

TO THE MANAGING BODIES OF  
"DIGIT" d.o.o. Belgrade

## **INDEPENDENT AUDITOR'S REPORT**

### *Introduction*

We have audited the accompanying financial statements of "DIGIT" d.o.o. Belgrade (hereinafter referred to as "Company") which comprise a statement of financial position (the balance sheet) as at December 31<sup>st</sup>, 2012, and a statement of comprehensive income (the income statement), a statement of changes in equity and a cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

### *Management responsibility for financial reports*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, International Accounting Standards and accounting regulation of Republic of Serbia, and for internal controls relevant to the preparation and fair presentation 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 the attached financial statements on the basis of an audit. We performed the audit in accordance with International Auditing Standards. These standards require compliance with ethical principles and to review and make a plan in a way that allows that, in reasonable measure, make sure that financial statements do not contain the wrong information of material importance.

Audit includes the implementation of procedures to obtain audit evidence about the amounts and information disclosed in the financial statements. Selected procedures are based on the judging of auditors, including risk assessment material contained significant errors in the financial statements, made as a result of irregularities or errors. During the evaluation of these risks, the auditor considers internal control that are relevant to the composition and objective presentation of financial statements in order to design the best possible accounting procedures, but not for the purpose of expressing opinions on the efficiency of internal control systems of legal entities. Audit also includes assessing the accounting policies applied and evaluation of significant estimates carried out by management, and evaluation of general presentation of financial statements.

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

*Unqualified opinion*

In our opinion, the financial statements give a true and fair view of the financial position of Company as of December 31<sup>st</sup>, 2012, and of the results of its operations and cash flow for the year then ended, in accordance with International Financial Reporting Standards, International Accounting Standards, and accounting regulation of Republic of Serbia.

Belgrade, June 5<sup>th</sup>, 2013



## BALANCE SHEET

### As of December 31<sup>st</sup>, 2012

thousands of dinars

POSITION	Note	Amount	
		Current Year	Previous Year
<b>ASSETS</b>			
<b>A. NON-CURRENT ASSETS (I – V)</b>		<b>131,475</b>	<b>129,949</b>
I. UNPAID REGISTERED CAPITAL			
II. GOODWILL			
III. INTANGIBLE ASSETS			
IV. PROPERTY, PLANT, EQUIPMENT, AND BIOLOGICAL ASSETS (1+2+3)		114,873	120,208
1. Property, plant and equipment	D2	99,311	104,203
2. Investment property	D2	15,562	16,005
3. Biological assets			
V. INVESTMENTS (1+2)		16,602	9,741
1. Investment in equity securities	D3	160	160
2. Other investments	D3	16,442	9,581
<b>B. CURRENT ASSETS (I – IV)</b>		<b>199,620</b>	<b>186,454</b>
I. INVENTORY		14,613	13,198
II. FIXED ASSETS DESIGNATED FOR SALE AND ASSETS OF DISCONTINUED OPERATIONS			
III. ACCOUNTS RECEIVABLE, SHORT-TERM INVESTMENTS, AND CASH (1 – 5)		185,007	173,256
1. Accounts receivable	D5	67,299	43,473
2. Receivables from excessive payment of income tax	D6	2,227	2,227
3. Short-term investments	D7	96,912	71,645
4. Cash and cash equivalents	D8	17,500	38,601
5. Value added tax and prepaid expenses	D9	1,069	17,310
V. DEFERRED TAX ASSETS		1,968	1,904
<b>G. OPERATING ASSETS (A+B+V)</b>		<b>333,063</b>	<b>318,307</b>
<b>D. LOSS ABOVE EQUITY</b>			
<b>D. TOTAL ASSETS (G+D)</b>		<b>333,063</b>	<b>318,307</b>
<b>E. OFF-BALANCE-SHEET ASSETS</b>		<b>61,515</b>	<b>28,313</b>
	D18		

