HITA-SECURITIES

Incorporated investment firm

ZAGREB

Financial statements as at 31 December 2013
With Independent auditor's report

Zagreb, April 2014

HITA-SECURITIES Inc.
ZAGREB

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STATEMENT OF RESPONSIBILITIES

OF THE MANAGEMENT BOARD

Management Board is responsible for ensuring that financial statements for each financial year are prepared in accordance with International Financial Reporting Standards and accounting regulations applicable for investment companies in Republic of Croatia, so that they give a true and fair view of the financial position, operating results, changes in equity and cash flows of the Company for that period.

The Management Board has a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the Management Board continues to adopt the going concern basis in preparing the financial statements.

In preparing these financial statements, the responsibilities of the Board include ensuring that:

- suitable accounting policies are selected and then applied consistently;
- judgements and estimates are reasonable and prudent;
- applicable accounting standards are followed, subject to any material departures disclosed and explained in the financial statements; and
- the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Management Board is responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company, as well as their compliance with International Financial Reporting Standards and accounting regulations applicable for investment companies in Republic of Croatia.

The Board is also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

28 April 2014

Signed on behalf of the Management Board:

Ivan Tadin

President of the Management Board

HITA-SECURITIES Inc.

Palmotićeva 2, 10000 Zagreb

HITA-SECURITIES
Incorporated Investment Firm
Zagreb, Palmotićeva 2

INDEPENDENT AUDITOR'S REPORT

To Management Board and Shareholders of HITA-SECURITIES Inc., Zagreb

We have performed the audit of the accompanying financial statements of HITA-SECURITIES Inc., Zagreb which comprise Statement of financial position of the investment company as at 31 December 2013, Statement of comprehensive income, Statement of changes in equity and Cash flow statement for the year then ended, and summary of significant accounting policies and notes to the financial statements, prepared in accordance with Bylaw on structure and content of yearly financial statements of investment companies as issued by the Croatian Financial Services Agency (HANFA).

1. Responsibility of the Management Board for the Financial Statements

Management Board of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the given circumstances.

2. Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. The audit was conducted in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The audit procedures selected depend on the auditor's assessment of the risks of material misstatement of the financial statements. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements as a basis for designing 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. The audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by Management Board, as well as evaluating the overall financial statement presentation and disclosures.

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

3. Opinion

In our opinion, the financial statements present true and fairly, in all material aspects, the financial position of the Company as at 31 December 2013, the results of its operations, cash flows for the year then ended, in accordance with legal requirements for financial reporting applicable for investment companies in Republic of Croatia.

Revizija i savjetovanje d.o.o.
F. Galovića 12
10000 ZAGREB

ZAGREB, 28 April 2014

Certified auditor:	Audit company:
Đurđica Šimanović	Revizija i savjetovanje d.o.o.

FINANCIAL STATEMENTS

Form: A-ID-2 Statement on financial position					
STATEMENT OF FINANCIAL POSITION OF INVESTMENT COMPANY AS AT 31 DECEMBER 2013					
ASSETS					*in HRK*
	Position number	**Position description**	**AOP**	**31 December previous year**	**Reporting date current period**
1		**Intangible,tangible assets and long term investment (AOP2 to AOP8)**	1	**752.564**	**612.526**
a)	000 +..+ 005	Long term intangible assets	2	739.475	605.270
b)	010 +..+ 014	Long term tangible assets	3	13.089	7.256
c)	03	Investment in joint ventures	4	0	0
d)	04	Investment in associates	5	0	0
e)	05	Investment in related companies	6	0	0
f)	061	Investment property	7	0	0
g)	other 0	Other assets	8	0	0
2		**Cash and receivables (AOP10 to AOP15)**	9	**995.587**	**998.021**
a)	100 +..+ 102	Cash	10	4.593	15.218
b)	120 +..+ 127	Receivables from investment services	11	22.715	56.708
c)	150+..+153	Loan receivables	12	0	
d)	17	Deferred tax assets	13	44.727	
e)	190	Prepayments and accrued income	14	23.019	117.793
f)	other 1	Other receivables	15	900.533	808.302
3		**Financial assets (AOP17 to AOP19)**	16	**1.811.405**	**1.731.618**
a)	300 + ..+ 332	Securities and financial instruments at fair value through profit and loss account	17	174.632	3.942
b)	400 +..+ 421	Securities and financial instruments available for sale	18	1.636.773	1.727.676
c)	500+..+532	Securities and financial instruments held to maturity	19	0	0
4		**TOTAL ASSETS (AOP1+AOP9+AOP16)**	20	**3.559.556**	**3.342.165**
		Off balance sheet items (AOP22+AO23)	**21**	**23.003.519**	**22.663.015**
		Client portfolio	22	21.453.519	21.513.015
		Other off balance sheet items	23	1.550.000	1.150.000

