

**HITA-SECURITIES**

INCORPORATED INVESTMENT FIRM

ZAGREB

**Financial Statements as at 31 December 2010  
together with Independent Auditor's Report**

Zagreb, April 2011

**HITA-SECURITIES Inc.**  
**ZAGREB**

Financial Statements as at 31 December 2010  
together with Independent Auditor's Report

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## Responsibilities for the financial statements

According to the Accounting Act, the Management Board is responsible for ensuring that financial statements are prepared for each financial year in accordance with the International Financial Reporting Standards and accounting legal regulation applicable to investment companies in Republic of Croatia, so that they give a true and fair view of the financial position and result 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 those 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 and to ensure that the financial statements comply with the Accounting Act and International Financial Reporting Standards. 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.

Zagreb, 27 April 2011

Signed on behalf of the Management Board:

Ivan Tadin, President of the Management Board

HITA-VRIJEDNOSNICE d.d.

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 performed the audit of the accompanying financial statements of HITA-SECURITIES Incorporated Investment Firm, Zagreb, which comprise Statement of financial position as at 31 December 2010, Statement of comprehensive income, Cash flow statement and Statement of changes in equity for 2010, 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 stipulated by the Croatian Financial Services Supervisory Agency.

Following concise financial statements are in accordance with financial statements prepared according to law regulations (pages 3-6).

#### **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 circumstances.

#### **2. Auditor's responsibility**

Our responsibility is to express an opinion on the financial statements based on the audit. The audit was conducted in accordance with International Standards of 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

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INDEPENDENT AUDITOR'S REPORT

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 2010, the results of its operations, cash flows and changes in own equity for the year then ended, in accordance with legal requirements for financial reporting applicable in Republic of Croatia for investment companies.

RECONSULT d.o.o.  
Trg hrvatskih velikana 4/I  
10000 ZAGREB

ZAGREB, 29 April 2011

Certified Auditor:

Domagoj Bakran, MA

Audit Company:

Reconsult d.o.o.

## CONCISE FINANCIAL STATEMENTS

**HITA-SECURITIES Inc.**
**STATEMENT OF FINANCIAL POSITION**

as at 31 December 2010

<b>ASSETS</b>		in kuna	
Position	31 December 2010	31 December 2009	
<b>INTANGIBLE ASSETS, TANGIBLE ASSETS AND LONG TERM INVESTMENTS</b>	<b>944.389</b>	<b>173.225</b>	
LONG TERM INTANGIBLE ASSETS	842.207	0	
LONG TERM TANGIBLE ASSETS	102.182	173.225	
INVESTMENTS IN JOINT VENTURES	0	0	
INVESTMENTS IN ASSOCIATES	0	0	
INVESTMENTS IN SUBSIDIARIES	0	0	
LONG TERM ASSETS AVAILABLE FOR SALE	0	0	
OTHER ASSETS	0	0	
<b>CASH AND RECEIVABLES</b>	<b>2.196.756</b>	<b>2.442.047</b>	
CASH	226.279	383.671	
RECEIVABLES FROM INVESTMENT SERVICES	104.059	48.484	
LOANS AND RECEIVABLES	180.937	0	
DEFERRED TAX ASSETS	8.456	19.159	
PREPAYMENTS AND ACCRUED INCOME	73.818	62.563	
OTHER RECEIVABLES	1.603.207	1.928.170	
<b>FINANCIAL ASSETS</b>	<b>15.463.036</b>	<b>17.596.343</b>	
SECURITIES AND OTHER FIN.INSTRUMENTS - through profit and loss	229.413	920.493	
SECURITIES AND OTHER FIN.INSTRUMENTS - available for sale	15.233.623	16.675.850	
SECURITIES AND OTHER FIN.INSTRUMENTS - held to maturities	0	0	
<b>TOTAL ASSETS</b>	<b>18.604.181</b>	<b>20.211.615</b>	
<b>OFF BALANCE SHEET ITEMS</b>	<b>36.187.987</b>	<b>30.020.350</b>	
CLIENT PORTFOLIO	33.137.987	27.520.350	
OTHER OFF BALANCE SHEET ITEMS	3.050.000	2.500.000	

CONCISE FINANCIAL STATEMENTS

**HITA-SECURITIES Inc.**

**STATEMENT OF FINANCIAL POSITION**

as at 31 December 2010

<b>EQUITY AND LIABILITIES</b>		in kuna	
<b>Position</b>	<b>31 December 2010</b>	<b>31 December 2009</b>	
<b>EQUITY AND RESERVES</b>	<b>7.129.916</b>	<b>10.169.530</b>	
SHARE CAPITAL	7.400.000	7.400.000	
OWN SHARES	0	0	
RESERVES FROM PROFIT	370.000	370.000	
CAPITAL RESERVES	0	0	
RETAINED EARNINGS	2.373.466	969.866	
LOSS BROUGHT FORWARD	0	0	
PROFIT OR LOSS FOR THE YEAR	(3.597.919)	1.414.302	
REVALUATION RESERVES	584.369	15.362	
MINORITY INTEREST	0		
<b>LIABILITIES</b>	<b>11.474.265</b>	<b>10.042.085</b>	
TRADING LIABILITIES	246.231	128.679	
LIABILITIES FROM LOANS AND ADVANCES	9.998.795	9.167.377	
LIABILITIES FROM ISSUED FINANCIAL INSTRUMENTS	0	0	
TRADE LIABILITIES	828.960	128.423	
LIABILITIES TOWARDS EMPLOYEES	112.580	119.739	
LIABILITIES FOR TAXES AND CONTRIBUTIONS	67.063	77.539	
DEFERRED TAX LIABILITIES	146.092	3.840	
ACCRUALS AND DEFERRED INCOME	1.081	16.727	
PROVISIONS	0	300.000	
OTHER LIABILITIES	73.463	99.761	
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>18.604.181</b>	<b>20.211.615</b>	
<b>OFF BALANCE SHEET ITEMS</b>	<b>36.187.987</b>	<b>30.020.350</b>	
CLIENT PORTFOLIO	33.137.987	27.520.350	
OTHER OFF BALANCE SHEET ITEMS	3.050.000	2.500.000	

