non-cash Assets to the owners of the Company "(effective for annual periods beginning on or after July 1st 2009), and
- " IFRIC 18 "Transfer of funds to clients" (effective for annual periods beginning on or after July 1st 2009).

• “Comprehensive Framework for Financial Reporting 2010” which represents the “Framework for the preparation and presentation of financial statements” modification (effective from the date of publication i.e. from September 2010).

• Amendments to IFRS 1 “First-time Adoption of IFRS”- Limited exemptions from comparative disclosures in accordance with IFRS 7 for those who first adopt IFRS (effective for annual periods beginning on or after July 1st 2010).

• Amendments to IFRS 1 “First-time Adoption of IFRS”- Great hyperinflation and removal of fixed dates for those who are first-time adopters (effective for annual periods beginning on or after July 1st 2011)

• Amendments to IFRS 7 “Financial Instruments: Disclosures” - Transfer of financial assets (effective for annual periods beginning on or after July 1st 2011)

• Amendments to IAS 12 “Income Taxes”- Deferred taxes: Coverage of the underlying asset (effective for annual periods beginning on or after January 1st 2012.)

• Amendments to IAS 24 “Related Party Disclosures”- Simplifying the required disclosures for state-owned entities and clarifying the definition of related parties (effective for annual periods beginning on or after January 1st 2011)

• Amendments to IAS 32 “Financial Instruments: Displaying”- Accounting comprehend Rights Issues (effective for annual periods beginning on or after February 1st 2010).

• Amendments to various standards and interpretations resulting from the Annual quality improvement project of IFRS published on May 6th 2010 (IFRS 1, IFRS 3, IFRS 7, IAS 1, IAS 27, IAS 34, IFRIC 13) primarily with a view to removing inconsistencies and clarifying wording (most amendments are effective for annual periods beginning on or after January 1st 2011)

• Amendments to IFRIC 14 “IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction Fund requires a minimum subscription of the fund (effective for annual periods beginning on or after January 1st 2011), and

• “IFRIC 19 Extinguishing Liabilities with Equity Instruments ”(effective for annual periods beginning on or after July 1st 2010).

• ***Comparative data***

As comparative data the Company presented income statement, statement of changes in equity and cash flow statement for the year that ends on the day December 31st 2013 and as well as balance sheet on the day of December 31st 2013.

• ***Continuity of operations***

The Company prepares its financial statements in accordance with the principle of going concern.

3. ACCOUNTING POLICIES

3.1 ACCOUNTING PRINCIPLES

In drafting the financial statements, the Company is required to comply with the following principles.

3.1.1.TENURE PRINCIPLE from which it follows that property, financial and income position of the Company as well as country's economic policy and economic opportunities in the region allow business in indefinite period from which follows temporality and periodicity of reporting, as well as mandatory assessment of buying price and cost price, except in cases of application of imparity principle.

3.1.2 CONSISTENCY PRINCIPLE which implies that the method of estimating in longer time period does not change, and if the change does happen the Annex shows the effect of the change and explains the reason for change.

3.1.3 REALIZATION PRINCIPLE by which the income statement can include only realized (market-validated) gains.

3.1.4 IMPARITY PRINCIPLE (unequal value) which requires a balancing of assets at the lowest value, and liabilities at the highest value, which results in measurement of expenditures on higher value, and revenues on lower value, as well as taking into account impairment (depreciation) and provisions independently whether the result is gain or loss.

3.1.5 PRINCIPLE OF CAUSALITY between income and expenditure which takes into account all revenues and expenses of a given accounting period, irrespective of the time of collection of revenue and moments of payments for expenditures.

3.1.6. PRINCIPLE OF INDIVIDUAL ASSESSMENT OF ASSETS AND LIABILITIES where possible group assessments for rationalization come from individual assessment.

3.1.7 PRINCIPLE OF THE BALANCE IDENTITY by which the opening balance of business books for the current year must be identical to the closing balance for the previous year.

4. PROPERTY EVALUATION

4.1. GOODWILL AND INTANGIBLE INVESTMENTS are recognized only when it is probable that from this investment there will be economic benefits and when the cost of investing is reliably measurable and includes investment in the development, concessions, patents, licenses, investments in other intangible assets and goodwill acquired by purchase.

4.2. PROPERTY, PLANT AND EQUIPMENT

The property, plant and equipment include: land, buildings, plant and equipment, investment property, property, plan and equipment and investment property under preparation, advance payment for property, plant, equipment and investment properties and investments on leased property, plant and equipment.

At the time of purchasing, these assets are valued at buying price. After initial recognition at buying value, buildings, plants and equipment are measured at present value (buying price less accumulated depreciation and impairment losses).

After initial recognition, investment properties are depreciated and measured at present value.

The present value of buildings, plants, equipment and investment property is increased by the subsequent costs of adaptation, replacement of parts and expenses of general repairs, provided that these costs can be measured and that they extend the useful life and enhance the assets.

