

„TELEGROUP“ DOO
BANJA LUKA

To the owner and management of business entity

INDEPENDENT AUDITOR'S REPORT

Subject of Audit

We have audited the accompanying financial statements of business entity „TELEGROUP“ d.o.o. Banja Luka (hereinafter: „Entity“), which are comprised of the balance sheet as of December 31, 2014, the income statement, the statement of cash flows, the statement of changes in equity for the year then ended, and a summary of significant accounting policies and the related notes to the financial statements.

Management's Responsibility

Management is responsible for the preparation and fair presentation of these financial statements, including their adequate and timely disclosure. This responsibility includes: implementation and maintenance of relevant accounting evidences according to applicable laws in the Republic of Srpska, design and maintenance of internal controls relevant for the preparation of financial statements that are free from material misstatement, selection and application of appropriate accounting policies, timely making assessment of assets and capital, which is a part of the principles contained in the International Accounting Standards and International Financial Reporting Standards.

Management is also responsible for compliance with applicable legislation, including the laws on accounting, the tax law and other laws relevant for Entity business operations.

Management is also responsible for compliance with internal decisions made in accordance with bylaws and general policies of Entity, including ensuring the full asset integrity.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits, that are made and disclosed by management. We conducted our audits in accordance with the Law on Accounting and Auditing of the Republic of Srpska, Regulations in an Audit of Financial Statements in the Republic of Srpska and International Standards on Auditing. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements. Because of the nature of the audit and other inherent limitations, there is a certain unavoidable risk that some material misstatement may remain unrevealed. Applying the standardised methods of sampling, inspection and analytical procedures, that risk has been reduced to a reasonable, acceptable measure in our opinion.

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

Positive Opinion

In our opinion, the financial statements referred to above present **fairly, in all material respects**, the financial position of Entity as of December 31, 2014 as well as its business results for the year then ended in accordance with International Accounting Standards and International Financial Reporting Standards.

Number: 186/14-20/15
Banja Luka, May 22, 2015

Stamp - Company for Audit and Financial Advisory
„ADITON“ d.o.o. BANJA LUKA

Certified auditor

Signature illegible

M. Sc Duško Daničić

Company for Audit and Financial Advisory „ADITON“ DOO Banja Luka

I CONFIRM THAT THIS TRANSLATION CORRESPONDS
ENTIRELY TO ITS ORIGINAL IN ENGLISH LANGUAGE
REG. NUMBER: 514/16
DATE: December 12, 2016
PLACE: Banja Luka
TATJANA BOSIC
COURT INTERPRETER FOR ENGLISH LANGUAGE



Identification Number 01788027
 Code of Activity 43.99
 Name of Company, Cooperative, Other Legal Body or Entrepreneur:
TELEGROUP DOO
 Location: BANJALUKA
 UIN: 4400866760007

Stamp- Agency for information and financial services, Banja Luka
 Received, Date: February 27, 2015 Signature illegible

Giro accounts:
 571-010-00000208-22
 555-007-00075081-54
 161-045-00013800-56
 551-001-00008949-51
 567-241-11000192-45
 562-099-81050943-87

BALANCE SHEET

(Report on financial position)
 as of December 31, 2014

- in BAM -

Group of accounts, account	POSITION	MARKS AOP	Amount as of the balance day of the current year			Amount as of the balance day of the prior year
			Gross	Allowance	Net (4-5)	
1	2	3	4	5	6	7
	ASSETS					
	A. FIXED ASSETS (002+008+015+021+030)	001	1,047,906	639,065	408,841	475,744
01	I - INTANGIBLE ASSETS (003 to 007)	002	18,127	14,368	3,759	5,583
010	1. Investments in development	003			0	
011	2. Concessions, patents, licences and similar rights	004	18,127	14,368	3,759	5,583
012	3. Goodwill	005			0	
014	4. Other intangible assets	006			0	
015 and 016	5. Advances and intangible assets under construction	007			0	
02	II - PROPERTY, PLANT, EQUIPMENT AND INVESTMENT PROPERTY	008	928,119	624,697	303,422	365,914
020	1. Land	009			0	
021	2. Construction buildings	010			0	
022	3. Plant and equipment	011	928,119	624,697	303,422	365,914
023	4. Investment property	012			0	
027 and 028	5. Advances and property, plant, equipment and investment property under construction	013			0	
029	6. Investment in foreign property, plant and equipment	014			0	
03	III - NATURAL AND CULTURAL ASSETS (016 to 020)	015	0	0	0	0
030	1. Forests	016			0	
031	2. Plantations	017			0	
032	3. Live-stock	018			0	
033	4. Cultural assets	019			0	
038 and 039	5. Advances and natural and cultural assets under construction	020			0	
04	IV - LONG-TERM INVESTMENTS (022 to 029)	021	92,192	0	92,192	94,387