CONCISE FINANCIAL STATEMENTS

**HITA-SECURITIES Inc.**

**CONCISE STATEMENT OF COMPREHENSIVE INCOME**

for the period from 1 January 2010 till 31 December 2010

in kuna

Position	2010	2009
NET INCOME/EXPENSES FROM FEES AND COMMISSIONS	2.280.051	4.997.961
NET REALISED GAINS/LOSSES	8.301	62.234
NET UNREALISED GAINS/LOSSES	(32.314)	(75.785)
NET REALISED GAINS/LOSSES OF ASSETS AVAILABLE FOR SALE	(454.866)	1.532.287
NET VALUE ADJUSTMENT OF LOANS AND ASSETS HELD TO MATURITY	0	0
OTHER NET PROVISIONS AND VALUE ADJUSTMENTS	0	0
NET INTEREST INCOME/EXPENSES	(429.566)	632.020
NET INCOME/EXPENSES FROM FOREIGN EXCHANGE RATE	(2.113)	(236)
TOTAL OTHER INCOME	917.220	1.647.754
TOTAL OTHER EXPENSES	5.884.632	7.381.933
Profit/loss before tax	(3.597.919)	1.414.302
Income tax	0	0
<b>PROFIT OR LOSS</b>	<b>(3.597.919)</b>	<b>1.414.302</b>
<b>OTHER COMPREHENSIVE INCOME</b>	<b>308.291</b>	<b>(76.738)</b>
Change in revaluation reserves	400.000	0
Actuarial gains/losses	0	0
Profit or loss as a result of foreign currency translation adjustments on foreign subsidiaries	0	0
Unrealised profit/loss from financial assets available for sale	(14.636)	(95.923)
Profit/loss from changes in the fair value of a financial instrument in a cash flow hedge	0	0
Income tax on other comprehensive income	(77.073)	19.185
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>(3.289.628)</b>	<b>1.337.564</b>
<b>RECLASSIFICATION ADJUSTMENTS</b>	<b>325.895</b>	<b>82.396</b>

CONCISE FINANCIAL STATEMENTS

**HITA-SECURITIES Inc.**

**CONCISE CASH FLOW STATEMENT**

**for the period from 1 January 2010 till 31 December 2010**

	<b>2010</b>	<b>in kuna 2009</b>
Net cash flow from operating activities	(453.496)	4.930.844
Net cash flow from investment activities	(535.314)	(176.211)
Net cash flow from financial activities	831.418	(5.034.000)
<b>Net increase/decrease of cash and cash equivalents</b>	<b>(157.392)</b>	<b>(279.367)</b>
<b>Cash and cash equivalents at the beginning of the period</b>	<b>383.671</b>	<b>663.038</b>
<b>Cash and cash equivalents at the end of the period</b>	<b>226.279</b>	<b>383.671</b>

**CONCISE STATEMENT OF CHANGES IN EQUITY**

**for the period from 1 January 2010 till 31 December 2010**

	<b>2010</b>	<b>in kuna 2009</b>
Share capital	7.400.000	7.400.000
Reserves from profit	370.000	370.000
Retained earnings and loss brought forward	2.373.466	969.866
Profit or loss for the period	(3.597.919)	1.414.302
Revaluation of financial assets available for sale	264.369	15.362
Other revaluation reserves	320.000	0
<b>Total equity and reserves</b>	<b>7.129.916</b>	<b>10.169.530</b>

# **FINANCIAL STATEMENTS**

Form: OP-ID-1 General information about investment company

Reporting period:	<b>1 January 2010 - 31 December 2010</b>
Agency's identification number:	<b>464</b>
Company:	<b>HITA-SECURITIES Inc.</b>
MBS:	<b>80195224</b>
OIB:	<b>32998446701</b>
Individual or consolidated report:	<b>individual report</b>
Address:	<b>10000 Zagreb, Palmotićeveva 2</b>
Telephone:	<b>4807 750</b>
Fax:	<b>4807 770</b>
e-mail address:	<b>hita@hita.hr</b>
web page:	<b>www.hita.hr</b>

**Date of registration in Commercial Court: 15 February 1992**

**Information about the president and members of the Management Board:**

President of the Management Board	Ivan Tadin
Member of the Management Board	Denis Cvitanović
Member of the Management Board	Libor Weiser

**Information about the president and members of the Supervisory Board:**

President of the Supervisory Board	Hrvoje Tadin
Member of the Supervisory Board	Branka Tadin
Member of the Supervisory Board	Slavica Tadin