After the initial evaluation when book keeping value of property, plant and equipment deviates from the ruling market price at balance sheet date, the assessment of property, plant and equipment is carried out either by new buying price or by revaluation. Positive effects of the assessment increase revaluation reserves, and negative effects decrease revaluation reserves, and if there is no revaluation reserves negative effects increases the expenditures by impairment of assets in the balance sheet.

4.3. DEPRECIATION

The basis for the calculation of depreciation of intangible investments, property, plant and equipment, excluding land and forest, is buying value or revalued buying value.

The property, plant and equipment are grouped in frame within following categories:

Description	Depreciation Rate
Buildings	2-10
Plant and equipment	
Production and movable equipment	4-14
Furniture	10-20
Vehicles	15-25
Computers	25
Other equipment	11-50

4.4. OTHER LONG TERM FINANCIAL PLACEMENTS

Other long-term investments include: long-term loans given to related legal entities, long-term loans in the country, long-term loans abroad, financial assets available for sale, financial assets held to maturity and other long-term financial investments.

Long-term loans and other long-term investments are valued as follows:

- If they were given in national currency they are valued at book value,
- If they were given in foreign currency they are valued at the average exchange rate on the balance sheet date. Foreign exchange gains are recorded in favor of financial income, and foreign exchange losses are charged to financial expenditures. If the given loans are with the foreign currency clause, they are valued at the exchange rate at the balance sheet date specified by the foreign currency clause. Positive effects are recorded in favor of financial income and negative are charged to financial expenditures.

Long-term securities held to maturity are valued as follows:

- If they are denominated in the national currency and not included on the stock exchange quotation list they are valued at book value,
- If they are included on the stock exchange quotation list they are valued at the sale price of the stock exchange on the balance sheet date. Positive effects are recorded in the revaluation reserve and negative on the burden of previously realized revaluation reserve, and if those reserves are not the burden of depreciation expense,
- If they are in a foreign currency and not included in the stock exchange quotation list, they are valued at the average exchange rate on the balance sheet date. Foreign exchange gains are recorded in favor of financial income, and foreign exchange losses are charged to financial expenditures.

4.5. THE SUPPLIES AND GIVEN ADVANCES

The supplies include: inventory of materials, work in process and intermediate goods inventory, finished goods inventory, stock and the given advances.

Inventories of materials, spare parts and write-off goods inventory are valued at purchase price, which includes the vendor invoice value and associated costs of procurement.

Work in process and finished goods inventories are valued at cost price or net purchase price if it is lower. The cost price includes the cost of production and the proportional share of operating costs of production, whereby these costs exclude the cost of disuse, administrative and sales costs.

The net selling price is the selling price on the day of assessment with subtracted net of fees, cost of sales, as well as the costs of completing the product in the case of work in progress. The net selling price is determined as follows: the ruling price at the balance sheet \times (period expenses / net yield).

In case of the decrease in the use-price of the supplies for the amount of real and documented decrease of the value, a write-off of the inventories shall be charged to expenditure.

4.6. TRADE AND OTHER RECEIVABLES SALE

Receivables from sales and other receivables include: claims arising from sales, receivables from specific, other short-term receivables and value added tax.

Short-term receivables are valued at nominal value. Claims in foreign currency are valued at average rate on the balance sheet date. Foreign exchange gains are recorded in favor of financial income, and foreign exchange losses are charged to financial expenditures. Definitely bad debts are written off directly at the expense of other expenditures. Receivables from debtors in bankruptcy proceedings and claims which have not been billed for 365 days from the date of maturity, indirectly, are written off at the expense of other expenditures.

Value added tax paid includes the value added tax that is not compensated with the collected value added tax.

4.7. CASH AND CASH EQUIVALENTS

The cash and cash equivalents include: cash equivalents – securities, business accounts, allocated funds, letter of credit, cash funds and other funds whose use is restricted or value impaired.

Securities which are directly cashed and precious metals are considered to be cash equivalents. Securities are valued at buying value and precious metals are valued by the value derived from the prices of precious metals on world markets.

Securities, demand deposits and cash in foreign currency are valued at average exchange rate of foreign currency on the balance date. Foreign exchange gains are recorded in favor of financial income, and foreign exchange losses are charged to financial expenses.

4.8. PREPAYMENTS AND ACCRUED INCOME

Prepayments and accrued income include prepaid expenses, accrued income, accrued expenses and liabilities arising from other prepayments and accrued incomes.

4.9. DEFERRED TAX ASSETS

Deferred tax assets include long term and short term deferred tax assets and are quantified in accordance with the Law on Income tax and IAS 12 – Income tax and are recorded in the benefit of deferred tax expense.

4.10. EXCESS CAPITAL LOSS

The loss exceeding the value of capital is the difference between the total loss and equity.

5. EVALUATION OF LIABILITIES

5.1. CAPITAL

Capital includes: fixed capital reduced by recorded unpaid capital, reserves (share premium, legal and statutory reserves), revaluation reserves and unrealized gains and losses on financial assets available for sale, retained earnings and a loss to the amount of capital.