EQUITY AND LIABILITIES					*in HRK*
	Position number	**Position description**	**AOP**	**31 December previous year**	**Reporting date current period**
1		**Equity and reserves (AOP25-AOP26+AOP27+AOP28+AOP29-AOP30+ AOP31+AOP32+AOP33)**	24	**2.055.421**	**2.686.307**
a)	90	Share capital	25	7.250.000	7.250.000
b)	91	Treasury shares	26		
c)	92	Profit reserves	27	370.000	370.000
d)	93	Capital reserves	28		
e)	940	Retained earnings	29	202.460	300.000
f)	941	Transferred loss	30	3.541.347	5.795.208
g)	95	Profit or loss for the period	31	-2.253.861	444.279
h)	96	Revaluation reserves	32	28.169	117.236
i)		Minority interest	33		
2		**Liabilities (AOP35 to AOP44)**	34	**1.504.135**	**655.858**
a)	200 +..+ 204	Trading liabilities	35	108.451	134.131
b)	210 +..+ 214 long term	Long term loan and advance liabilities	36a	0	0
b)	211 +..+ 214 short term	Short term loan and advance liabilities	36b	3.000	4.875
c)	220 +..+ 224 long term	Long term liabilities from issued financial instruments	37a	0	0
c)	221 +..+ 224 short term	Short term liabilities from issued financial instruments	37b	0	0
d)	240 +..+ 241	Trade liabilities	38	1.078.178	399.128
e)	250+..+252	Employee liabilities	39	70.791	48.101
f)	260+..+264	Liabilities for taxes and contributions	40	35.825	29.553
g)	266	Deferred tax liabilities	41	49.309	29.309
h)	27	Accruals and deferred income	42	0	
i)	28	Provisions	43	0	
j)	other 2	Other liabilities	44	158.581	10.761
3		**TOTAL EQUITY AND LIABILITIES (AOP24+AOP34)**	45	**3.559.556**	**3.342.165**
		Off balance sheet items (AOP47+AOP48)	**46**	**23.003.519**	**22.663.015**
		Client portfolio	47	21.453.519	21.513.015
		Other off balance sheet items	48	1.550.000	1.150.000
	Zagreb, 28 April 2014				

Form: SD-ID-4 Statement of comprehensive income					
STATEMENT OF COMPREHENSIVE INCOME for period 1 January 2013 till 31 December 2013					*in HRK*
	Position number	**Position description**	**AOP**	**Same period previous year**	**Current period**
	700+..+717	Fee and commission income from investment services	52	3.185.521	3.579.772
	661+..+666	Fee and commission expenses from investment services	53	1.574.671	1.461.278
1		**Net fee and commission income/expenses (AOP52-AOP53)**	54	**1.610.850**	**2.118.494**
	770	Realised gains of financial assets through profit and loss	55	1.912	250
	630	Realised losses of financial assets through profit and loss	56	0	7.565
2		**Net realisable gains/losses (AOP55-AOP56)**	57	**1.912**	**-7.315**
	760	Unrealised gains of financial assets through profit and loss	58	1.043	0
	620	Unrealised losses of financial assets through profit and loss	59	0	0
3		**Net unrealised gains/losses (AOP58-AOP59)**	60	**1.043**	**0**
	771	Realised gains financial assets available for sale	61	0	0
	631	Realised losses financial assets available for sale	62	457.927	211.333
4		**Net realised gains/losses financial assets available for sale (AOP61-AOP62)**	63	**-457.927**	**-211.333**
5	622	**Net value adjustment of loans and assets held to maturity**	64	0	0
6	634	**Other net provisions and value adjustments**	65	0	0
	72	Interest income	66	417.006	473.938
	65	Interest expenses	67	835.954	531
7		**Net interest income/expenses (AOP66-AOP67)**	68	**-418.948**	**473.407**
	75	Positive foreign exchange differencies	69	4.405	1.202
	64	Negative foreign exchange differencies	70	6.599	1.464
8		**Net foreign exchange differencies (AOP69-AOP70)**	71	**-2.194**	**-262**
	73	Income from dividends, shares in profit and other securities	72	67.163	9.609
	other 7	Other income	73	19.858	519.752
9		**Total other income (AOP72+AOP73)**	74	**87.021**	**529.361**
	610	Depreciation	75	321.307	396.990
	600	Employee expenses	76	1.430.143	1.025.680
	other 6	Other expenses	77	1.324.168	1.035.403
10		**Total other expenses (AOP75+AOP76+AOP77)**	78	**3.075.618**	**2.458.073**
11		**Total income**	**79**	**3.696.908**	**4.584.523**
12		**Total expenses**	**80**	**5.950.769**	**4.140.244**
	80	Profit or loss before tax (AOP79-AOP80)	81	**-2.253.861**	**444.279**
	81	Corporate income tax	82	0	0
13		**Profit or loss**	**83**	**-2.253.861**	**444.279**
a)		Attributable to equity holders of the parent company	84	0	0
b)		Attibutable to minority interest	85	0	0
14		**Other comprehensive income (AOP87 do AOP92)**	86	**-336.285**	**169.067**
a)		Change revaluation reserves (property, plant, equipment,intangible assets)	87	0	0
b)		Actuarial gains/losses from defined receipts from pensions plans	88	0	
c)		Gains or losses from exchange differences on translating foreign operations	89	0	
d)		Unrealised gains/losses of financial assets available for sale	90	-420.356	211.334
e)		Gains/losses from hedging instruments	91		
f)		Income tax on other comprehensive income	92	84.071	-42.267
15		**Total comprehensive income (AOP83+AOP86)**	93	**-2.590.146**	**613.346**
a)		Attributable to equity holders of the parent company	94	0	0
b)		Attibutable to minority interest	95	0	0
16		**Reclassification adjustments**	96	-172.854	169.067

