

**TRANSLATION**

**CENTRALNA DEPOZITARNA AGENCIJA AD, PODGORICA**

**Financial Statements  
for the year ended  
31 December 2016**



KPMG d.o.o. Podgorica  
Svetlane Kane Radević 3  
81000 Podgorica  
Montenegro

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## **TRANSLATION**

TO THE SHAREHOLDERS OF

CENTRALNA DEPOZITARNA AGENCIJA AD, PODGORICA

### **Independent Auditors' Report**

We have audited the accompanying financial statements of Centralna Depozitarna Agencija (hereinafter: the "Company") which comprise the statement of financial position as at 31 December 2016, the income statement, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and true and objective presentation of these financial statements in accordance with the applicable Law on Accounting of Montenegro and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the applicable legislation that regulates accounting and audit in Montenegro. Those legislations that regulate accounting and audit require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 our 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, we consider internal control relevant to the preparation and true and objective 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 principles 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.

*Opinion*

In our opinion, the financial statements present truly and objectively, the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with the applicable Law on Accounting of Montenegro.

Podgorica, 23 March 2017

KPMG d.o.o. Podgorica

(L.S.)

Ivović Dušanka  
*Certified auditor*

*This is a translation of the original Independent Auditors' Report and financial statements issued in the Montenegrin language. All due care has been taken to produce a translation that is as faithful as possible to the original. However, if any questions arise related to interpretation of the information contained in the translation, the Montenegrin version of the document shall prevail. We assume no responsibility for the correctness of the English translation of the Company's financial statements.*

Podgorica, 23 March 2017

KPMG d.o.o. Podgorica



Ivović Dušanka  
*Certified auditor*

Completed by a legal entity		
ID number: 02320924	Activity code	6619
Fill in:		
Name	Centralna Depozitarna Agencija	
Address	Podgorica	

**STATEMENT OF COMPERHESIVE INCOME / INCOME STATEMENT/  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

*In EUR*

Class of accounts	Position	AOP	Note	Amount	
				Current year	Previous year
1	2	3	4	5	6
	<b>I. OPERATING INCOME (202 to 206)</b>	<b>201</b>		<b>546,688</b>	<b>483,487</b>
60, 61	1.Sales	202	5	546,166	482,675
62	2.Own products used	203			
630	3.Increase in value of inventories	204			
631	4.Decrease in value of inventories	205			
64, 65	5.Other operating income	206		522	812
	<b>II. OPERATING EXPENSES (208 to 212)</b>	<b>207</b>		<b>533,845</b>	<b>543,467</b>
50	1. Cost of goods sold	208			
51	2. Cost of material	209	7	18,098	16,673
52	3. Wages, salaries and other personal expenses	210	8	290,214	291,216
54	4. Depreciation and provision costs	211	9	64,951	72,725
53, 55	5. Other operating expenses	212	10	160,582	162,853
	<b>A. OPERATING RESULT (201 - 207)</b>	<b>213</b>		<b>12,843</b>	<b>(59,980)</b>
66	I. FINANCIAL INCOME	214	12	4,958	9,897
56	II. FINANCIAL EXPENSES	215			1
	<b>B. FINANCIAL RESULT (214 - 215)</b>	<b>216</b>		<b>4,958</b>	<b>9,896</b>
67, 68, 691,692	I. OTHER INCOME	217	6	23,617	5,734
57, 58, 591,592	II. OTHER EXPENSES	218	11	5,444	16,153
	<b>C. RESULT FROM OTHER ACTIVITIES (217 - 218)</b>	<b>219</b>		<b>18,173</b>	<b>(10,419)</b>
	<b>D. RESULT FROM OPERATING ACTIVITIES BEFORE TAX (213+216+219)</b>	<b>220</b>		<b>35,974</b>	<b>(60,503)</b>
690-590	<b>E. NET INCOME FROM DISPOSAL OF DISCONTINUING OPERATIONS</b>	<b>221</b>			
	<b>F. RESULT BEFORE TAX (220+221)</b>	<b>222</b>		<b>35,974</b>	<b>(60,503)</b>
	<b>G. OTHER ITEMS OF RESULT/ASSOCIATED WITH CAPITAL/ (224 to 228)</b>	<b>223</b>			
	1. Changes in revaluation reserves on financial assets available for sale	224			
	2. Changes in revaluation reserves arising from property, plant and equipment and intangible assets	225			
	3.Changes in revaluation reserves arising from equity investments in associated companies	226			