Loss from previous years and current year is a correction of capital value. Capital and loss are recorded in balance in the amount of nominal book value. The asset revaluation reserve is transferred to retained earnings when the asset is fully depreciated or sold.

Unrealized loss on securities and loss from the previous years and current year to the amount of capital are corrections of capital value.

5.2. LONG TERM PROVISIONS

Long-term provisions are liabilities to cover the costs and risks arising from the previous operations that will occur in the upcoming years and they are relate to:

- Provision for the costs in the warranty period,
- Provision for the costs of natural resources recovery,
- Provisions for retained payments and deposits,
- Provisions for restructuring costs,
- Provisions for wages and benefits, and
- Other provisions for probable costs.

These provisions are estimated by the Company based on actual expected costs, and they are eliminated in the moment with the emergence the costs which detriment provisions. Unused long term provisions to cover the costs are eliminated in favor of financial income.

5.3. LONG TERM LIABILITIES

Long term liabilities include: liabilities that can convert into capital, liabilities to related parties, liabilities to long term issued liabilities, long term loans in the country, long term loans abroad, long term finance lease obligations in the country and abroad , long term liabilities on fair value through income statement and other long term liabilities.

Long term liabilities in national currency are recorded in unpaid nominal value, and in foreign currency are recorded at average exchange rate of foreign currency on the balance date or at the rate agreed with the lender. Long term liabilities with currency clause are valued on the average exchange rate on the balance date of currency determined by currency clause.

5.4. SHORT TERM LIABILITIES

Short term liabilities include: short term liabilities to related parties, liabilities on issued short term securities, short term liabilities in the country and abroad, part of long term loans and

long term liabilities on financial leasing due for payment up to one year, short term liabilities at fair value through income statement and other short term financial liabilities.

Short term liabilities in national currency are recorded in unpaid nominal value, and in foreign currency are recorded at average exchange rate of foreign currency on the balance date or at the rate agreed with the lender. Short term liabilities with currency clause are valued on the average exchange rate on the balance date of currency determined by currency clause.

5.5. SHORT TERM LIABILITIES CLASSIFIED IN THE GROUP WITH THE FUND EARMARKED FOR SALE OR DISPOSAL

In the short term liabilities are classified in the group with assets intended for sale or disposal include liabilities based on fixed assets held for sale and assets of the business being suspended. These include obligations in accordance with IFRS 5 - Fixed Assets Held for Sale and Discontinued Operations.

5.6. LIABILITIES TO SUPPLIERS AND OTHER LIABILITIES

Liabilities to suppliers and other liabilities include: business liabilities, liabilities from specific operations, liabilities based on earnings and fees, other liabilities, except liabilities for participation in profit and liabilities for tax on added value.

Operating liabilities in national currency are recorded in unpaid amount, and in foreign currency are recorded at the average exchange rate on the balance date. Liabilities on tax on added value are related to the calculated added value for customers in the amount not compensated with the calculated tax on the value added by suppliers and based on import .

5.7 CURRENT LIABILITIES FOR INCOME TAX

Current liabilities for income tax include unpaid income tax.

5.8. ACCRUED COSTS AND DEFERRED REVENUES

Accrued costs and deferred revenues include: pre-calculated expenses, deferred income for future periods, deferred purchased costs, deferred income and grants received, deferred income from receivables and other accrued costs and deferred revenues.

Donations received to increase revenue shall be included in income to the amount of expenditure, and donations received for the purchased items are recorded in income in the amount of costs incurred on the basis of consumption or depreciation from donations.

5.9. DEFERRED TAX LIABILITIES

Deferred tax liabilities include long term and short term deferred tax liabilities and are quantified in accordance with the Law on income tax and IAS 12 – Income tax, and are recorded on the expense of tax expenditures.

6. AVERAGE EXCHANGE RATE OF CURRENCY AND REVALUATION RATIO

Average exchange ratio of foreign currencies is:

	31.12.2014	31.12.2013	Indeks
1 EUR	1,95583	1,95583	100

7. REVENUE AND EXPENDITURES

7.1 BUSINESS REVENUE AND EXPENDITURES

7.1.1. Business revenue include:

- Revenue from sales of goods affiliated to corporate entities in the country and abroad,
- Revenue from income sale affiliated to corporate entities in the country and abroad,
- Revenue from activation and consumption effects are recognized at cost price,
- Revenue from activation and consumption of goods is recognized at purchase price and revenue from growth and increment are recognized at the market price,
- Changes in the value of investment properties
- Change in value of biological assets
- Income from premiums, subsidies, grants, reimbursements, donations, revenue from the Treasury and other designated sources or other similar incomes,
- Income from rents, dues, royalties, revenues from designated sources of financing and other operating income.