Note: Items under 13.a., 13.b., 15.a. and 15.b. are filled by consolidated financial statements obligators

Form: NT-ID-5b Cash flow statement_indirect method				
CASH FLOW STATEMENT 31 December 2013				*in HRK*
	Position description	**AOP**	**Same period previous year**	**Current period**
1	**Net cash flows from operating activities**	139	**780.588**	**426.247**
	Profit/loss for the year - before tax	140	-2.253.861	444.279
	Depreciation of long term tangible and intangible assets	141	321.307	396.990
	Value adjustment of receivables and other write-offs	142	0	
	Provisions	143	0	
	Interest income	144	-417.006	-473.934
	Interest expenses	145	835.954	531
	Assets impairment	146	0	
	Increase/decrease of receivables from trading services	147	-7.431	-33.994
	Increase/decrease other receivables	148	600.417	-22.038
	Increase/decrease of financial assets at fair value through profit and loss	149	9.779	170.690
	Increase/decrease of financial assets available for sale	150	2.350.603	-90.903
	Increase/decrease of financial assets held to maturity	151	0	
	Increase/decrease of loand and receivables	152	50.897	50.897
	Interest receipts	153	386.135	484.200
	Interest payments	154	-814.895	-158.670
	Dividends receipts	155	131.449	9.609
	Increase/decrease of other asset items	156	-142.167	332.844
	Increase/decrease of liabilities for commissions related to trading of financial instruments	157	9.125	25.680
	Increase/decrease of trade liabilities	158	-167.817	-669.504
	Increase/decrease of employee liabilities	159	-7.939	-22.710
	Increase/decrease of liabilities for taxes and contributions	160	-103.962	-29.240
	Increase/decrease of other liabilities	161	0	11.520
	Increase/decrease of other equity and liabilities items	162	0	
	Paid income tax	163	0	
2	**Net cash flows from investing activities**	164	**-181.437**	**-256.952**
	Increase/decrease of investment in tangible assets	165	-5.887	-7.177
	Increase/decrease of investment in intangible assets	166	-175.550	-249.775
	Increase/decrease of investment in associates and related companies	167		0
	Increase/decrease of other investment items	168	0	0
3	**Net cash flows from financing activities**	169	**-621.637**	**-158.670**
	Increase/decrease of liabilities for loans and advances	170	-621.637	-158.670
	Increase/decrease of liabilites from issued financial instruments	171		0
	Increase/decrease of liabilities for issued subordinated instruments	172	0	0
	Receipts from issuing share capital and other payments from owner of the investment company	173	0	0
	Payment of dividends or shares in profit	174	0	0
	Increase/decrease of other items	175	0	0
4	**Net increase/decrease of cash and cash equivalents (AOP139+AOP164+AOP169)**	176	**-22.486**	**10.625**
5	**Cash and cash equivalents at the beginning of the period**	177	27.079	4.593
6	**Cash and cash equivalents at the reporting date (AOP176+AOP177)**	178	**4.593**	**15.218**

Form: PK-ID-6 Statement of changes in equity

STATEMENT OF CHANGES IN EQUITY 31 DECEMBER 2013 *in HRK*

Position description	Attributable to holders of equity							Attributable to minority interest	Total equity and reserves
	Share capital	Capital reserves	Profit reserves	Profit or loss for the year (period)	Retained earnings or transferred loss	Revaluation of financial assets available for sale	Other revaluable reserves		
Balance 1 January previous year	**7.400.000**	**0**	**370.000**	**-2.308.437**	**-1.130.449**	**342.736**	**240.000**	**0**	**4.913.850**
Accounting policies change	0	0	0	0	0	0	0	0	0
Correction of errors from previous periods	0	0	0	0	0	0	0	0	0
Balance 1 January previous year (corrected)	**7.400.000**	**0**	**370.000**	**-2.308.437**	**-1.130.449**	**342.736**	**240.000**	**0**	**4.913.850**
Profit or loss for the period				-2.253.861	0	0	0		**-2.253.861**
Unrealised gains or losses from financial assets available for sale				0	0	-474.567			**-474.567**
Other non-owner changes in equity				2.308.437	-2.208.438		-80.000		**19.999**
Total non-owner changes in equity (previous period)	**0**	**0**	**0**	**54.576**	**-2.208.438**	**-474.567**	**-80.000**	**0**	**-2.708.429**
Increase/decrease of share capital	-150.000								**-150.000**
Other owner payments									**0**
Payment of shares in profit/dividends									**0**
Other transfers to owners									**0**
Balance at the last day of reporting period	**7.250.000**	**0**	**370.000**	**-2.253.861**	**-3.338.887**	**-131.831**	**160.000**	**0**	**2.055.421**
Balance 1 January current year	**7.250.000**	**0**	**370.000**	**-2.253.861**	**-3.338.887**	**-131.831**	**160.000**	**0**	**2.055.421**
Accounting policies change									0
Correction of errors from previous periods									0
Balance 1 January current year (corrected)	**7.250.000**	**0**	**370.000**	**-2.253.861**	**-3.338.887**	**-131.831**	**160.000**	**0**	**2.055.421**
Profit or loss for the period				444.279					444.279
Unrealised gains or losses from financial assets available for sale						169.067			169.067
Other non-owner changes in equity				2.253.861	-2.156.321		-80.000		17.540
Total non-owner changes in equity	**0**	**0**	**0**	**2.698.140**	**-2.156.321**	**169.067**	**-80.000**	**0**	**630.886**
Increase/decrease of share capital	0								0
Other owner payments									0
Payment of shares in profit/dividends									0
Other transfers to owners									0
Balance at the last day of reporting period	**7.250.000**	**0**	**370.000**	**444.279**	**-5.495.208**	**37.236**	**80.000**	**0**	**2.686.307**