	4. Changes in revaluation reserve on the basis of actuarial gains (or loss) with respect to defined pension plans	227			
	5.Changes in revaluation reserves arising from cash flow hedges	228			
	<b>H. Income tax expense (230+231)</b>	<b>229</b>	13	<b>(1,712)</b>	<b>(444)</b>
721	1. Current income tax	<b>230</b>			
722	2. Deferred tax income/expense	<b>231</b>		<b>(1,712)</b>	<b>(444)</b>
	<b>I. NET RESULT (222+223-229)</b>	232		<b>37,686</b>	<b>(60,059)</b>
	<b>J. EARNINGS PER SHARE</b>			0,1	(0,15)
	1.Basic earnings per share	233		0,1	(0,15)
	2. Decreased (diluted)earning per share	234			

The form is in accordance with Article 3 of Law on Accounting and Auditing ("Official Gazette" no 80/08) and IV EU Directive.

In Podgorica	The person responsible for the preparation of financial statements	Authorized person
Date 16 March 2017	Tatjana Blagojević	L.S. Vladimir Kaščelan

Completed by a legal entity		
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**STATEMENT OF FINANCIAL POSITION /BALANCE SHEET/  
AS AT 31 DECEMBER 2016**

Class of account	Position	AOP	Note	Amount	
				Current year	Previous year
1	2	3	4	5	6
	Assets				
00 (part)	<b>A. SUBSCRIBED CAPITAL NOT PAID</b>	.001			
	<b>B. LONG-TERM ASSETS</b> (003+004+005+009)	.002		<b>273,683</b>	<b>331,398</b>
.012	I. GOODWILL	.003			
.01 (except) .012	II. INTANGIBLE ASSETS	.004	14	217,942	255,746
	III. PROPERTY, PLANT, EQUIPMENT AND BIOLOGICAL ASSETS (006+007+008)	.005		<b>55,741</b>	<b>75,652</b>
020, 022, 023, 026 027 (part), 028 (part), 029	1. Plant, Property and Equipment	.006	15	55,741	75,652
024, 027 (part), 028 (part)	2. Investment property	.007			
021, 025, 027 (part), 028 (part)	3. Biological assets	.008			
	<b>IV LONG-TERM FINANCIAL INVESTMENT</b> <b>(010+011+012)</b>	.009			
030, 031(part), 032 (part), 039 (part)	1. Equity investments	.010			
031(part), 032(part)	2. Equity method investments	.011			
032(part), 033(part)- 038, 039(part)	3. Other long term financial investments	.012			
288	<b>C. DEFERED TAX ASSETS</b>	.013			
.04	<b>D. NON CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS</b>	.014			
	<b>E. CURRENT ASSETS</b> <b>(016+017)</b>	.015		<b>599,153</b>	<b>523,167</b>
10-13, 15	I. INVENTORIES	.016			
	II. SHORT TERM RECEIVABLES, INVESTMENTS AND CASH (018-022)	.017		599,153	523,167
20, 21, 22 except 223	1. Receivables	.018	16	91,211	100,386
223	2. Receivables for overpaid income tax	.019	17	5,707	5,707
23 minus 237	3. Short - term financial investments	.020	18		250,000
24	4. Cash and cash equivalents	.021	19	500,086	164,802
27- 28 except 288	5. Value added tax and accruals	.022		2,149	2,272
	<b>F. TOTAL ASSETS</b> <b>(001+002+013+014+015)</b>	.023		<b>872,836</b>	<b>854,565</b>