Business revenue is adjusted in case of increase and depreciation of inventory of work-in-progress and finished products

7.1.2 Business expenditures include: costs of other material, fuel and energy costs, costs of gross salaries and wages, costs of production services, depreciation and reservation costs, intangible costs, taxes and contribution independent of the results. All expenditures are recognized regardless of the payment.

7.2. FINANCIAL REVENUE AND EXPENDITURES

7.2.1. Financial revenue includes: financial revenue from related parties, interest revenue, revenue from exchange rate gains, revenue on the basis of currency clause, revenue from interest in the profit of joint ventures and other financial revenue.

7.2.2. Financial expenditures includes: financial expenditures on the basis of relations with related parties, interest expenditures, expenditures arising from negative exchange rates, expenditures on the basis of currency clause and other financial expenditures.

7.3. OTHER REVENUE AND EXPENDITURES

7.3.1. Other revenue include: revenue from adjustments of assets value, revenue arising from changes in accounting policies and corrections of errors from previous years and other revenue.

7.3.2. Other expenditures include: expenditures from adjustments of assets value, expenditures arising from changes in accounting policies and corrections of errors from previous years and other expenditures.

7.4. GAINS AND LOSSES DETERMINED DIRECTLY IN RESULTS

7.4.1. Gains determined directly in equity are: gains after reduction of revaluation reserves on fixed assets, except securities available for sale, profits from change in fair value of securities available for sale, gains based on translating financial statement of foreign operations, actual gains on plans of definite benefits, effective portion of gains on the basis of protection against the risk of cash flows and other gains determined directly in equity.

7.4.2. Losses determined directly in equity are: losses in changes in fair value of securities available for sale, losses arising from translating financial statement of foreign operations, actual losses on plans of definite benefits, effective portion of losses on the basis of protection against the risk of cash flows and other losses determined directly in equity.

7.5. INCOME TAX

Income tax is calculated in accordance with the applicable regulations and within the time limits prescribed by the Law on Income Tax, and the recognition of temporary differences, deferred tax assets and tax liabilities disposed of shall be consistent with IAS-12.

NOTES TO FINANCIAL STATEMENTS**1. GOODWILL AND INTANGIBLE ASSETS**

	Other intangible assets	Total	IN BAM
Buying value:			
Balance at the beginning of the year	41.086	41.086	
Increase in value	0	0	
Decrease in value	0	0	
Balance at the end of the year	41.086	41.086	
Accumulated value adjustments:			
Balance at the beginning of the year	5.302	5.302	
Increases	4.109	4.109	
Depreciation	4.109	4.109	
Decreases	0	0	
Balance at the end of the year	9.411	9.411	
Net present value:			
31.12.2014.	31.675	31.675	
Net present value:			
31.12.2013.	35.784	35.784	

Intangible assets of the Company were in the amount of 31.675,48 BAM and in relation to the accounting software. There were no new purchases of intangible assets. As stated in the Company's accounting policies, intangible assets after initial recognition are valued on purchase price and used linear method of depreciation in accordance with assets useful life.

2. PROPERTY, PLANT AND EQUIPMENT

			IN BAM
	Plant and equipment	Real estates, plant, equipment and investment property in preparation process	Total
Buying value:			
Balance at the beginning of the year	162.354		162.354
Increase in value	39.373	33.513	72.886
New purchases	39.373	33.513	72.886
Balance at the end of the year	201.727	33.513	235.240
Accumulated value adjustments:			
Balance at the beginning of the year	48.507	0	48.507
Increases	35.222	0	35.222
Depreciation	35.222	0	35.222
Balance at the end of the year	83.729	0	83.729
Net present value:			
31.12.2014.	117.997	33.513	151.510
Net present value:			
31.12.2013.	113.847	0	113.847

The Company's fixed assets, aside previously recorded Intangible assets, comprises of equipment for performing registered activities. The total net value of Company's equipment on January 01st 2014 is 113.846,89 BAM, and on December 31st 2014 total net value is 151.510,26 BAM, from which 33.512,97 BAM refers to the two vehicles purchased in December 2014 and they are classified as *equipment in preparation process*. Besides these two vehicles, during 2014 were made purchases of equipment with a total value of 39,372.73 KM (two vehicles – 37.548,72 BAM, computer equipment – 895,84 BAM, office equipment – 508,54 BAM and office furniture 419,63 BAM).

The equipment structure on December 31st 2014. is the following:

Vehicles	182.142,57 BAM
Computer equipment	9.310,86 BAM
Office equipment	7.561,14 BAM
Office furniture	2.712,01 BAM
TOTAL	201.726,58 BAM
CORRECTIONS TOTAL	83.729,29 BAM
NET VALUE	117.997,29 BAM
Equipment in preparation process (two vehicles)	33.512,97 BAM

Identical to the intangible assets, the Company valued the equipment after initial recognition on purchase price. The Company used linear method of depreciation in accordance with assets useful life.