**BALANCE SHEET (Continued)**

		thousands of dinars	
		Amount	
POSITION	Note	Current Year	Previous Year
<b>EQUITY AND LIABILITIES</b>			
<b>A. EQUITY (I+II+III+IV+V+VI+VII-VIII-IX)</b>		<b>258,857</b>	<b>243,825</b>
I. OWNERS' AND OTHER CAPITAL	D11	3,772	3,772
II. UNPAID SUBSCRIBED CAPITAL			
III. RESERVES	D11	337	337
IV. REVALUATION RESERVES			
V. UNREALIZED GAIN FROM SECURITIES	D11	23	47
VI. UNREALIZED LOSS FROM SECURITIES			
VII. RETAINED EARNINGS	D11	254,725	239,669
VIII. LOSS			
IX. REDEEMED STOCK			
<b>B. LONG-TERM PROVISIONS AND LIABILITIES (I to III)</b>		<b>74,206</b>	<b>74,482</b>
I. LONG-TERM PROVISIONS	D12		
II. LONG-TERM LIABILITIES (1+2)		8,704	
1. Long-term loans	D13	8,704	
2. Other long-term liabilities			
III. SHORT-TERM LIABILITIES (1 – 6)		65,502	74,482
1. Short-term financial liabilities	D14	13,926	14,765
2. Liabilities for fixed assets designated to sale and assets of discontinued operations			
3. Accounts payable	D15	13,519	49,689
4. Other short-term liabilities	D16	33,259	6,211
5. Value-added tax, other public revenue payable and accrued expenses	D17	4,798	3,817
6. Liability for income tax			
<b>V. DEFERRED TAXES PAYABLE</b>			
<b>G. TOTAL EQUITY AND LIABILITIES (A+B+V)</b>		<b>333,063</b>	<b>318,307</b>
<b>D. OFF-BALANCE-SHEET EQUITY AND LIABILITIES</b>		<b>61,515</b>	<b>28,313</b>
	D18		

## INCOME STATEMENT

For period January 1<sup>st</sup> – December 31<sup>st</sup>, 2012

		thousands of dinars	
		Amount	
POSITION	Note	Current Year	Previous Year
<b>A. REVENUE AND EXPENSES FROM REGULAR ACTIVITIES</b>			
<b>I. OPERATING REVENUE (1+2+3-4+5)</b>		<b>416,637</b>	<b>366,923</b>
1. Sales revenue	D19	413,289	362,502
2. Internal purchase			
3. Increase in work-in-process and finished goods inventory			
4. Decrease in work-in-process and finished goods inventory			
5. Other operating revenue	D19	3,348	4,421
<b>II. OPERATING EXPENSES (1 to 5)</b>		<b>400,393</b>	<b>365,442</b>
1. Cost of merchandise sold	D20	72,845	57,555
2. Cost of material	D20	134,327	125,346
3. Payroll expense	D20	122,657	105,407
4. Depreciation and provision expense	D20	8,243	9,753
5. Other operating expenses	D20	62,321	67,381
<b>III. OPERATING INCOME (I – II)</b>		<b>16,244</b>	<b>1,481</b>
<b>IV. OPERATING LOSS (II – I)</b>			
<b>V. FINANCIAL REVENUE</b>	D21	<b>11,634</b>	<b>8,326</b>
<b>VI. FINANCIAL EXPENSES</b>	D22	<b>6,311</b>	<b>5,362</b>
<b>VII. OTHER REVENUE</b>	D23	<b>5,635</b>	<b>3,542</b>
<b>VIII. OTHER EXPENSES</b>	D24	<b>12,210</b>	<b>4,640</b>
<b>IX. INCOME FROM REGULAR ACTIVITIES (III-IV+V-VI+VII-VIII)</b>		<b>14,992</b>	<b>3,347</b>
<b>X. LOSS FROM REGULAR ACTIVITIES (IV-III-VI+V-VIII+VII)</b>			
<b>XI. NET INCOME OF DISCONTINUED OPERATIONS</b>			
<b>XII. NET LOSS OF DISCONTINUED OPERATIONS</b>			
<b>B. INCOME BEFORE TAXES (IX+XI-X-XII)</b>	D25	<b>14,992</b>	<b>3,347</b>
<b>V. LOSS BEFORE TAXES (X+XII-IX-XI)</b>			

## INCOME STATEMENT (Continued)

		thousands of dinars	
		Amount	
P O S I T I O N	Note	Current Year	Previous Year
<b>G. INCOME TAX</b>			
1. Tax expense of period			
2. Differed tax expenses of period			
3. Differed tax revenue of period		64	210
<b>D. Personal earnings paid to employer</b>			
<b>Đ. NET EARNINGS (B-V-1-2+3-D)</b>		<b>15,056</b>	<b>3,557</b>
<b>E. NET LOSS (V-B+1+2-3+D)</b>			
<b>Ž. NET EARNINGS ALLOTTED TO MINORITY OWNERS</b>			
<b>Z. NET EARNINGS ALLOTTED TO PARENT COMPANY OWNERS</b>		<b>15,056</b>	<b>3,557</b>
<b>I. EARNINGS PER SHARE</b>			
1. Basic earnings per share			
2. Diluted earnings per share			