	<b>EQUITY AND LIABILITIES</b>	101	20	<b>813,861</b>	<b>776,175</b>
	<b>A. CAPITAL (from 102 to 109)</b>				
30	I. ISSUED CAPITAL	102		500,000	500,000
31	II. SUBSCRIBED CAPITAL NOT PAID	103			
32	III. RESERVES	104		50,228	50,228
330, 331, 333	IV. POSITIVE REVALUATION RESERVES AND UNREALIZED GAINS ON FINANCIAL ASSETS AVAILABLE FOR SALE	105			7,902
332,334	V. REVALUATION RESERVES AND FOREIGN UNREALIZED LOSSES ON FINANCIAL ASSETS AVAILABLE FOR SALE	106			
34	VI. RETAINED EARNINGS	107		263,633	278,104
35	VII. LOSS	108			60,059
237	VIII. TREASURY SHARES AND STAKES	109			
	<b>B. LONG-TERM PROVISIONS AND LONG-TERM LIABILITIES (111 +112)</b>	110	21	<b>18,414</b>	<b>15,959</b>
40 (part)	I.LONG-TERM PROVISIONS	111		18,414	15,959
41	II. LONG TERM LIABILITIES (113+114)	112			
414, 415	1. Long-term loans	113			
41 except 414, 415	2. Other long term liabilities	114			
498	<b>C. DEFERRED TAX LIABILITIES</b>	115		<b>12,044</b>	<b>13,756</b>
	<b>D. SHORT-TERM PROVISIONS AND LIABILITIES (117 +124)</b>	116		<b>28,517</b>	<b>48,675</b>
	I. SHORT TERM LIABILITIES ( 118- 123)	117		28,517	48,675
42, except 427	1.Short term financial liabilities	118			
427	2.Liabilities from assets and disposal groups available for sale	119			
43 ,44	3.Liabilities from operations	120	22	24,132	36,473
45,46,49 except 498	4.Other short-term liabilities and accruals	121			
47,48 except 481	5. Liabilities for value added tax and other public	122	23	4,385	12,202
481	6.Income tax liabilities	123			
40 (part)	II.SHORT-TERM PROVISIONS	124			
	<b>E. TOTAL LIABILITIES AND EQUITY (101+110+115+116)</b>	125		<b>872,836</b>	<b>854,565</b>

The form is in accordance with Article 3 of Law on Accounting and Auditing ("Official Gazette" no 80/08) and IV EU Directive.

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Date 16 March 2017	Tatjana Blagojević	L.S. Vladimir Kaščelan

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Address: Podgorica		

**CASH FLOW STATEMENT  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

In EUR

POSITION	AOP	Current year amount	Previous year amount
1	2	3	4
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
I. Cash inflow from operating activities (1 to 3)	301	<b>694,229</b>	<b>590,975</b>
1. Cash receipts from customers and received advances	302	668,018	580,925
2. Interest received from operating activities	303		
3. Other receipts from operating activities	304	26,211	10,050
II. Cash outflows from operating activities (1 to 5)	305	<b>609,736</b>	<b>570,711</b>
1. Cash paid to suppliers and payments in advance	306	210,759	198,031
2. Gross salaries and wages	307	306,496	304,384
3. Interests paid	308		
4. Income tax	309		
5. Other tax paid	310	92,481	68,296
III. Net cash generated from operating activities (I-II)	311	<b>84,493</b>	<b>20,264</b>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>			
I. Cash inflow from investing activities (1 to 5)	312	<b>255,571</b>	<b>61,152</b>
1. Sales of shares and stakes (net receipts)	313		
2. Sales of intangible assets, property, plant, equipment and biological assets	314		
3. Other financial investments (net receipts)	315	250,000	50,000
4. Interests received from investing activities	316	5,571	11,152
5. Dividends received	317		
II. Cash outflows from investing activities (1 to 3)	318	<b>4,780</b>	<b>28,506</b>
1. Purchase of shares and stakes (net outflows)	319		
2. Purchase of intangible assets, property, plant, equipment and biological assets	320	4,780	28,506
3. Other financial investments (net receipts)	321		
III. Net cash generated from investing activities (I-II)	322	<b>250,791</b>	<b>32,646</b>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>			
I. Cash inflow from financing activities (1 to 3)	323		
1. Increase in share capital	324		
2. Long term and short term loans (net receipt)	325		
3. Other long term and short term liabilities	326		
II. Cash outflows from financing activities (1 to 4)	327		
1. Purchase of treasury shares and stakes	328		
2. Long term and short term loans and other liabilities (net outflow)	329		
3. Finance leasing	330		
4. Dividends paid	331		
III. NET CASH GENERATED FROM FINANCING ACTIVITIES (I-II)	332		
D. NET CASH FLOW (311+322+332)	333	<b>335,284</b>	<b>52,910</b>
E. CASH AT THE BEGINNING OF THE REPORTING PERIOD	334	<b>164,802</b>	<b>111,892</b>
F. POSITIVE FOREIGN EXCHANGE	335		
G. NEGATIVE FOREIGN EXCHANGE	336		
H. CASH AT THE END OF THE REPORTING PERIOD (333+334+335-336)	337	<b>500,086</b>	<b>164,802</b>