3. SHARES IN LEGAL ENTITIES AND OTHER LONG-TERM FINANCIAL INVESTMENTS

	OTHER LONG-TERM FINANCIAL INVESTMENTS	TOTAL	IN BAM
GROSS VALUE			
Balance at the beginning of the year	0		0
Increases in value	1.000		1.000
New purchases	0		0
Balance at the end of the year	1.000		1.000
NET VALUE			
31.12.2014.	1.000		1.000
31.12.2013.	0		0

Other long-term investments in the total amount of 1.000 BAM are related to a given bail to a lessor.

4. INVENTORY AND ADVANCES

	31. December 2014	31. December 2013	IN BAM
1. Goods	701.418	265.372	
I Inventory, net	701.418	265.372	
II Advances - total	0	0	
III INVENTORY AND ADVANCES (I+II)	701.418	265.372	

The Company's inventory consists solely of stocks of goods which is towards the end of 2014. recorded in the amount of 701.418,34 BAM. Goods are recorded on purchase price, in accordance with IAS 2 – Inventories.

5. RECEIVABLES FROM SALE AND OTHER RECEIVABLES

	IN BAM			
	Domestic costumers	Foreign costumers	Other short term receivables	Total
Gross balance at the beginning of the year	508.985	0	5.170	514.155
Gross balance at the end of the year	1.248.931	94.365	0	1.343.296
Correction of value at the beginning of the year	0	0	0	0
Correction of value at the end of the year	0	0	0	0
NET VALUE				
31.12.2014	1.248.931	94.365	0	1.343.296
31.12.2012	508.985	0	5.170	514.155

Receivables by maturity

Receivables by maturity in days	in BAM		
	Up to one year	Over one year	Total
Receivables – gross value	1.313.251	42.637	1.355.887
Correrction of value	0		0
Receivables – net value	1.313.251	42.637	1.355.887

Short term receivables were in the amount of 1.343.296,11 BAM and related to receivables from buyers in. Receivables from domestic costumers refere to sales of goods and are amounted at 1.248.930,72 BAM. A part of receivables amounted at 42.636,69 BAM is related to *bed and doubtful claims form domestic costumers*. Against all customers related to bad and doubtful claims there were initiated court proceedings, and was made provision for doubtful claims from domsestic costumers amounted at 12.591,35 BAM on December 31st 2014.

The most important receivables from buyers related to the receivables from:

1. OGIMIL Ltd. Trn - Laktaši.....	496.537,06 KM
2. BINGO Ltd.. Tuzla	192.603,18 KM
3. KONZUM Ltd.	109.154,19 KM
4. TROPIC MALOPRODAJA Ltd.	101.025,09 KM

5. C.D.E.B. Ltd. Sarajevo	78.464,28 KM
6. FIS Ltd.	34.616,13 KM
7. dm drogerie markt Ltd.	33.281,21 KM
8. MOJ MARKET Ltd.	28.846,16 KM
9. LEBURIĆ KOMERC Ltd.	22.096,70 KM
10. AMKO KOMERC Ltd.	12.082,97 KM
11. Other buyers	110.178,41 KM
12. Doubtful claims from domestic costumers.....	42.636,69 KM
13. Provisions for doubtful claims from domestic costumers	12.591,35 KM
Total domestic buyers	1.248.930,72 KM

Receivables from foreign customers for services are amounted to 94,365.39 BAM, and related to the reimbursement of marketing expenses to Conter and Sodalco from Italy. Against all customers whose claims are older than 365 days the Company has initiated court proceedings.

The Company has sent the balance confirmation requests to all of its customers on the day 31.12.2014. and there were no significant unreconciled amount.

6. CASH AND CASH EQUIVALENT

IN BAM

	31. December 2014	31. December 2013
1. Business accounts – domestic currency	37.010	215.388
2. Register - domestic currency	456	291
Cash and cash equivalents - total	37.466	215.679

Cash and cash equivalent consist of giro account money deposited in banks in the amount of 37.010,15 BAM, main register funds in the amount of 297,80 BAM and register funds at business unit Sarajevo 157,80 BAM.

7. PREPAID EXPENSES AND ACCRUED INCOME

	in BAM	
	31. December 2014	31. December 2013
1. Prepaid expenses	681	0
2. Accrued income	25.000	0
TOTAL	25.681	0

Amount of 25.681 BAM at prepaid expenses and accrued income account is related to:

1. prepaid website expenses in advance for 12 month period amounted at 681 BAM and
2. claims for marketing expenses reimbursement from company Conter for December 2014 amounted at 25.000 BAM, which are going to be invoiced in January 2015.