Number of employees 29

**Certified broker and investment consultant**

Broker/Investment consultant	TADIN IVAN
Broker/Investment consultant	CVITANOVIĆ DENIS
Broker/Investment consultant	JURIŠIĆ BRANKA
Broker/Investment consultant	BAKOVIĆ KREŠIMIR
Broker/Investment consultant	FRGIĆ-VUČINIĆ IVA
Broker/Investment consultant	MIŠOVIĆ MLADEN
Broker	DI LEO JOSIPA
Broker	GREGOV NIVES
Broker	LOGOMER MAJA
Broker	MANDIĆ PETRA
Broker	MOKRIŠ DAMIR
Broker	NUIĆ IGOR
Broker	VUKOVIĆ NEBOJŠA
Broker	VUKELIĆ GABRIJELA
Broker/Investment consultant	WEISER LIBOR
Broker	BRAJKOVIĆ ANDRIJA
Broker	LOVRIĆ TAMARA
Broker	ĐAJIĆ ANA

Amount of share capital in kuna **7.400.000**

**Shareholders**

Ivan Tadin, B. 10000 ZAGREB, ADŽIJE 22/1

100,00% of shares

Name of audit company:

**Reconsult d.o.o.**

**Information about business banks and account numbers**

<b>Type</b>	<b>Bank</b>	<b>Giro-account</b>
Regular account	HPB D.D.	2390001-1100352151
Principal account	HPB D.D.	2390001-1300004161
Custody account	HPB D.D.	2390001-1300004660
Regular account	CENTAR BANKA D.D.	2382001-1100134564
Principal account	CENTAR BANKA D.D.	2382001-1300003193
Regular account	ERSTE & STEIERMARKISCHE BANKA	2402006-1100061129
Principal account	ERSTE & STEIERMARKISCHE BANKA	2402006-1300000082
Regular account	HYPO ALPE ADRIA BANK D.D.	2500009-1101285926

<b>1</b>	<b>Statement of compliance with IFRS</b>
	<p>Financial statements are prepared in accordance with International Financial Reporting Standards (IFRS). Financial statements are approved by the Management Board as at 27 April 2011 for further approval by the General Assembly.</p> <p>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.</p> <p>These financial statements are prepared on going concern assumption.</p> <p>Financial statements are presented in HRK.</p> <p>Significant accounting policies are consistently applied on all periods presented in these financial statements.</p>
<b>2</b>	<b>Summary of significant accounting policies</b>
	<p><b>Income from commissions and fees</b></p> <p>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.</p> <p><b>Income and expenses from interest</b></p> <p>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.</p> <p><b>Income from dividends</b></p> <p>Income from dividends from investment in equity securities are recognised in profit and loss account at the date of announcement of rights on dividends.</p> <p><b>Net loss / profit</b></p> <p>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).</p> <p><b>Foreign currencies</b></p> <p>Income and expenses from transaction in foreign currencies are converted into 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.</p> <p>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.</p> <p><b>Taxation</b></p> <p>The Company calculates and pays taxes according to Croatian tax laws. Income tax consists of currently payable and deferred tax.</p> <p>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.</p> <p>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</p>

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 year

### **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 ( the Company uses increased depreciation rates).

**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**

**Long term tangible and intangible assets**

Long term tangible and intangible assets is recorded as follows:

<b>LONG TERM TANGIBLE AND INTANGIBLE ASSETS</b>							(in kuna)
Description	Land	Buildings	Plant and equipment	Tools and inventory	Assets under construction	Intangible assets	Total
<b>HISTORIC COST</b>							
<b>31 December 2009</b>	-	-	1.144.795	-	0	4.914	1.149.709
Value adjustments						395.086	395.086
Direct increase					535.314	0	535.314
Transfer assets under construction			52.659		(535.314)	482.655	0
Sale or disposal			(484.822)			0	(484.822)
<b>31 December 2010</b>	-	-	712.632	-	0	882.655	1.595.287
<b>ACCUMULATED DEPRECIATION</b>							
<b>31 December 2009</b>	-	-	971.570	-	-	4.914	976.484
Value adjustments						(4.914)	(4.914)
Depreciation for 2010			121.997			40.448	162.445
Sale or disposal			(483.117)			0	(483.117)
<b>31 December 2010</b>	-	-	610.450	-	-	40.448	650.898
<b>NET BOOK VALUE</b>							
<b>31 December 2010</b>	-	-	102.182	-	0	842.207	944.389
<b>31 December 2009</b>	-	-	173.225	-	0	0	173.225

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 484.822 kuna.

At the same time, during 2010 mostly computer equipment was purchased, in the amount of 535.314 kuna. The most significant part of computer equipment relates to software taken over from the company ICF broker d.o.o. when the broker activity from the mentioned company was taken over. Besides ICF broker d.o.o., the Company took over in 2010 the broker activity from the company Finesa kapital d.d., but only the business activity was taken over from this company.

Total calculated depreciation of tangible assets in 2010 equals to 162.445 kuna. The Company used assigned depreciation rates from Income Tax Law, article 12, paragraph 6. Since the Company in the previous period used double depreciation rates, the effect which arises from change in estimated lifetime equals to 97.404 kuna, meaning that the depreciation cost would be higher for this amount.