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040, part 049	1. Investments in capital of parent companies and subsidiaries	022			0	
041, part 049	2. Investments in capital of other associated companies	023			0	
042, part 049	3. Long-term loans to associated companies	024			0	
043, part 049	4. Domestic long-term loans	025	92,192		92,192	94,387
044, part 049	5. Foreign long-term loans	026			0	
045, part 049	6. Financial resources for sale	027			0	
046, part 049	7. Financial resources held to maturity	028			0	
048, part 049	8. Other long-term investments	029			0	
050	V - DEFERED TAX ASSETS	030	9,468		9,468	9,860
	B. CURRENT ASSETS (032+039+060)	031	14,924,044	127,179	14,796,865	18,999,496
10 to 15	I - INVENTORIES, FIXED ASSETS AND STOPPED BUSINESS ASSETS FOR SALE (033 to 038)	032	904,001	124,596	779,405	1,148,471
100 to 109	1. Material	033	156,228		156,228	4,678
110 to 112	2. Unfinished production, work in process and unfinished services	034			0	
120	3. Finished products	035			0	
130 to 139	4. Goods	036	693,731	124,596	569,135	278,230
140 to 149	5. Fixed assets and stopped business assets for sale	037			0	34,519
150 to 159	6. Paid advances	038	54,042		54,042	831,044
	II - SHORT-TERM RECEIVABLES, PLACEMENTS AND CASH	039	14,020,043	2,583	14,017,460	17,851,025
20,21,22	1. Short-term receivables (041 to 045)	040	11,323,065	2,583	11,320,482	16,338,232
200, part 209	a) Trade receivables – associated entities	041	1,921,201		1,921,201	42,698
201, part 209	b) Trade receivables – domestic	042	9,345,991	2,583	9,343,408	16,019,928
202, part 209	c) Trade receivables – foreign	043	48,432		48,432	269,227
210 to 219	c) Receivables from specific operations	044			0	
220 to 229	d) Other short-term receivables	045	7,441		7,441	6,379
23	2. Short-term placements (047 to 054)	046	1,711,530	0	1,711,530	9,885
230, part 239	a) Short-term loans to associated companies	047			0	
231, part 239	b) Domestic short-term loans	048			0	
232, part 239	c) Foreign short-term loans	049			0	
233 and 234	d) Current portions of long-term loans due within one year	050	11,530		11,530	



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235, part 239	e) Financial resources per income statement fair value for trading	051			0	
236, part 239	f) Financial resources per income statement fair value	052			0	
237	g) Bought up own shares for sale or annulment	053			0	
238, part 239	h) Other short-term placements	054	1,700,000		1,700,000	
24	3. Cash and cash equivalents (056+057)	055	605,697	0	605,697	772,742
240	a) Cash equivalents - Securities	056			0	
241 to 249	b) Cash	057	605,697		605,697	772,742
270 to 279	4. Value Added Tax	058	351,906		351,906	638,363
280 to 289, except 288	5. Prepayments and accrued income	059	27,845		27,845	91,803
288	III - DEFERED TAX ASSETS	060			0	
29	C. LOSS OVER CAPITAL	061			0	
	D. BUSINESS PROPERTY (001+031+061)	062	15,971,950	766,244	15,205,706	19,475,240
880 to 888	E. OFF-BALANCE ASSETS	063	1,496,387		1,496,387	5,965,253
	F. TOTAL ASSETS (062+063)	064	17,468,337	766,244	16,702,093	25,440,493