## CASH FLOW STATEMENT

For period January 1<sup>st</sup> – December 31<sup>st</sup>, 2012

thousands of dinars

P O S I T I O N	Amount	
	Current Year	Previous Year
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
<b>I. Inflows from operating activities (1 to 3)</b>	<b>431,352</b>	<b>393,100</b>
1. Sales and received advance payments	427,918	388,471
2. Received interest from operating activities		332
3. Other inflows from regular activities	3,434	4,297
<b>II. Outflows from operating activities (1 to 5)</b>	<b>459,334</b>	<b>354,285</b>
1. Payments to suppliers and advance payments	346,611	229,441
2. Payroll payments	89,398	101,434
3. Paid interest	246	74
4. Income tax		311
5. Payments for other public revenues	23,079	23,025
<b>III. Net inflow from operating activities (I – II)</b>		<b>38,815</b>
<b>IV. Net outflow from operating activities (II – I)</b>	<b>27,982</b>	
<b>B. CASH FLOW FROM INVESTMENT ACTIVITIES</b>		
<b>I. Inflows from investment activities (1 to 5)</b>	<b>3,517</b>	<b>2,251</b>
1. Sale of shares (net inflows)		
2. Sale of intangibles, property, plant, equipment and biologic assets	25	
3. Other investments (net inflows)		603
4. Received interest	3,492	1,648
5. Received dividends		
<b>II. Outflows from investment activities (1 to 3)</b>	<b>6,579</b>	<b>47,862</b>
1. Acquisition of shares (net outflows)		
2. Acquisition of intangible assets, property, plant, equipment, and biological assets	6,579	4,214
3. Other investments (net outflows)		43,648
<b>III. Net inflow from investment activities (I – II)</b>		
<b>IV. Net outflow from investment activities (II – I)</b>	<b>3,062</b>	<b>45,611</b>

**CASH FLOW STATEMENT (Continued)**

thousands of dinars

P O S I T I O N	Amount	
	Current Year	Previous Year
<b>V. CASH INFLOW FROM FINANCING ACTIVITIES</b>		
<b>I. Inflows from financing activities (1 to 3)</b>	<b>22,630</b>	<b>35,433</b>
1. Increase in owners' capital		
2. Long-term loans and short-term loans (net inflows)	22,630	35,433
3. Other long-term liabilities and short-term liabilities		
<b>II. Outflows from financing activities (1 to 4)</b>	<b>14,765</b>	<b>19,607</b>
1. Company's shares redemption		
2. Long-term loans and short-term loans (net outflows)	14,765	19,607
3. Financial lease		
4. Paid dividends		
<b>III. Net inflow from financial activities (I – II)</b>	<b>7,865</b>	<b>15,826</b>
<b>IV. Net outflow from financial activities (II – I)</b>		
<b>G. TOTAL CASH INFLOW (AI + BI + VI)</b>	<b>457,499</b>	<b>430,784</b>
<b>D. TOTAL CASH OUTFLOW (AII + BII + VII)</b>	<b>480,678</b>	<b>421,754</b>
<b>Đ. NET CASH INFLOW (G – D)</b>		<b>9,030</b>
<b>E. NET CASH OUTFLOW (D – G)</b>	<b>23,179</b>	
<b>Ž. CASH AT BEGINNING OF THE PERIOD</b>	<b>38,601</b>	<b>29,211</b>
<b>Z. POSITIVE FOREIGN CURRENCY TRANSLATION OF CASH</b>	<b>8,142</b>	<b>4,546</b>
<b>I. NEGATIVE FOREIGN CURRENCY TRANSLATION OF CASH</b>	<b>6,064</b>	<b>4,186</b>
<b>J. CASH AT THE END OF THE PERIOD (Đ-E+Ž+Z-I)</b>	<b>17,500</b>	<b>38,601</b>



## STATEMENT OF CHANGES IN EQUITY

For period January 1<sup>st</sup> – December 31<sup>st</sup>, 2012

thousands of dinars

Description	Owners' capital	Reserves	Unrealized gain from securities	Retained earnings	Total
Balance as of January 1 <sup>st</sup> , 2011	3,772	337	119	236,113	<b>240,341</b>
Correction of material errors and changes in accounting policies – increase					
Correction of material errors and changes in accounting policies – decrease					
Adjusted opening balance as of January 1 <sup>st</sup> , 2011	<b>3,772</b>	<b>337</b>	<b>119</b>	<b>236,113</b>	<b>240,341</b>
Total increase in previous year				3,556	<b>3,556</b>
Total decrease in previous year			72		<b>72</b>
Balance as of December 31 <sup>st</sup> , 2011	<b>3,772</b>	<b>337</b>	<b>47</b>	<b>239,669</b>	<b>243,825</b>
Correction of material errors and changes in accounting policies – increase					
Correction of material errors and changes in accounting policies – decrease					
Adjusted opening balance	<b>3,772</b>	<b>337</b>	<b>47</b>	<b>239,669</b>	<b>243,825</b>
Total increase in current year				15,056	<b>15,056</b>
Total decrease in current year			24		<b>24</b>
Balance as of December 31 <sup>st</sup> , 2012	<b>3,772</b>	<b>337</b>	<b>23</b>	<b>254,725</b>	<b>258,857</b>