**Cash and cash equivalents**

(in kuna)		
O P I S	31 December 2010	31 December 2009
Giro accounts at banks and cash in hand (in kuna)	226.279	383.67

### Trade and other receivables

(in kuna)

DESCRIPTION	31 December 2010	31 December 2009
Advance payments given to suppliers	1.864	18.965
Trade receivables for equity securities	511.722	360.628
Receivables for calculated interest	85.423	305.327
Receivables from decrease of share capital	0	309.930
Receivables for income tax	378.970	378.970
Other	292.711	1.919
<b>TOTAL</b>	<b>1.270.690</b>	<b>1.375.739</b>

At the balance sheet date all reported receivables were undue (trade receivables, as well as receivables for interest are collected at the beginning of 2011). The most significant part of other receivables relates to receivables for fees and provision for performed order (104.059 kuna) and receivables for approved loans (180.937 kuna).

### Given deposits

(in kuna)

DESCRIPTION	31 December 2010	31 December 2009
Deposit with CDCC	430.853	301.198
Deposits for operating leases	182.661	247.233
Deposits for business premises	4.000	4.000
<b>TOTAL</b>	<b>617.514</b>	<b>552.431</b>

Deposit with CDCC presents deposit in Guarantee Fund. During 2010 the Company has 2 vehicles in operating lease, while at the same time a deposit was returned for the vehicles for which the period of the lease expired (64.572 kuna).

### Share capital

Share capital amounts to 7.400.000 kuna and it is paid in whole 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 6.000.000,00 kuna 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 on going concern basis
- comply with capital requirement
- maintain balance sheet with considerable components of cash and short term assets.

**Reserves**

(in kuna)

DESCRIPTION	31 December 2010	31 December 2009
Legal reserves	370.000	370.000
Fair value reserves	264.369	15.362
Revaluation reserves from intangible assets	320.000	0
<b>TOTAL</b>	<b>954.369</b>	<b>385.362</b>

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**

Retained earnings include accumulated profit from previous periods, decreased for dividends paid.

**Provisions**

According to litigation which is prosecuted against the Company (magistrates act XVII-G-5070/2006 within Magistrates Court in Zagreb), in 2010 provisions were reversed (300.000 kuna), for the reason of the appealable judgment with which the magistrates act is suppressed (Magistrates Court in Zagreb, number of judgment XVII-G-5070/2006 from 2 February 2010).

**Trade liabilities**

(in kuna)

DESCRIPTION	31 December 2010	31 December 2009
Trade receivables	828.960	128.423
Liabilities connected with the trade with securities	246.231	128.679
<b>TOTAL</b>	<b>1.075.191</b>	<b>257.102</b>

Trade receivables are settled upon maturity.

**Liabilities toward employees**

(in kuna)

DESCRIPTION	31 December 2010	31 December 2009
Liabilities for net salaries	110.770	115.619
Liabilities for contributions, taxes and local income tax	67.063	77.309
Other liabilities	1.810	4.120
<b>TOTAL</b>	<b>179.643</b>	<b>197.048</b>

Liabilities towards employees are settled during January 2011.

**Received loans**

Two short term bank loans were approved (revolving) which are assured with promissory note and with other instruments for collection. Member of the Company is a guarantor for the loan received.

Loans are approved in kuna for the purchase of shares, i.e. working capital. Contracted interest rate is in range from 8,50% till 8,80% yearly. Maturity of the loans is the first half of 2011.

The Company settles liabilities for received loans according to the contract.

**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.

At the balance sheet date the Company recorded deferred tax assets in the amount of 8.456 kuna as 20% share of value adjustments of the shares recorded in short term financial assets.

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 146.092 kuna which fits 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 kuna)

DESCRIPTION	31 December 2010	31 December 2009
Fees and commissions for completion of client's order	3.536.206	6.693.440
Fees and commissions for portfolio management	747	2.567
Other income	11.830	281.699
Expenses for services of organised market	638.886	1.015.369
Expenses for services of clearing organisation	401.868	712.391
Other expenses	5382	251.985
<b>NET INCOME / EXPENCES</b>	<b>2.502.647</b>	<b>4.997.960</b>

**Net realised gains / losses**

(in kuna)

O P I S	31 December 2010	31 December 2009
Realised gains from financial assets through profit and loss	52.262	132.398
Realised losses from financial assets through profit and loss	43.961	70.164
Realised gains from financial assets available for sale	3.259	1.694.781
Realised losses from financial assets available for sale	458.125	162.494
<b>NET REALISED GAINS / LOSSES</b>	<b>(446.565)</b>	<b>1.594.521</b>

**Net unrealised gains / losses**

(in kuna)

DESCRIPTION	31 December 2010	31 December 2009
Unrealised gains from financial assets through profit and loss	1.280	611
Unrealised loss from financial assets through profit and loss	33.594	76.395
<b>NET UNREALISED GAINS / LOSSES</b>	<b>(32.314)</b>	<b>(75.784)</b>

**Net income / expenses from interest rates**

(in kuna)

DESCRIPTION	31 December 2010	31 December 2009
Income from interest rates	449.527	1.439.913
Expenses from interest rates	879.093	807.893
<b>NET INCOME / EXPENSES FROM INTEREST RATE</b>	<b>(429.566)</b>	<b>632.020</b>

**Net exchange rate differences**

During 2010 the Company realised negative exchange rate difference between positive and negative exchange rate differences (2.113 kuna).