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Group of positions	POSITION	MAR KS AOP		Amount as of the date of balance of current year	Amount as of the date of balance of prior year (initial balance)
1	2	3		4	5
	LIABILITIES				
	A. EQUITY (102-109+110+111+114+115-116+117-122)	101		5,810,083	5,849,291
30	I - ORIGINAL CAPITAL (103 to 108)	102		11,014	11,014
300	1. Share capital	103			
302	3. Stakes in limited liability companies	104		11,014	11,014
303	4. Stakes in cooperatives	105			
304	5. Investments	106			
305	6. State owned capital	107			
306	7. Other capital	108			
31	II - SUBSCRIBED CAPITAL UNPAID	109			
320	III - SHARE ISSUING PREMIUMS	110			
Part 32	IV - RESERVES (112+113)	111		5,695	5,695
321	1. Legal reserves	112		5,695	5,695
322	2. Statutory reserves	113			
ENL 331 and 334	V - EFFECT OF RESTATEMENT OF CAPITAL	114		1,596	1,596
332	VI - UNREALIZED PROFIT BASED ON FINANCIAL RESOURCES FOR SALE	115			
333	VII - UNREALIZED LOSSES BASED ON FINANCIAL RESOURCES FOR SALE	116			
34	VIII - RETAINED PROFIT (118 to 121)	117		5,791,778	5,830,986
340	1. Retained profit from previous years	118		4,566,364	2,557,063
341	2. Retained profit from current year	119		1,225,414	3,273,923
342	3. Retained surplus profit over expense	120			
343	4. Net income from independent activities	121			
35	IX - LOSS UP TO CAPITAL AMOUNT (123+124)	122		0	0
350	1. Loss from previous years	123			
351	2. Loss from current year	124			
40	B. LONG-TERM PROVISIONS (126 to 131)	125		0	0
400	1. Provisions for costs incurred during the warranty period	126			
401	2. Provisions for the recovery of natural resources	127			
402	3. Retained deposits and caution money	128			
403	4. Restructuring costs	129			
404	5. Salaries	130			



405	6. Other long-term provisions	131			
	C. LIABILITIES (133+142)	132		9,395,623	13,625,949
41, except 418	I - LONG-TERM LIABILITIES (134 to 141)	133		12,697	8,603
410	1. Liabilities which can be converted into capital	134			
411	2. Liabilities to associated companies	135			
412	3. Liabilities for long-term issued securities	136			
413, 414	4. Long-term loans	137			
415, 416	5. Liabilities for financial lease	138			
417	6. Liabilities per income statement fair value	139			
418	7. Deferred tax liabilities	140		12,697	8,603
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		9,382,926	13,617,346
42	1. Short-term loans (144 to 147)	143		0	0
420 to 423	a) Short-term loans per issued short-term securities	144			
424, 425	b) Current portion of long-term loans due within one year	145			
426	c) Short-term liabilities per income statement fair value	146			
429	d) Other short-term liabilities	147			
43	2. Liabilities from business operations (149 to 152)	148		7,653,711	10,688,233
430	a) Received advances, deposits and caution money	149		128,574	561,286
431	b) Trade payables – associated companies	150		4,439,024	9,081,707
432, 433	c) Other trade payables	151		3,084,207	1,043,534
439	d) Other liabilities from business operations	152		1,906	1,706
440 to 449	3. Liabilities from specific operations	153			
450 to 458	4. Liabilities for salaries and fringe benefits	154			
460 to 469	5. Other liabilities	155		857,228	179,704
470 to 479	6. Value added tax	156		739,148	2,401,509
48 except 481	7. Liabilities for taxes, contributions and other duties	157		47,500	32,661
481	8. Tax on profit	158		85,339	315,239
49, except 495	9. Accruals and deferred income	159			
495	10. Deferred tax liabilities	160			
	D. LIABILITIES (101+125+132)	161		15,205,706	19,475,240
890 to 898	E. OFF-BALANCE LIABILITIES	162		1,496,387	5,965,253
	F. TOTAL LIABILITIES (161+162)	163		16,702,093	25,440,493

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Place of stamp *TELEGROUP*
Banja Luka Illegible part

In BANJALUKA
Date: February 25, 2015
Person with license: BABIC KOVA, Signature legible
Director: DRAGAN ZLOKAPA
Signature illegible

END OF TRANSLATION

I CONFIRM THAT THIS TRANSLATION CORRESPOND
ENTIRELY TO ITS ORIGINAL IN ENGLISH LANGUAGE
REG. NUMBER: 275/15
DATE: March 05, 2015
PLACE: Banja Luka
TATJANA BOSIC
COURT INTERPRETER FOR ENGLISH LANGUAGE



Bosic

TRANSLATION OF COPIED DOCUMENT FROM SERBIAN TO ENGLISH LANGUAGE

Identification Number 01788027

Code of Activity 43.99

Name of Company, Cooperative, Other Legal Body or Entrepreneur

TELEGROUP DOO

Location: BANJALUKA

UIN: 4400866760007

Giro accounts:

571-010-00000208-22

555-007-00075081-54

161-045-00013800-56

551-001-00008949-51

567-241-11000192-45

562-099-81050943-87

Stamp- Agency for information and financial services, Banja Luka

Received, Date: February 27, 2015 Signature illegible

INCOME STATEMENT

(Report on overall result in the period)