Form: B-ID-6 Notes

1	**Statement of compliance with IFRS**
	Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Financial statements are approved by the Management Board as at 28 April 2014 for further approval by the General Assembly. Financial statements are compiled for financial instruments, financial assets and liabilities at fair value through profit and loss account, and financial assets available for sale, except those whose fair value cannot be reliably measured. Other financial assets are measured at amortised or historical cost. These financial statements are prepared on going concern assumption. Financial statements are presented in HRK. Significant accounting policies are consistently applied on all periods presented in these financial statements.

2	**Summary of significant accounting policies**
	Income from commissions and fees Income from commissions and fees consists of fees for mediation services in purchase and sale of securities, portfolio management fees, and consulting services. Expenses from fees and commissions mostly consist of commissions for stock exchange services, securities depository and settlement services. Income and expenses are recognised in profit and loss account when the service is provided. **Income and expenses from interest** Income and expenses from interest incurred from receivables and liabilities from business transactions calculated until the balance sheet date are recognised in the profit and loss account on accrual basis. Financial income and expenses are recognised in profit and loss account when incurred. **Income from dividends** Income from dividends from investment in equity securities are recognised in profit and loss account at the date of announcement of rights on dividends. **Net loss / profit** Net loss / profit include gains and losses from sale of financial assets (realised net loss /gain) and change in fair value of financial assets at fair value through profit and loss (unrealised net loss / gain). **Foreign currencies** Income and expenses from transaction in foreign currencies are converted into kuna (HRK) at the middle exchange rate ruling at the transaction date. Monetary assets and liabilities denominated in foreign currencies are converted into HRK at the balance sheet date at the middle exchange rate of CNB. Foreign exchange rate differences arising on translation of foreign currencies are recognised in the profit and loss account. Foreign exchange rate differences from equity instruments in foreign currencies classified as available for sale are stated in equity, with gains and losses from change in fair value, until sold. **Taxation** The Company calculates and pays taxes according to Croatian tax laws. Income tax consists of currently payable and deferred tax. Currently payable tax represents amount of tax payable on taxable amount of profit using tax rates enacted at the balance sheet date, and all corrections of tax liability amount. Deferred tax is accounted for using the balance sheet liability method, taking into account temporary differences between the book values and amounts used for tax calculation. Amount of deferred tax is based on assumed realisation method or settlement of book value of assets and liabilities. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which unutilised tax losses can be utilised and deferred tax liability is recognised for all taxable temporary differences.

Property, equipment and intangible assets

Property, equipment and office furniture are initially stated at purchase cost less accumulated depreciation. Cost comprises purchase price and all costs directly attributable to bringing the asset to working condition for its intended use.
Maintenance and repairs, replacement and improvements of minor importance are recognised in the profit and loss when incurred. More significant investment expenses are capitalised.
Gains and losses from disposal of assets are recognised in profit and loss when incurred.
Sections of property and equipment with different useful life are recorded as separate items of assets.
Depreciation is recognised in profit and loss on a straight-line basis so that the depreciation expenses are allocated to residual estimated useful life of property, equipment and intangible assets. Estimated useful life of assets in current period:

furniture ....4 years
computer equipment...........................2 years

Financial instruments

The Company classifies its financial assets and liabilities into following categories: at fair value through profit and loss, assets available for sale, and loans and receivables.
Newly acquired financial instruments are classified according to internal legal acts of the Company.

Financial assets at fair value through profit and loss relates to financial assets held for trading purposes and assets initially elected to classify at fair value through profit and loss. These assets are initially recognised at cost, and subsequently measured at fair value according to internal legal acts of the Company. All related realised and unrealised gains and losses are included in the profit and loss.

Financial assets available for sale are intended for indefinite hold, but can be sold to maintain liquidity or when prices of equity instruments change. These assets are initially recognised at cost increased for transaction expenses, and subsequently stated at fair value based on the quoted prices or amounts derived from cash flow models. Gains and losses arising from changes in fair value of financial assets available for sale are recognised directly in equity until sale or impairment. Foreign exchange rate differences related to equity instruments classified as available for sale are reported in equity, together with fair value gains and losses.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating income from interest or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial asset to net book value of financial asset or liability. Income is recognised using the effective interest rate method for those instruments that are not classified as at fair value through profit and loss.

The Company derecognises a financial asset only when contractual rights to the cash flows from that asset expire or it transfers the financial asset in accordance with IAS 39. Financial liability is derecognised when contractual liabilities are settled, cancelled or expired.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They also include receivables and deposits to financial institutions.

Operating lease expenses

Operative lease payments are recognised in the profit and loss account using the straight line method during the lease term.

Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and in hand.