**Other income**

(in kuna)

DESCRIPTION	31 December 2010	31 December 2009
Income from dividends	351.291	1.638.116
Other	265.929	9.638
<b>OTHER INCOME</b>	<b>617.220</b>	<b>1.647.754</b>

**Other expenses**

(in kuna)

DESCRIPTION	31 December 2010	31 December 2009
Depreciation	162.445	539.934
Personnel expenses	2.731.671	3.653.557
Other	2.990.516	3.198.442
<b>OTHER EXPENSES</b>	<b>5.884.632</b>	<b>7.381.933</b>

**Income tax**

(in kuna)

DESCRIPTION	31 Description 2010	31 Description 2009
Accounting profit before tax	(3.597.919)	1.414.302
Expenses not approved by Tax Law	125.748	178.598
Non taxable income	(442.753)	(1.674.551)
<b>TAX LOSS</b>	<b>(3.914.924)</b>	<b>(81.651)</b>
Tax loss brought forward from previous periods	(81.651)	0

**Other comprehensive income**

Report on amounts and effects of income tax to all items of other comprehensive income:

Nr.	Items of other comprehensive income	2010			2009		
		Before tax	Income tax	After tax	Before tax	Income tax	After tax
1.	Change in revaluation reserves	400.000	(80.000)	320.000	0	0	0
2.	Actuarial gains/losses	0	0	0	0	0	0
3.	Profit or 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 a	(14.636)	2.927	(11.709)	(95.923)	19.185	(76.738)
5.	Profit/loss from changes in the fair value of a financial instrument in a cash flow hedge		0	0		0	0
6.	<b>TOTAL</b>	<b>385.364</b>	<b>(77.073)</b>	<b>308.291</b>	<b>(95.923)</b>	<b>19.185</b>	<b>(76.738)</b>
7.	Reclassification adjustments for gains/losses from subsequent measurement of financial assets available for sale recognised in profit/loss	325.895	(65.179)	260.716	82.396	(16.479)	65.917
8.	<b>TOTAL OTHER COMPREHENSIVE INCOME</b>	<b>711.259</b>	<b>(142.252)</b>	<b>569.007</b>	<b>(13.527)</b>	<b>2.706</b>	<b>(10.821)</b>

**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 2010 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 3.000.000,00 kuna 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 3.000.000 kuna, with maturity on 15 July 2011.

The Company is the principal according to the Contract of issuing of guarantee issued by the bank in the amount of 50.000,00 kuna 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 kuna, with maturity on 31 December 2011.

**LITIGATION**

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

There was a magistrates act under number XVII-G-5070/2006 within Magistrates Court in Zagreb, which was suppressed on the basis of appealable judgement made on 2 February 2010.

The Company leads litigation against one client for the purpose of acquiring with no grounds and litigation against Croatian Privatization Fund for the purpose of indemnification of damage.

## POTENTIAL LIABILITIES

In financial statements for 2010 the Company stated all liabilities in course of its regular operations. The Company has no indications about potential liabilities that have not been stated in the financial statements.

## SUBSEQUENT EVENTS

After takeover of broker activity from the companies ICF broker d.o.o. and Finesa Kapital d.d., the Company is in the process of taking over the broker activity from the company Auctor d.o.o.

## 4 Classification of financial assets and financial liabilities

### Financial assets available for sale

The Company as at 31 December 2010 presented the financial assets in the value of:

DESCRIPTION	(in kuna)	
	31 Description 2010	31 Description 2009
Equity securities – quoted on the market	6.428.926	7.837.606
Equity securities – not quoted on the market	8.658.064	8.658.064
Equity securities of the financial institutions	146.633	180.180
<b>TOTAL</b>	<b>15.233.623</b>	<b>16.675.850</b>

As at 31 December 2010 all securities are free from pledge.

### Financial assets at fair value through profit and loss

DESCRIPTION	(in kuna)	
	31 December 2010	31 December 2009
Equity securities of the non-financial companies	229.413	920.493
Equity securities of the financial companies	0	0
<b>TOTAL</b>	<b>229.412</b>	<b>920.493</b>

## 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	<b>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.</b>
	In 2010 there was no reclassification of financial assets.
8	<b>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, as well as (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.</b>
	In 2010 there was no asset that was derecognised.
9	<b>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</b>
	As at 31 December 2010 all securities are free from pledge.
10	<b>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.</b>
	Fair value of the collateral is equal to book value.
11	<b>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.</b>
	There have been no credit loss impairments in 2010.
12	<b>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.</b>
	At balance sheet date the Company did not issue that kind of instruments.
13	<b>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.</b>
	Two short term bank loans were approved (revolving) which are assured with promissory note and other instruments for collection. Member of the Company is a guarantor for the loan received. Loans are approved in kuna for the purchase of shares, i.e. working capital. Contracted interest rate is in range from 8,50% till 8,80% yearly. Maturity of the loans is the first part of 2011. The Company settles liabilities for received loans according to the contract.
14	<b>It is to be published following information for each kind of protection (i.e. fair value protection, cash flow protection and protection of the net investments in abroad): (a) description of each kind of protection (b) description of financial instruments determined as instruments of protection and its fair value at report date (c) the nature of risks towards which the protection is performed.</b>
	The Company did not use transactions for protection.
15	<b>The Subject is for every class of financial assets and financial liabilities indebted to publish fair value of assets and liabilities in a way which enables its comparison with book value.</b>