January 01, to December 31, 2014

- in BAM -

Group of accounts, account	POSITION	MARKS AOP	AMOUNT	
			Current Year	Prior Year
1	2	3	4	5
	A INCOME AND EXPENSE			
	I - OPERATING INCOME (202+206+210+211-212+213-214+215)	201	18,463,547	24,726,324
60	1. Income from the sale of merchandise (203 to 205)	202	9,467,360	19,228,491
600	a) Sales of merchandise to associated companies	203	36,262	63,484
601	b) Sales of merchandise to domestic customers	204	9,431,098	19,154,959
602	c) Sales of merchandise to foreign customers	205	0	10,048
61	2. Income from sales of products and services (207 to 209)	206	8,996,187	5,063,838
610	a) Sales of products and services to associated companies	207	1,912,311	26,873
611	b) Sales of products and services to domestic customers	208	6,953,828	4,814,081
612	c) Sales of products and services to foreign customers	209	130,048	222,884
62	3. Income from the own use of merchandise	210		
630	4. Increase in value of inventories of work in progress and finished products	211		
631	5. Decrease in value of inventories of work in progress and finished products	212		
640 and 641	6. Increase in value of investment property and natural assets not depreciated	213		
642 and 643	7. Decrease in value of investment property and natural assets not depreciated	214		
650 to 659	5. Other operating income	215	0	433,995
	II - OPERATING EXPENSES (217+218+219+222+223+226+227+228)	216	17,039,992	21,087,099
500 to 502	1. Costs of merchandise sold	217	7,732,669	10,540,766
510 to 513	2. Costs of material	218	291,268	153,008
52	3. Costs of salaries, fringe benefits and other personal expenses (220+221)	219	1,189,715	997,001
520 and 521	a) Gross salaries and fringe benefits	220	955,616	833,404
522 and 529	b) Other personal expenses remunerations	221	234,099	163,597
530 to 539	4. Costs of production services	222	6,095,959	7,310,266
54	5. Costs of depreciation and provisions (224+225)	223	103,085	92,791
540	a) Depreciation	224	103,085	92,791
541 to 549	b) Provisions	225		
55, except 555 and 556	6. Non-production costs (without taxes and contributions)	226	1,248,984	1,950,363



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555	7. Tax costs	227	372,065	42,069
556	8. Contribution costs	228	6,247	835
	B. OPERATING PROFIT (201-216)	229	1,423,555	3,639,225
	C. OPERATING LOSS (216-201)	230	0	0
	D. FINANCIAL INCOME AND EXPENSE			
66	I - FINANCIAL INCOME (232 to 237)	231	13,882	40,751
660	1. Financial income incurred with associated companies	232		
661	2. Income from interest	233	7,461	27,276
662	3. FX gains	234	1,263	9,405
663	4. Currency clause income	235		
664	5. Joint investment profit sharing	236		4,070
669	6. Other financial income	237	5,158	
56	II - FINANCIAL EXPENSE (239 to 243)	238	22,108	6,652
560	1. Financial expenses incurred with associated companies	239		
561	2. Costs of interest	240	68	
562	3. FX losses	241	22,040	6,652
563	4. Currency clause expense	242		
564	5. Other financial expenses	243		
	E. PROFIT FROM ORDINARY ACTIVITIES (229+231-238) or (230+231-238)	244	1,415,329	3,673,324
	F. LOSS FROM ORDINARY ACTIVITIES (-229-231+238) or (230-231+238)	245	0	0
67	G. OTHER INCOME AND EXPENSE			
	I - OTHER INCOME (247 to 256)	246	1,487	1,300
670	1. Gains on disposals of intangible assets, property, plant and equipment	247		1,300
671	2. Gains on disposals of investment property	248		
672	3. Gains on disposals of natural assets	249		
673	4. Sale of assets of discontinued operations	250		
674	5. Gains on disposals of long-term investments	251		
675	6. Gains on disposals of raw material	252		
676	7. Surpluses, except inventories of work-in-progress and finished products	253		
677	8. Collected written-off receivables	254		
678	9. Income from positive hedging effects	255		
679	10. Income from reduction of liabilities, abolishing of long-term provisions and other income	256	1,487	
Group of accounts, account	POSITION	MARKS AOP	AMOUNT	
			Current Year	Prior Year
1	2	3	4	5
57	II - OTHER EXPENSES (258 to 267)	257	9,303	27,042
570	1. Losses on writing-offs and disposals of intangible assets, property, plant and equipment	258	3,274	983
571	2. Losses on writing-offs and disposals of investment property	259		
572	3. Losses on writing-offs and disposals of natural assets	260		
573	4. Sale of assets of discontinued operations	261		
574	5. Losses on disposals of long-term investments	262		
575	6. Losses on disposals of raw material	263		
576	7. Shortages, except inventories of work-in-progress and finished products	264		
577	8. Costs from negative hedging effects	265		
578	9. Writing-offs of receivables	266		
579	10. Losses on writing-offs and disposals of material and merchandise	267	6,029	
	H. PROFIT FROM OTHER INCOME AND EXPENSES (246-257)	268	0	0
	I. LOSS FROM OTHER INCOME AND EXPENSES (257-246)	269	7,816	25,742