Employee benefits

During regular operations, at salaries payment, the Company on behalf of its employees that are members of mandatory pension funds performs regular payment of contributions according to law. Mandatory pension contributions are stated as part of salary expenses. The Company has no additional pension plan, thus has no

other liabilities related to employee pensions. Onward, the Company has no liability to ensure any other employee benefits after their retirement.
The Company recognises severance pay when the employment contract of the employee is terminated before the regular date of retirement or by employee decision to voluntarily terminate employment in exchange for benefits.
The Company recognises liability for jubilee awards evenly during the period in which the award is realised, on account of actual years of employment.

The Company recognises provisions for bonuses when there is contractual liability.

Funds management in name and on behalf of others

The Company manages funds in name and on behalf of legal and natural persons and charges fee for those services. Since those funds do not represent assets of the Company, they are excluded from the balance sheet in financial statements.

Provisions

Provisions for restructuring expenses, guarantees and litigation are recognised if the Company has present legal or constructive obligation as a result of past event, and if it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Share capital and reserves

Share capital is stated in the amount recorded in the Court Register upon foundation, or change in the amount in the register. Equity is stated in financial records as: share capital, reserves (legal, revaluation and other), retained earnings or transferred loss, and profit or loss for the year. Dividends are recognised as liability in period when established or paid from retained earnings.

Liabilities

Trade and other liabilities are recognised based on valid documentation (invoice, contract, calculation), and increased for interest according to signed contract or Company's decision.
Liabilities are classified according to maturity as long term (maturity at least 12 months after the balance sheet date) and short term (maturity within 12 months after the balance sheet date).
Liabilities from loans with interest are initially recognised at fair value, less transaction cost. Subsequent measurement is made by amortised cost and every difference between receipts (decreased by transaction expenses) and amounts paid on maturity is recognised in profit and loss account during the period of repayment using the effective interest rate method.

Judgments and estimates

The Company uses judgments and estimates related to future. Estimates and assumptions bearing significant risk of creating material differences in book value of assets and liabilities in next financial year are as follows:

- fair value of derivative and other financial instruments (not quoted on active market),
- provisions for value adjustment of loans and receivables (proof of un-collectability)
- estimated useful life of property and equipment

3 Information verifying items stated in the statement of financial position of the investment company, statement of comprehensive income, cash flow statement and statement of changes in equity

During 2013 partition of the Company based on the contract on partition and takeover signed as at 23 April 2013 between HITA-SECURITIES Inc. and Euro jezici d.o.o. has been performed.
In accordance with the Companies act Article 550.b. paragraph 2 point 9 the date of business effects of partition is 31 December 2012, reason that financial statements for 2012 included the mentioned partition.
Mentioned partition has been registered at the Commercial court in Zagreb as at 19 June 2013, and has been published as at 20 June 2013.

Long term tangible and intangible assets

Long term tangible and intangible assets is recorded as follows:

LONG TERM TANGIBLE AND INTANGIBLE ASSETS

Description	Land	Buildings	Plant and equipment	Tools and inventory	Assets under construction	Intangible assets	Total
COST							
31 December 2012	**0**	**0**	**585.220**	**0**	**0**	**1.335.223**	**1.920.443**
Value adjustment	0	0	0	0	0	0	
Direct increase	0	0	0	0	7.177	249.775	**256.952**
Transfer from construction	0	0	7.177	0	(7.177)	0	**0**
Sale or disposal	0	0	(74.175)	0	0	0	**(74.175)**
31 December 2013	**0**	**0**	**518.222**	**0**	**0**	**1.584.998**	**2.103.220**
ACCUMULATED DEPRECIATION							
31 December 2012	**0**	**0**	**572.131**	**0**	**0**	**595.748**	**1.167.879**
Value adjustment	0	**0**	**0**	**0**	**0**	**0**	
Depreciation for 2013	0	0	13.011	0	0	383.980	**396.991**
Sale or disposal	0	0	(74.175)	0	0	0	**(74.175)**
31 December 2013	**0**	**0**	**510.967**	**0**	**0**	**979.728**	**1.490.695**
NET BOOK VALUE							
31 December 2013	**0**	**0**	**7.256**	**0**	**0**	**605.270**	**612.526**
31 December 2012	**0**	**0**	**13.089**	**0**	**0**	**739.475**	**752.564**

At the balance sheet date stock taking of long term tangible assets was performed and no differences compared to book value were established. Based on the Management's decision, disposed assets based on historic cost equal to 74.175 HRK, with present value of 0 HRK.

At the same time, during 2013 mostly equipment and programs have been purchased, in the amount of 256.952 HRK. Most significant portion of purchased equipment and software relates to further implementation and software development.

Total calculated depreciation in 2013 amounted to 396.991 HRK.
The Company used assigned depreciation rates from Income Tax Law, article 12, paragraph 5.

Cash and cash equivalents

(in HRK)

DESCRIPTION	31 December 2012	31 December 2013
Giro accounts at banks and cash in hand (in HRK)	4.593	15.218

Trade and other receivables

(in HRK)

DESCRIPTION	31 December 2012	31 December 2013
Receivables from investment and supplementary services	64.521	77.977
Trade receivables for equity securities	536.742	400.270
Receivables for calculated interest and dividends	119.525	108.794
Receivables for income tax	0	0
Other	209.442	195.168
TOTAL	**930.230**	**782.209**

At the balance sheet date all reported receivables were undue (receivables from investment services, as well as receivables for interest are collected at the beginning of 2014). The most significant part of other receivables relates to receivables from contractual relation.