**Financial assets available for sale**

The Company as at 31 December 2010 presented the financial assets in the value of:

(in kuna)		
DESCRIPTION	31 December 2010	31 December 2009
Equity securities – quoted on the market	6.428.926	7.837.606
Equity securities – not quoted on the market	8.658.064	8.658.064
Equity securities of the financial institutions	146.633	180.180
<b>TOTAL</b>	<b>15.233.623</b>	<b>16.675.850</b>

**Financial assets at fair value through profit and loss**

(in kuna)

DESCRIPTION	31 December 2010	31 December 2009
Equity securities of the non-financial companies	229.413	920.493
Equity securities of the financial companies	0	0
<b>TOTAL</b>	<b>229.412</b>	<b>920.493</b>

**16**

**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 have been described. 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.

Most significant risks that 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.

	<p><b>Interest rate risk</b> 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.</p> <p><b>Foreign exchange rate risk</b> 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.</p> <p><b>Price risk</b> 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.</p> <p><b>Fair value</b> 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.</p> <p>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.</p>
17	<p><b>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</b></p>
	<p>At the balance sheet date the Company stated no such assets.</p>
18	<p><b>Disclosure of all transactions with related parties</b></p>
	<p>The Company is under control of Ivan Tadin from Zagreb. The Company considers that indirectly related party with its owner, Management Board members, and members of narrow family of key management is in accordance with the definition mentioned in IAS 24 Related party disclosures.</p> <p>In 2010 apart from payment of salaries to Management Board and members of their family employed by the Company there were no any other transactions. Total salaries paid in 2010 to related parties amount to 295.900 kuna.</p>

Zagreb, 27 April 2011

Legal representative of the Company

**Form: A-ID-2 Assets****STATEMENT OF FINANCIAL POSITION OF THE INVESTMENT COMPANY as at 31 December 2010**

<b>ASSETS</b>		<b>in kuna</b>	
		<b>Previous period</b>	<b>Current period</b>
<b>1 INTANGIBLE AND TANGIBLE ASSETS AND LONG TERM INVESTMENTS</b>		<b>173.225</b>	<b>944.389</b>
a)	LONG TERM INTANGIBLE ASSETS	0	842.207
b)	LONG TERM TANGIBLE ASSETS	173.225	102.182
c)	INVESTMENT IN JOINT VENTURES	0	0
d)	INVESTMENT IN ASSOCIATES	0	0
e)	INVESTMENT IN SUBSIDIARIES	0	0
f)	LONG TERM ASSETS AVAILABLE FOR SALE	0	0
g)	OTHER ASSETS	0	0
<b>2 CASH AND RECEIVABLES</b>		<b>2.442.047</b>	<b>2.196.756</b>
a)	CASH	383.671	226.279
b)	RECEIVABLES FROM INVESTMENT SERVICES	48.484	104.059
c)	LOANS AND RECEIVABLES	0	180.937
d)	DEFERRED TAX ASSETS	19.159	8.456
e)	PREPAYMENTS AND ACCRUED INCOME	62.563	73.818
f)	OTHER RECEIVABLES	1.928.170	1.603.207
<b>3 FINANCIAL ASSETS</b>		<b>17.596.343</b>	<b>15.463.036</b>
a)	SECURITIES AND FINANCIAL INSTRUMENTS-through profit and loss	920.493	229.413
b)	SECURITIES AND FINANCIAL INSTRUMENTS-available for sale	16.675.850	15.233.623
c)	SECURITIES AND FINANCIAL INSTRUMENTS-held to maturity	0	0
<b>4 TOTAL ASSETS</b>		<b>20.211.615</b>	<b>18.604.181</b>
<b>5 OFF BALANCE SHEET ITEMS</b>		<b>30.020.350</b>	<b>36.187.987</b>
a)	CLIENT PORTFOLIO	27.520.350	33.137.987
b)	OTHER OFF BALANCE SHEET ITEMS	2.500.000	3.050.000

## Form: A-ID-3 Equity and liabilities

## STATEMENT OF FINANCIAL POSITION OF THE INVESTMENT COMPANY as at 31 December 2010

EQUITY AND LIABILITIES		in kuna	
		Previous period	Current period
	Position		
<b>1</b>	<b>EQUITY AND RESERVES</b>	<b>10.169.530</b>	<b>7.129.916</b>
a)	SHARE CAPITAL	7.400.000	7.400.000
b)	OWN SHARES	0	0
c)	RESERVES FROM PROFIT	370.000	370.000
d)	CAPITAL RESERVES	0	0
e)	RETAINED EARNINGS	969.866	2.373.466
f)	LOSS BROUGHT FORWARD	0	0
g)	PROFIT OR LOSS FOR THE YEAR	1.414.302	-3.597.919
h)	REVALUATION RESERVES	15.362	584.369
i)	MINORITY INTEREST	0	0
<b>2</b>	<b>LIABILITIES</b>	<b>10.042.085</b>	<b>11.474.265</b>
a)	TRADING LIABILITIES	128.679	246.231
b)	LIABILITIES FROM LOANS AND ADVANCES	9.167.377	9.998.795
c)	LIABILITIES FROM ISSUED FINANCIAL INSTRUMENTS	0	0
d)	TRADE LIABILITIES	128.423	828.960
e)	EMPLOYEE LIABILITIES	119.739	112.580
f)	LIABILITIES FOR TAXES AND CONTRIBUTIONS	77.539	67.063
g)	DEFERRED TAX LIABILITIES	3.840	146.092
h)	ACCRUALS AND DEFERRED INCOME	16.727	1.081
i)	PROVISIONS	300.000	0
j)	OTHER LIABILITIES	99.761	73.463
<b>3</b>	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>20.211.615</b>	<b>18.604.181</b>
<b>4</b>	<b>OFF BALANCE SHEET ITEMS</b>	<b>30.020.350</b>	<b>36.187.987</b>
	CLIENT PORTFOLIO	27.520.350	33.137.987
	OTHER OFF BALANCE SHEET ITEMS	2.500.000	3.050.000