8. CAPITAL

	IN BAM	
	31. December 2014	31. December 2013
1. Shares of limited liability company	700.000	700.000
I. Fixed capital	700.000	700.000
1. Profit from previous years	0	0
2. Profit for the financial year	144.505	0
III. Profit (1 to 2)	144.505	0
1. Loss of previous years	(278.062)	(278.062)
2. Loss of current year	0	0
II. Loss (1 to 2)	(278.062)	(278.062)
CAPITAL (I to IV-V)	566.443	421.938

Since the Company is organized as a limited liability company, the share capital of the Company comprised of the Sarantis Ltd Belgrade initial share in the amount of 700.000,01 BAM. Profit for financial year 2014 is amounted at 144.505,04 BAM and is used for covering a part of loss of previous years and total capital is lower compared to the originally paid-in capital for the remaining amount of the loss from 2013. As of December 31st 2014, the total capital of the Company is 566.443,24 BAM.

9. LIABILITIES TOWARDS SUPPLIERS, CURRENT LIABILITIES ON THE TAX

	IN BAM	
	31. December 2014.	31. December 2013.
1. Suppliers – related legal entities	876.747	595.951
2. Suppliers in the country	59.644	78.843
3. Foreign suppliers	681.044	4.694
I Operating liabilities - total (1 – 3)	1.617.435	679.488
1. Obligations for contributions on salaries and benefits other than salary to be refunded	195	0
II Liabilities for salaries and salary compensations - total	195	0
III Liabilities for VAT	10.149	1.034
1. Liabilities for taxes, customs and other charges on purchase or expenditures	2.479	1.299
IV Liabilities for other taxes, fees and other charges without current liabilities on income tax	2.479	1.299
Liabilities to suppliers and other liabilities - total (I – IV)	1.630.258	681.821

Liabilities from the Company`s operations are in the total amount of 1.630.257,50 BAM, of which the most part refers to related legal entity Sarantis Ltd. Belgrade in the amount of 876.747,06 BAM (which is 54% of total amount of liabilities).

Liabilities to foreign suppliers were in the amount of 681.044,42 BAM, of which the most part refers to liabilities to Conter and Soldaco from Italy for goods in amount of 675.607,21 BAM.

Liabilities to other domestic suppliers were in the amount of 59.643,56 BAM i.e. the liabilities to:

M.G.M.A. d.o.o.	15.362,39 BAM
BINGO d.o.o.	10.415,57 BAM
C.D.E.B. d.o.o.	8.728,20 BAM
INTEREUROPA RTC d.o.o.	4.603,95 BAM
MERCATOR BH d.o.o.	4.412,96 BAM
L&CO d.o.o.	3.910,00 BAM
OSTALI DOBAVLJAČI	12.210,49 BAM
TOTAL	59.643,56 BAM

10. ACCRUED COSTS AND DEFERRED REVENUES

	IN BAM	
	31. December 2014	31. December 2015
1. Expenditure period calculated in advance	7.970	9.655
2. Other accrued costs and deferred revenue	87.376	32.422
Accrued costs and deferred revenues- total (1-2)	95.346	42.077

Expenditure period calculated in advance are related to the cost of provision for write-off of damaged goods in the amount of 940,00 BAM and expenses for electricity, water, telephone, audit for December 2014 amounted at 7.029,85 KM, for which invoices will be issued in January 2015.

Other accruals in the amount of 87.376,48 KM are related to provisions for subsequently approved rebates – bonuses for realized turnover by the agreements in 2014 (62.376,48 BAM) and provisions for reimbursement of marketing expenses for promotional activities for December 2014 (the amount of 25.000 BAM).

11. OPERATING REVENUES

	IN BAM	
	31. December 2014	31. December 2013
1. Sales revenues from sales to related legal entities	0	0
2. Sales revenues in domestic market	3.439.992	1.919.244
3. Sales revenues in foreign market	8.265	0
I Sales revenues - total (1 – 3)	3.448.257	1.919.244
1. Income from own use of goods	17.667	9.660
II Income from own use of products - total	17.667	9.660
OPERATING REVENUES - TOTAL (I – II)	3.465.924	1.928.904

Sales revenues are consist of revenues acquired from wholesale and retail trade of goods in domestic market amounted at 3.439.992,47 BAM, sales revenues form sales in foreign market amounted at 8.264,62 BAM and income form own use of goods amounted at 17.666,65 BAM. Sales revenues make the most revenue in the Company's total operating revenues and account for 99.50%.

12. OPERATING EXPENDITURES

	IN BAM	
	31. December 2014	31. December 2013
1. Purchasing price of sold goods	2.329.095	1.277.669
I Purchasing price of sold goods - total	2.329.095	1.277.669
1. Materials expenses	3.496	695
2. Other (overhead) costs of material	17.439	17.538
3. Fuel and energy costs	55.178	53.167
II Material costs - total (1 – 3)	76.113	71.401
1. Costs of gross salaries	361.863	300.395
2. Costs of other gross personal expenditures	23.027	19.377
III Costs of gross salaries, fees and other personal expenditures (1 – 2)	384.891	319.772
IV Depreciation costs	39.331	32.451
1. Transport costs	41.544	17.315
2. Maintenance costs	5.359	9.430
3. Rent	59.864	44.701
4. Marketing costs	167.733	70.709
5. Costs of other services	9.296	9.858
V Costs of production services - total	283.795	152.014
1. Cost of non-productive services	37.106	24.701
2. Representation costs	13.304	10.424
3. Insurance costs	22.263	20.173
4. Costs of payment fees	5.702	3.089
5. Fee costs	2.810	1.048
6. Tax costs	14.193	10.762
7. Contributions costs	36.914	23.708