Given deposits

(in HRK)

DESCRIPTION	31 December 2012	31 December 2013
Deposit with CDCC	34.563	56.254
Deposits for operating leases	0	0
Deposits for business premises	0	0
TOTAL	**34.563**	**56.254**

Deposit with CDCC represents deposit in Guarantee Fund.

Share capital

Share capital amounts to 7.250.000 HRK and it is paid wholly in cash.

The only member / founder of the Company is Ivan Tadin, Zagreb.

The key goal of the Company in capital management is the compliance with the legal condition of maintaining the minimum amount of the share capital which is in accordance with the Capital Market Law, which for this investment company equals minimum 1.000.000,00 HRK and to maintain the capital as to be higher than the sum of all capital requirements.
Other goals of the Company regarding capital management are:

- maintain the capability of the Company to continue to do business according to the going concern basis
- comply with capital requirements
- maintain balance sheet with considerable components of cash and short term assets

Reserves

(in HRK)

DESCRIPTION	31 December 2012	31 December 2013
Legal reserves	370.000	370.000
Fair value reserves	(131.831)	37.236
Revaluation reserves from intangible assets	160.000	80.000
TOTAL	**398.169**	**487.236**

Legal reserves were formed during 2009 according to Company Act, precisely 5% of the amount of the share capital. Legal reserves are paid in whole from retained earnings.
Fair values reserves include unrealised gains and losses from changes in fair value of financial assets available for sale, decreased for associated tax.

Retained earnings/transferred losses

Retained earnings / transferred losses include accumulated profit from previous periods.

Provisions

There was no need for new provisions based on litigation in 2013.

Trade liabilities

(in HRK)

DESCRIPTION	31 December 2012	31 December 2013
Trade receivables	1.078.178	399.128
Liabilities connected with the trade with securities	108.451	134.131
Other liabilities	158.581	10.761
TOTAL	**1.345.210**	**544.020**

Liabilities toward employees

(in HRK)

DESCRIPTION	31 December 2012	31 December 2013
Liabilities for net salaries	63.621	44.541
Liabilities for contributions, taxes and local income tax	33.730	23.688
Other liabilities	7.170	3.561
TOTAL	**104.521**	**71.790**

Liabilities towards employees are settled during January 2014.

Deferred tax assets / liabilities

Deferred tax assets is recognised based on the deductible temporary differences and unused tax losses in the portion in which sufficient tax basis is expected in future periods, according to tax laws.

Deferred tax liabilities are recognised on the basis of taxable temporary differences which for a consequence have taxable amounts when taxable profit is determined (taxable loss) in future periods when the book value of the assets will be redeemed or liability settled.

At the balance sheet date the Company recorded deferred tax liability in the amount of 29.309 HRK which represents 20% share of the presented value adjustments of the shares which are recorded as long term financial assets and as revaluation amount of intangible assets.

Income and expenses from fees and commissions

(in HRK)

DESCRIPTION	31 December 2012	31 December 2013
Fees and commissions for completion of client’s order	3.046.468	3.507.259
Fees and commissions for portfolio management	0	982
Other income	139.053	71.531
Expenses for services of organised market	768.787	812.417
Expenses for services of clearing organisation	522.788	513.755
Other expenses	42.194	31.334
NET INCOME / EXPENSES	**1.851.752**	**2.253.600**

Net realised gains / losses

(in HRK)

DESCRIPTION	31 December 2012	31 December 2013
Realised gains from financial assets through profit and loss	1.912	250
Realised losses from financial assets through profit and loss	0	7.565
Realised gains from financial assets available for sale	0	0
Realised losses from financial assets available for sale	457.926	211.333
NET REALISED GAINS / LOSSES	**(456.014)**	**(218.648)**

Net unrealised gains / losses

(in HRK)

DESCRIPTION	31 December 2012	31 December 2013
Unrealised gains from financial assets through profit and loss	1.043	0
Unrealised loss from financial assets through profit and loss	0	0
NET UNREALISED GAINS / LOSSES	**1.043**	**0**

Net income / expenses from interest

(in HRK)

DESCRIPTION	31 December 2012	31 December 2013
Interest income	417.006	473.938
Interest expense	835.954	531
NET INTEREST INCOME/EXPENSE	**(418.948)**	**473.407**

Net exchange rate differences

During 2013 the Company realised negative exchange rate difference between positive and negative exchange rate differences (262 HRK).

Other income

(in HRK)

DESCRIPTION	31 December 2012	31 December 2013
Income from dividends	67.163	9.609
Other	19.857	519.752
OTHER INCOME	**87.020**	**529.361**

Other expenses

(in HRK)

DESCRIPTION	31 December 2012	31 December 2013
Depreciation	321.307	396.990
Personnel expenses	1.430.143	1.025.680
Bank services and fees	240.902	103.772
Other	1.324.168	1.035.402
OTHER EXPENSES	**3.316.520**	**2.561.844**

Corporate income tax

(in HRK)

DESCRIPTION	31 December 2012	31 December 2013
Accounting profit before tax	(2.253.861)	444.279
Expenses not approved by Tax Law	106.985	103.025
Non taxable income	(68.851)	(21.476)
TAX LOSS	(2.215.728)	525.828
Tax loss brought forward	(6.391.078)	(8.606.806)

Other comprehensive income

Statements on amounts and tax implications for all items of other comprehensive income:

Nr	**Items of other comprehensive income**	**2012**			**2013**		
		Pre-tax	Income tax	After tax	Pre-tax	Income tax	After tax
1	Change in revaluation reserves	0	0	0	0	0	0
2	Actuarial gains/losses	0	0	0	0	0	0
3	Profit/loss as a result of foreign currency translation adjustments on foreign subsidiaries	0	0	0	0	0	0
4	Unrealised profit/loss from financial assets available for sale	(420.356)	84.071	(336.285)	0	0	0
5	Profit/loss from changes in the fair value of a financial instrument in a cash flow hedge	0	0	0	0	0	0
6	**TOTAL**	**(420.356)**	**84.071**	**(336.285)**	**0**	**0**	**0**
7	Reclassification adjustments from gains/losses from subsequent measurement of financial assets available for sale recognised in profit/loss	-160.956	32.191	-128.765	211.334	42.267	169.067
8	Items for transfer	-11.898	2.380	-9.518			0
9	**TOTAL OTHER COMPREHENSIVE INCOME**	**(593.210)**	**118.642**	**(474.568)**	**211.334**	**42.267**	**169.067**

OFF BALANCE SHEET ITEMS

Off balance sheet items consist of foreign assets of the principal at the accounts for special purposes in banks, which refer to clients' assets.
During 2013 there were no remarks from the part of clients, nor from the part of Agency for performed transactions and their settlement.
The Company is the principal according to the Contract of issuing of guarantee issued by the bank in the amount of 1.100.000,00 HRK for settlement of the amount in cases of incompliance of liabilities towards CDCC based on contracted settlement. The guarantee is issued in the amount of 1.100.000,00 HRK, with maturity on 30 May 2014.
The Company is the principal according to the Contract of issuing of guarantee issued by the bank in the amount of 50.000,00 HRK for settlement of the amount in cases of incompliance of liabilities towards CDCC based on contracted settlement for the custody. The guarantee is issued in the amount of 50.000,00 HRK, with maturity on 15 January 2015.

LITIGATION

The Company within its regular business activity had no significant active litigation.

CONTINGENT LIABILITIES

The Company stated all liabilities in course of its regular operations in financial statements for 2013. The Company has no indications about contingent liabilities that have not been stated in the financial statements.

SUBSEQUENT EVENTS

There have been no events after the balance sheet date that should have been published in financial statements for 2013.

4 Classification of financial assets and financial liabilities

Financial assets available for sale

The Company as at 31 December 2013 presented the financial assets in the value of:

(in HRK)

DESCRIPTION	31 December 2012	31 December 2013
Equity securities – quoted on the market	903.809	271.200
Equity securities – not quoted on the market	732.964	1.456.476
Equity securities of financial institutions	0	0
TOTAL	**1.636.773**	**1.727.676**

Financial assets at fair value through profit and loss

(in HRK)

DESCRIPTION	31 December 2012	31 December 2013
Equity securities of the non-financial companies	174.632	3.942
Equity securities of the financial companies	0	0
TOTAL	**174.632**	**3.942**

5	**Credit risk exposure for financial assets and liabilities classified as loans and receivables at fair value through profit and loss**
	Credit risk is the risk of default in liability settlement or potential liability of a counterparty with which the Company made a transaction. Exposure of the Company to credit risk at the balance sheet date, arising from deposits at CDCC, cash and cash equivalents, and other receivables, arises from fair value of instruments whose positive value at the date is stated in the balance sheet. All transactions with quoted securities are settled or paid after delivery through certified brokers. Risk of default is retained to minimum since sold securities are delivered after the appropriate amount is deposited to the account. If either party defaults in its liability, purchase transaction is not completed.
6	**Amount of fair value change attributed to credit risk change**
	There is no fair value change directly attributable to credit risk.
7	**Reclassification of financial instruments in assets which is measured** **(a) at cost or amortised cost instead at fair value or** **(b) at fair value instead at cost or amortised cost,** **the amount reclassified from one category to another category is to be published, as well as the reasons for the reclassification**
	In 2013 there was no reclassification of financial assets.
8	**For the assets which is derecognised, following is to be published: a) nature of the assets** **(b) nature of the risks and premiums connected to ownership to which the Company stays exposed** **(c) when recognition for all the asset is continued, book value of the assets and related liabilities and** **(d) when recognition of the assets is continued in the terms of its engagement, total book value of original asset, the value of the asset that is continued to recognised and book value of related liabilities**
	In 2013 there was no asset that was derecognised.
9	**Book value of financial asset that is pledged as a security for payment of real or unforeseen liabilities (collateral) is to be published, including the values which are reclassified in accordance with article**
	As at 31 December 2013 all securities are free from pledge.
10	**Collateral (financial or non-financial asset) and it is allowed to sell or pledge again the collateral in the absence or because the owner of the collateral is not paying, obligation to publish is: fair value of the collateral in possession, fair value of the collateral that is sold or pledged again, and the liability of return**
	Fair value of the collateral is equal to book value.
11	**Credit loss impairments instead of directly decreasing book value of the asset, should disclose reconciliation of changes on that account during the period for every class of financial assets.**
	There have been no credit loss impairments in 2013.
12	**If the subject issued the instrument which contains both the component of liabilities and the component of equity and it is about the instrument which has several built-in derivatives which values are interdependent (just like convertible debt securities with the rights of abortive redemption), it is indebted to publish the existence of such characteristic**
	At balance sheet date the Company did not issue that kind of instruments.
13	**For loan liabilities at report date publish: (a) details about eventual non-payment of the principal, interest, gradual repurchase or conditions of repurchase of loan liabilities (b) book value at report date of the loan liabilities which are not paid and (c) if the payment has been made or the conditions of loan instalments were audited before the financial statements were approved**
	The Company has no loan liabilities as at 31 December 2013.
14	**It is to be published following information for each kind of hedging (i.e. fair value hedging, cash flow hedging and hedging of the net investments in abroad):** **(a) description of each kind of hedging**