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	J. INCOME AND EXPENSE FROM ASSETS VALUATION ADJUSTMENTS			
68	I - INCOME FROM ASSETS VALUATION ADJUSTMENTS (271 to 279)	270	0	0
680	1. Income from valuation adjustment of intangible assets	271		
681	2. Income from valuation adjustment of property, plant and equipment	272		
682	3. Income from valuation adjustment of investment property on which depreciation is calculated	273		
683	4. Income from valuation adjustment of natural assets on which depreciation is calculated	274		
684	5. Income from valuation adjustment of long-term investments and securities available for sale	275		
685	6. Income from valuation adjustment of material and merchandise	276		
686	7. Income from valuation adjustment of short-term investments	277		
687	8. Income from valuation adjustment of capital	278		
689	9. Income from valuation adjustment of other assets	279		
58	II - IMPAIRMENT COSTS (281 to 288)	280	0	0
580	1. Impairment of intangible assets	281		
581	2. Impairment of property, plant and equipment	282		
582	3. Impairment of investment property on which depreciation is calculated	283		
583	4. Impairment of natural assets on which depreciation is calculated	284		
584	5. Impairment of long-term investments and securities available for sale	285		
585	6. Impairment of material and merchandise	286		
586	7. Impairment of short-term investments	287		
589	8. Impairment of other assets	288		
	K. PROFIT FROM ASSETS VALUATION ADJUSTMENTS (270-280)	289	0	0
	L. LOSS FROM ASSETS VALUATION ADJUSTMENTS (280-270)	290	0	0
690 and 691	M. INCOME FROM CHANGES IN ACCOUNTING POLICY AND CORRECTIONS FOR PREVIOUS YEARS	291		
590 and 591	N. EXPENSE FROM CHANGES IN ACCOUNTING POLICY AND CORRECTIONS FOR PREVIOUS YEARS	292		
	O. PROFIT AND LOSS BEFORE TAXATION			
	1. Profit before taxation (244+268+289+291-245-269-290-292)	293	1,407,513	3,647,582
	2. Loss before taxation (245+269+290+292-244-268-289-291)	294	0	0
	P. PROFIT AND LOSS BEFORE TAXATION			
721	R. CURRENT AND DEFERED TAX ON PROFIT			
	1. Tax expenses for the period	295	177,613	372,071
Part 722	2. Deferred tax expenses for the period	296	4,486	1,932
Part 722	3. Deferred tax income for the period	297	0	344
	S. NET PROFIT AND LOSS for the PERIOD			
	1. Net profit for current year (293-294-295-296+297)	298	1,225,414	3,273,923
	2. Net loss for current year (294-293+295+296-297)	299	0	0
	TOTAL INCOME (201+231+246+270+291)	300	18,478,916	24,768,375
	TOTAL EXPENSE (216+238+257+280+292)	301	17,071,403	21,120,793
723	T. DIVIDENDS AND OTHER DISTRIBUTION OF PROFITS IN THE PERIOD	302		
	Part of net profit/loss belonging to majority owners	303		
	Part of net profit/loss belonging to minority owners	304		
	Ordinary earnings per share	305		
	Partial earnings per share	306		
	Average number of employees based on the number of working hours	307	46	40
	Average number of employees based on balance on the end of the month	308	46	40



TRANSLATION OF COPIED DOCUMENT FROM SERBIAN TO ENGLISH LANGUAGE

Place of stamp **TELEGROUP**
Banja Luka Illegible part

In BANJALUKA
Date: February 25, 2015
Person with license: BABIC KOVA, Signature legible
Director: DRAGAN ZLOKAPA, Signature illegible

END OF TRANSLATION

I CONFIRM THAT THIS TRANSLATION CORRESPONDS
ENTIRELY TO ITS ORIGINAL IN ENGLISH LANGUAGE.

REG. NUMBER: 270/15

DATE: March 03, 2015

PLACE: Banja Luka

TATJANA BOSIC
COURT INTERPRETER FOR ENGLISH LANGUAGE



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Page 4 of 4