8. Other intangible costs	4.620	4.621
VI Intangible costs - total (1 – 8)	136.911	98.527
Other operating expenditures - total (V – VI)	420.707	250.541
Operating expenditures - TOTAL (I – VII)	3.250.136	1.951.833

Of the total operating expenditures most of it is related to the purchasing values of the sold goods in the total amount of 2.329.095,04 BAM, which is in accordance with the primary business of the Company. Costs of gross salaries amounted at 361.863,34 BAM are related of net salaries and full salary taxes and contributions. Costs of production services in total amount of 283.795,39 BAM are mostly related to marketing costs (167.732,66 BAM), rent (59.863,52 BAM) and transport costs (41.544,40 BAM).

13. FINANCIAL REVENUE

	IN BAM	
	31. December 2014	31. December 2013
1. Interest revenue	164	492
2. Other financial revenue	24	12
Financial revenue - total (1 – 2)	188	504

14. FINANCIAL EXPENDITURE

	IN BAM	
	31. December 2014	31. December 2013
1. Other financial expenditure	28	10
Financial expenditure - total	28	10

15. OTHER REVENUE

	IN BAM	
	31. December 2014	31. December 2013
1. Income from sale of intangible investments, real – estates, plant and equipment	0	1.802
1. Revenue from reduction of liabilities, elimination of unused long term reservation and other unmentioned income	153.269	77
I OTHER REVENUE - TOTAL	153.269	1.879

Other income in the amount of 153.269,24 BAM is mostly related to income from refunds of marketing expenses.

16. OTHER EXPENDITURE

	IN BAM	
	31. December 2014	31. December 2013
1. Losses from write-offs of claims	18.026	0
2. Expenditures of material, goods and other inventories	206.686	166.496
OTHER EXPENDITURE- TOTAL	224.712	166.496

Within this group of expenditures losses from write-offs of claims and provisions for write-offs of claims amounted at 18.026,09 BAM; the costs of provisions for write-off of damaged goods in the amount of 940 BAM, then subsequently approved rebates for sales promotion, a bonus rebate, logistics rebates, rebates for turnover on contracts with customers for year 2014. in the amount of 197.541,54 BAM, VAT on excessive spoilage in the amount of 1.061,31 BAM and expenditures for humanitarian aid for flooded areas in the amount of 7.142,84 BAM were recorded.

17. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Ending with December 31st 2014 The Company did not have initiated proceedings in which it appears as a defendant.

As a party who is suing someone, as of 31.12.2014. the Company has initiated proceedings against 16 customers. The total value of the dispute is 42.636,69 KM.

Analytical review of proceedings is given below.

		TOTAL BAM							
No.	Customer	Channel	Date of initiating proceedings	STATUS 31.12.2014.	46653,65	4016,96	42636,69	DEBT STATUS ON 31.12.2014.	NOTE
					Main debt/ Proceeding value	Payments after proceedings initiated			
1	BMD KOMERC d.o.o.	RT	21.05.2013.	Verdict due to omission dated 19.07.2013., Writ of execution dated on 05.12.2013.(submitted a complaint by enforcee on 13.02.2014., submitted a responds to the complaint on 14.02.2014.). Submission demanding to continue execution on the property of enforcee dated on 10.07.2014.;	13.310,38	0,00	13.310,38		
2	BARTULA d.o.o. Sokolac	RT	20.12.2013.	Verdict based on confession from 13.02.2014., confirmed the validity and enforceability of the Writ of execution from 08.08.2014., Writ of execution dated on 08.09.2014., paid fee on the proposal and a writ of execution;	8.547,91	0,00	8.547,91		
3	LADAN d.o.o.	RT	20.12.2013.	A preliminary hearings scheduled for 20.06.2014., was postponed based on the request of defendant, new hearing scheduled for 10.09.2014., defendant paid all duties, charges withdrawn on 05.09.2014.;	1426,99	1426,99	0,00		Defendent paid for proceedings cocts amounted at 970,00 BAM totally, from which 850,00 BAM is related to costs of legal representation and 120,00 BAM to lawsuit fee;