(b) description of financial instruments determined as instruments of hedging and its fair value at report date
(c) the nature of risks towards which the hedging is performed.

The Company has not used hedging transactions.

15 The Subject is obligated publish fair value of assets and liabilities for every class of financial assets and financial liabilities in a way which enables its comparison with book value.

Financial assets available for sale

As at 31 December 2013 the Company presented the financial assets in the value of:

(in HRK)

DESCRIPTION	31 December 2012	31 December 2013
Equity securities – quoted on the market	903.809	271.200
Equity securities – not quoted on the market	732.964	1.456.476
Equity securities of the financial institutions	0	0
TOTAL	**1.636.773**	**1.727.675**

Financial assets at fair value through profit and loss

(in HRK)

DESCRIPTION	31 December 2012	31 December 2013
Equity securities of non-financial companies	174.632	3.942
Equity securities of financial companies	0	0
TOTAL	**174.632**	**3.942**

16 Total amount of fees collected for the financial year by the independent auditor or audit company for legally stipulated audit of yearly financial statements, total amount of fees for other review services, total amount of fees for tax consulting services and total amount of fees for other services apart from audit.

The Company has signed a contract for statutory audit of financial statements for 2013 for a fee in the amount of 25.000 + VAT.

17 Disclose information which enable users of financial statements to evaluate the type and range of risk arising from financial instruments to which the subject is exposed to at the balance sheet date a) credit risk b) market risk c) liquidity risk

This note sets out the details on Company’s exposure to risk and methods the Management uses to manage risks. The Company is exposed to risk generally relating to trade and mediation of securities. The Company is exposed to effects of change of conditions on domestic and indirectly on international markets.
The most significant risks to which the Company is exposed to are credit risk, liquidity risk, market risk (foreign exchange rate risk, interest rate risk, price risk) and operating risk.

Credit risk
Credit risk is a risk of default in liability settlement or potential liability of a counterparty with which the Company made a transaction. Exposure of Company to credit risk at the balance sheet date, arising from deposits at CDCC, cash and cash equivalents, and other receivables, arises from fair value of instruments whose positive value at that date is stated in the balance sheet. All transactions with quoted securities are settled or paid after delivery through certified brokers. Risk of default is retained to minimum since sold securities are delivered after the appropriate amount is deposited to the account. If either party defaults in its liability, purchase transaction is not completed.

	Liquidity risk Responsibility for liquidity risk rests on Company's Management, which made an appropriate liquidity risk management framework, short, medium and long term financing and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserves of borrowed funds, by continuously monitoring forecast and actual cash flows and matching maturity profiles of financial assets. **Interest rate risk** The Company is subject to risks related to effect of interest rate fluctuations on its financial position and cash flows. Risk is managed by maintaining adequate combination between fixed and variable interest rate on loans. At the moment the Company is not protected from these risks since most financial assets and liabilities (cash, cash equivalents, guarantee deposit at SKDD, and received loans) are interest-bearing. **Foreign exchange rate risk** The Company can invest in financial instruments, and execute transactions denominated in foreign currencies which are not its functional currency. However, the Company for now has no assets (with the exception of cash) and liabilities denominated in foreign currencies. Hence, the Company at the balance sheet date was not exposed to the risk of foreign exchange rate risk because the assets that were denominated in foreign currencies were minor. **Price risk** Price risk is possibility of price fluctuations, which will affect fair value of investment and other instruments whose value is derived from certain investments. Primary exposure to price risk arises from Company's investments in equity instruments available for sale or at fair value through profit and loss. The Company actively trades in equity instruments. **Fair value** Fair value represents the amount at which an asset could be exchanged or a liability settled on an arm`s length basis in regular market conditions. Most financial instruments of the Company are stated at fair value at the balance sheet date. Book value of cash and cash equivalents and loans and receivables is equal to amortised cost of those instruments which is approximately equal to its fair value. The Management Board considers that fair value of financial assets and liabilities is approximately equal to its book value.
18	**For assets acquired from ownership of collateral as security instrument disclose: (a) nature and book amount of assets acquired in such manner and (b) if the asset cannot be currently converted to cash, policies which regulate the availability of such assets, or sale of assets or its use in own operations**
	At the balance sheet date the Company held no such assets.
19	**Disclosure of all transactions with related parties**
	The Company is under control of Ivan Tadin from Zagreb. The Company considers related parties all persons or entities in accordance with definition set out in IAS 24 *Related party disclosures.* Total salaries paid to related parties in 2013 amount to 166.688 HRK. Receivables from key officers, members of Supervisory Board and related parties amount to 367.697 HRK.

Zagreb, 28 April 2014

Legal representative of the Company