The form is in accordance with Article 3 of Law on Accounting and Auditing ("Official Gazette" no 80/08) and IV EU

In Podgorica

The person responsible for the preparation of financial statements

Authorized person

Date 16 March 2017

Tatjana Blagojević

L.S.

Vladimir Kaščelan



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**STATEMENT ON CHANGES IN EQUITY  
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2016**

N r.	Item	AOP	Stake capital	AOP	Other capital	AOP	Subscribed unpaid capital	AOP	Share issue premium	AOP	Reserves	AOP	Revaluation reserves	AOP	Retained earnings	AOP	Loss up to the amount of capital	AOP	Treasury shares purchased	AOP	Total
	1		2		3		4		5		6		7		8		9		10		11
1	Balance as at 1.1.2015	401	500,000	410		419		428		437	50,228	446	7,902	455	278,104	464		473		482	836,234
2	Effects of retroactive material errors and changes in accounting policies	402		411		420		429		438		447		456		465		474		483	
3	<b>Adjusted opening balance as at 1.1.2015 (1+2)</b>	<b>403</b>	<b>500,000</b>	<b>412</b>		<b>421</b>		<b>430</b>		<b>439</b>	50,228	<b>448</b>		<b>457</b>	278,104	<b>466</b>		<b>475</b>		<b>484</b>	836,234
4	Net changes in 2015	404		413		422		431		440		449		458		467	60,059	476		485	(60,059)
5	<b>Balance as at 31.12.2015 (3+4)</b>	<b>405</b>	<b>500,000</b>	<b>414</b>		<b>423</b>		<b>432</b>		<b>441</b>	50,228	<b>450</b>	7,902	<b>459</b>	278,104	<b>468</b>	60,059	<b>477</b>		<b>486</b>	<b>776,175</b>
6	Effects of retroactive material errors and changes in accounting policies	406		415		424		433		442		451		460		469		478		487	
7	<b>Adjusted opening balance as at 1.1.2016 (5+6)</b>	<b>407</b>	<b>500,000</b>	<b>416</b>		<b>425</b>		<b>434</b>		<b>443</b>	50,228	<b>452</b>	7,902	<b>461</b>	278,104	<b>470</b>	60,059	<b>479</b>		<b>488</b>	<b>776,175</b>
8	Net changes in 2016	408		417		426		435		444		453	(7,902)	462	(14,471)	471	(60,059)	480		489	37,686
9	<b>Balance as at 31.12.2016 (7+8)</b>	<b>409</b>	<b>500,000</b>	<b>418</b>		<b>427</b>		<b>436</b>		<b>445</b>	<b>50,228</b>	<b>454</b>		<b>463</b>	<b>263,633</b>	<b>472</b>		<b>481</b>		<b>490</b>	<b>813,861</b>

The form is in accordance with Article 3 of Law on Accounting and Auditing ("Official Gazette" no 80/08) and IV EU Directive.

In Podgorica

The person responsible for the preparation of financial statements

Date 16 March 2017

Tatjana Blagojević

L.S.

Authorized person

Vladimir Kaščelan