27 April 2011

## Form: SD-ID-4 Statement of comprehensive income

STATEMENT OF COMPREHENSIVE INCOME for the period 1 January 2010 - 31 December 2010		in kuna	
Position	Previous period	Current period	
	INCOME FROM FEES AND COMMISSIONS FROM INVESTMENT SERVICES	6.977.706	3.548.784
	EXPENSES FROM FEES AND COMMISSIONS FROM INVESTMENT SERVICES	1.979.745	1.268.733
<b>1</b>	<b>NET INCOME/EXPENSES FROM FEES AND COMMISSIONS</b>	<b>4.997.961</b>	<b>2.280.051</b>
	REALISED GAINS FROM FINANCIAL ASSETS THROUGH PROFIT AND LOSS	132.398	52.262
	REALISED LOSSES FROM FINANCIAL ASSETS THROUGH PROFIT AND LOSS	70.164	43.961
<b>2</b>	<b>NET REALISED GAINS/LOSSES</b>	<b>62.234</b>	<b>8.301</b>
	UNREALISED GAINS FROM FINANCIAL ASSETS THROUGH PROFIT AND LOSS	610	1.280
	UNREALISED LOSSES FROM FINANCIAL ASSETS THROUGH PROFIT AND LOSS	76.395	33.594
<b>3</b>	<b>NET UNREALISED GAINS/LOSSES</b>	<b>-75.785</b>	<b>-32.314</b>
	REALISED GAINS FROM FINANCIAL ASSETS AVAILABLE FOR SALE	1.694.781	3.259
	REALISED LOSSES FROM FINANCIAL ASSETS AVAILABLE FOR SALE	162.494	458.125
<b>4</b>	<b>NET REALISED GAINS/LOSSES FROM ASSETS AVAILABLE FOR SALE</b>	<b>1.532.287</b>	<b>-454.866</b>
<b>5</b>	<b>NET VALUE ADJUSTMENT OF LOANS AND ASSETS HELD TO MATURITY</b>	<b>0</b>	<b>0</b>
<b>6</b>	<b>OTHER NET PROVISIONS AND VALUE ADJUSTMENTS</b>	<b>0</b>	<b>0</b>
	INCOME FROM INTEREST	1.439.913	449.527
	EXPENSES FROM INTEREST	807.893	879.093
<b>7</b>	<b>NET INCOME/EXPENSES FROM INTEREST</b>	<b>632.020</b>	<b>-429.566</b>
	POSITIVE FOREIGN EXCHANGE RATE DIFFERENCES	5.257	14.238
	NEGATIVE FOREIGN EXCHANGE RATE DIFFERENCES	5.493	16.351
<b>8</b>	<b>NET FOREIGN EXCHANGE RATE DIFFERENCIES</b>	<b>-236</b>	<b>-2.113</b>
	INCOME FROM DIVIDENDS, SHARES AND OTHER	1.638.116	351.291
	OTHER INCOME	9.638	565.929
<b>9</b>	<b>TOTAL OTHER INCOME</b>	<b>1.647.754</b>	<b>917.220</b>
	DEPRECIATION	539.934	162.445
	EMPLOYEE EXPENSES	3.653.557	2.731.671
	OTHER EXPENSES	3.188.442	2.990.516
<b>10</b>	<b>TOTAL OTHER EXPENSES</b>	<b>7.381.933</b>	<b>5.884.632</b>
<b>11</b>	<b>TOTAL INCOME</b>	<b>11.898.419</b>	<b>4.986.570</b>
<b>12</b>	<b>TOTAL EXPENSES</b>	<b>10.484.117</b>	<b>8.584.489</b>
	Profit or loss before tax	1.414.302	-3.597.919
	Income tax	0	0
<b>13</b>	<b>PROFIT OR LOSS</b>	<b>1.414.302</b>	<b>-3.597.919</b>
<b>14</b>	<b>OTHER COMPREHENSIVE INCOME</b>	<b>-76.738</b>	<b>308.291</b>
	Change in revaluation reserves	0	400.000
	Actuarial gains/losses	0	0
	Profit or loss as a result of foreign currency translation adjustments on foreign subsidiaries	0	0
	Unrealised profit/loss from financial assets available for sale	-95.923	-14.636
	Profit/loss from changes in the fair value of a financial instrument in a cash flow hedge	0	0
	Income tax on other comprehensive income	19.185	-77.073
<b>15</b>	<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1.337.564</b>	<b>-3.289.628</b>
<b>16</b>	<b>RECLASSIFICATION ADJUSTMENTS</b>	<b>82.396</b>	<b>325.895</b>