4	MINI MARKET ILIĆ str	RT	20.12.2013.	Verdict due to omission from 18.02.2014. (legally binding and enforceable, sent an invitation for paying), Execution proposal dated on 09.07.2014.;	944,99	0,00	944,99
5	MIRO-PROM d.o.o.	RT	20.12.2013.	On 01.10. 2014. held the main hearing, verdict dated on 31.10. 2014., fee for initiating proceedings and verdict paid, confirmed validity and enforceability of the proposal for execution;	2.407,31	0,00	2.407,31
6	SINPLAST d.o.o.	RT	20.12.2013.	Verdict due to omission from 26.03.2014. (legally binding and enforceable), Proposal for execution from 29.08.2014., Case has been referred to Municipal Court in Cazin by the Proposal of execution;	2.400,00	0,00	2.400,00
7	MARIN PROMET d.o.o.	RT	23.12.2013.	Verdict due to omission from 18.02.2014. (legally binding and enforceable, sent a Proposal for paying), Proposal for execution from 29.08.2014., Writ on execution dated on 13.10.2014., fee for Proposal and Writ paid;	3.321,36	0,00	3.321,36
8	MOSCHUS tr: vl.Kaljanac Rusmija	RT	23.12.2013.	Lawsuit;	524,62	0,00	524,62

9	SLAVUJ KOMERC D.O.O.	RT	24.12.2013.	Lawsuit (31.03.2014. submitted the Response to lawsuit, Submittion demanding the adoption of judgement based on confession dated on 03.04.2014.), Verdict based on confession dated on 23.01.2015.;	1.277,89	0,00	1.277,89	
10	BINGO s.p.Puškar Edin	RT	21.02.2014.	Lawsuit (fee for lowsuitpaid, with letter dated on 25.04.2014. sent confirmation of the address of the defendant), Verdict to omission dated on 30.06.2014., fee for verdict paid, Proposal for execution;	129,60	0,00	129,60	
11	DIPSA d.o.o.	WS	21.02.2014.	By submission dated on 08.08.2014. the lawsuit was withdrawn after the payment of remaining debt (500,00 BAM) and proceedings costs (200,00 BAM);	946,05	946,05	0,00	Proceeding costs amounted at 200,00 BAM paid;
12	POLJOOPREMA HAMEDOVIĆ t.r.	RT	21.02.2014.	Lawsuit, fee for lawsuit paid, with the letter dated on 04.03.2014. sent the confirmation of the address of defendant, Verdict due to omission from 01.08.2014., confirmed validity and enforcement first degree verdict, proposal for execution;	753,48	0,00	753,48	

13	BIS st-ur vl.Irina Vukelić	RT	16.06.2014.	Lawsuit, fee for lawsuit paid, submitted corrections and amendments to lawsuit in part which relates to the status and address of defendant;	237,27	0,00	237,27
14	OSTRA LUKA , ZZ	RT	18.06.2014.	Lawsuit, fee for lawsuit paid, On 05.08.2014. initiated bankruptcy proceedings, on 29.08.2014. submitted the claims registration, bankruptcy proceeding hearing scheduled for 24.11.2014., bankruptcy administrator admitted claim;	322,40	0,00	322,40
15	TM MARKET d.o.o.	RT	18.06.2014.	Lawsuit;	2.337,28	0,00	2.337,28
16	BEM-COMMERCE	RT	18.06.2014.	Lawsuit;	993,85	100,00	893,85
17	DEŽURNI MARKETI d.o.o.		01.08.2014.	Lawsuit;	2.029,45	0,00	2.029,45
18	HOMINI-KOMERC d.o.o.		29.09.2014.	Lawsuit;	4.298,90	1.100,00	3.198,9
19	RC-REAL CLEAN d.o.o.		24.10.2014.	Warning before lawsuit;	443,92	443,92	0

18. EVENTS AFTER THE BALANCE DATE

At the date of submitting financial statements there were no significant events that would indicate the existence of information that would lead to a correction of the accompanying statements or their disclosure.

19. TAX RISKS

The tax system of Republika Srpska and of the Bosnia and Herzegovina is regulated on the principle that indirect taxes (customs, excise, VAT and road tax) are regulated at the state level, while all other taxes (income tax, tax on income, property taxes, and fees) as well as social security contributions, are introduced at the entity level. For taxpayers, a big problem are the frequent changes in laws and by-laws which regulate the area of taxes, unlike most developed market economies that have a stable tax system.

In case of the practical application of the tax law, frequently there are disagreements in opinion between the relevant state bodies concerning the legal interpretation of certain statutory provisions. These phenomena can lead to uncertainty and conflict of interest. In some cases, the same tax issue there is statutory jurisdiction of several inspection bodies (eg. foreign trade transport, customs matters and foreign currency controls).

The interpretations of tax legislation by tax authorities relating the transactions and the Company's activities may be in disagreement with the interpretations of the Company's management. As a result of different interpretations and application of law by the management and inspection bodies, some transactions can be challenged by the tax authorities thus the Company can have certain extra amount of taxes, penalties and interests.

In accordance with the Law on Tax Procedure of Republika Srpska and with Law on Indirect Taxation of Bosnia and Herzegovina, the period of limitation of tax liability is 5 years. This practically means that the tax authorities have the right to determine pay overdue debts within 5 years from the time when the obligation arose. These facts influence the tax risk in Republika Srpska and Bosnia and Herzegovina, and is significantly higher than in countries with a stable and developed tax system.