27 April 2011

## Form: NT-ID-5b Cash flow statement - indirect method

## CASH FLOW STATEMENT 1 January 2010 - 31 December 2010

		in kuna	
Position		Previous period	Current period
<b>1</b>	<b>Net cash flows from operating activities</b>	<b>4.930.844</b>	<b>-453.496</b>
	Profit/loss before tax	1.414.302	-3.597.919
	Depreciation	539.934	162.445
	Value adjustments of receivables and similar write off	0	0
	Provisions	300.000	-300.000
	Income from interest	-1.439.913	-449.527
	Expenses from interest	807.893	879.093
	Impairment of assets	0	0
	Increase/decrease of receivables for fees and commissions-invest.services	24.808	-55.575
	Increase/decrease of other receivables	-483.816	153.073
	Increase/decrease of financial assets at fair value through profit and loss	-436.086	691.080
	Increase/decrease of financial assets available for sale	1.509.935	1.442.227
	Increase/decrease of financial assets held to maturity	0	0
	Increase/decrease of loans and receivables	68.200	-228.918
	Inflow from interest	1.433.841	669.431
	Outflow for interest	-835.079	-905.323
	Inflow from dividends	1.638.116	351.291
	Increase/decrease of other assets' items	229.800	-65.328
	Increase/decrease of liabilities for fees from trading with securities	-23.467	117.552
	Increase/decrease of trade payables	-304.095	700.537
	Increase/decrease of liabilities toward employees	-53.943	-7.159
	Increase/decrease of liabilities for taxes and contributions	-47.859	-10.476
	Increase/decrease of other liabilities	216.726	0
	Increase/decrease of other items within equity and liabilities	371.547	0
	Paid income tax	0	0
<b>2</b>	<b>Net cash flows from investing activities</b>	<b>-176.211</b>	<b>-535.314</b>
	Increase/decrease of investment in tangible assets	-176.211	-52.659
	Increase/decrease of investment in intangible assets	0	-482.655
	Increase/decrease of investment in joint ventures, associates and subsidiaries	0	0
	Increase/decrease of other investments	0	0
<b>3</b>	<b>Net cash flows from financing activities</b>	<b>-5.034.000</b>	<b>831.418</b>
	Increase/decrease of loan payables	-1.075.000	831.418
	Increase/decrease of liabilities from issued financial instruments	0	0
	Increase/decrease of liabilities from issued sub.instruments	0	0
	Share capital payments and payments from owner of the Company	0	0
	Payment of dividends and shares in profit	-3.959.000	0
	Increase/decrease of other items	0	0
<b>4</b>	<b>NET INCREASE/DECREASE OF CASH AND CASH EQUIVALENTS</b>	<b>-279.367</b>	<b>-157.392</b>
<b>5</b>	<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>663.038</b>	<b>383.671</b>
<b>6</b>	<b>CASH AND CASH EQUIVALENTS AT THE REPORTING DATE</b>	<b>383.671</b>	<b>226.279</b>

27 April 2011

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

## STATEMENT OF CHANGES IN EQUITY

in kuna

Position description	Attributable to holders of equity							Attributable to minority interest	Total equity and reserves
	Share capital	Capital reserves	Reserves from profit	Profit or loss for the year (period)	Retained earnings or loss brought forward	Revaluation of financial assets available for sale	Other revaluation reserves		
<b>Balance 1 January previous year</b>	7.400.000	0	249.653	2.059.665	2.981.621	26.183	0	0	12.717.122
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
<b>Balance 1 January previous year (altered)</b>	7.400.000	0	249.653	2.059.665	2.981.621	26.183	0	0	12.717.122
Profit or loss for the period				1.414.302					1.414.302
Unrealised gains or losses from financial assets available for sale						-10.821			-10.821
Other non-owner changes in equity			120.347	-2.059.665	1.954.597				15.279
<b>Total non-owner changes in equity (previous period)</b>	7.400.000	0	370.000	1.414.302	4.936.218	15.362	0	0	14.135.882
Increase/decrease of share capital									0
Other owner payments									0
Payment of shares in profit/dividends					-3.966.352				-3.966.352
Other transfers to owners									0
<b>Balance at the last day</b>	7.400.000	0	370.000	1.414.302	969.866	15.362	0	0	10.169.530
<b>Balance 1 January current year</b>	7.400.000	0	370.000	1.414.302	969.866	15.362	0	0	10.169.530
Accounting policies change									0
Correction of errors from previous periods									0
<b>Balance 1 January current year (altered)</b>	7.400.000	0	370.000	1.414.302	969.866	15.362	0	0	10.169.530
Profit or loss for the period				-3.597.919					-3.597.919
Unrealised gains or losses from financial assets available for sale						249.007			249.007
Other non-owner changes in equity				-1.414.302	1.403.600		320.000		309.298
<b>Total non-owner changes in equity</b>	7.400.000	0	370.000	-3.597.919	2.373.466	264.369	320.000	0	7.129.916
Increase/decrease of share capital									0
Other owner payments									0
Payment of shares in profit/dividends									0
Other transfers to owners									0
<b>Balance at the last day of reporting period</b>	7.400.000	0	370.000	-3.597.919	2.373.466	264.369	320.000	0	7.129.916

27 April 2011