



# **FINANCIAL STATEMENT FOR THE THIRD QUARTER OF 2014**

*Gornji Milanovac, 14.11.2014.*

Pursuant to the Art. 53 of the Law on the Capital Market (Official Gazette of the Republic of Serbia No. 31/2011) and to the Art. 4 of the Guidelines on the Prescribed Form, Content and Presentation of Annual, Six-Monthly and Quarterly Financial Statements of Public Companies (Official Gazette of the Republic of Serbia No. 13/2012), Metalac a.d. from Gornji Milanovac, company number 07177984, presents

## **FINANCIAL STATEMENT FOR THE THIRD QUARTER OF 2014**

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- 1. FINANCIAL STATEMENTS OF METALAC A.D. FOR THE THIRD QUARTER OF THE YEAR 2014**  
including: Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement, Notes to the Financial Statements.
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## COMPANY INFORMATION

Period of the Statement: from **01.07.** to **30.09.2014.**

### Quarterly Financial Statement for Companies KFI-PD

Company Name: **Metalac Share Company**

Company Number: **07177984**

Postal Code and City: **32000** **Gornji Milanovac**

Address: **Kneza Aleksandra 212**

e-mail: [metalac@metalac.com](mailto:metalac@metalac.com)

web-site: [www.metalac.com](http://www.metalac.com)

Consolidate/Seperate: **separate**

Approved (Yes/No): **yes**

Subsidiaries of the Consolidation Subject:\*

Address:

Company Number:

Contact Person: **Biljana Cvetic**

(indicate only first and last name of the contact person)

Phone: **032/770-338**

Fax: **032/725-211**

e-mail: [bcvetic@metalac.com](mailto:bcvetic@metalac.com)

First and Last Name: **Petrasin Jakovljevic**

(person representing the company)

1. FINANCIAL STATEMENTS OF METALAC A.D. FOR THE THIRD QUARTER OF THE YEAR 2014 including: Balance Sheet, Income Statement, Statement of Chnges in Equity, Cash Flow Statement, Notes to the Financial Statements.

**BALANCE SHEET (SUMMARY)**  
**As at 30th September 2014**

(thousands of RSD)

	<b>30th September 2014</b>	<b>31st December 2013</b>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Intangible assets	28.072	28.868
Property, plant and equipment	569.381	625.706
Investment property	783.958	783.958
Long-term financial placements	1.038.538	1.168.745
	<u>2.419.949</u>	<u>2.607.277</u>
<b>Current assets</b>		
Inventories	10.816	3.023
Accounts receivable	808.156	628.975
Receivables for prepaid income tax	16.888	16.888
Cash and cash equivalents	130.975	57.734
Short-term financial placements		
Value added tax and prepayments	16.786	5.834
	<u>983.621</u>	<u>712.454</u>
<b>Total assets</b>	<u><u>3.403.570</u></u>	<u><u>3.319.731</u></u>
<b>LIABILITIES</b>		
<b>Capital</b>		
Share capital	408.000	408.000
Other capital	33.899	33.899
Share premium		4.256
Reserves	218.048	185.211
Unrealized gains on securities	19.751	19.751
Retained earnings	2.240.870	2.378.408
	<u>2.920.568</u>	<u>3.029.525</u>
<b>Long-term liabilities and provisions</b>		
Long-term provisions	52.234	57.508
Long-term borrowings	89.138	4.094
	<u>141.372</u>	<u>61.602</u>
<b>Short-term liabilities</b>		
Short-term financial liabilities	29.713	20.000
Accounts payable	38.954	47.550
Other short-term liabilities	221.381	123.595
Value added tax and other duties payable and accruals		
	20.510	6.387
Income tax payables		
	<u>310.558</u>	<u>197.532</u>
Deferred tax liabilities	31.072	31.072
<b>Total equity and liabilities</b>	<u><u>3.403.570</u></u>	<u><u>3.319.731</u></u>
<b>Off-balance-sheet items</b>	7.575	7.575

**INCOME STATEMENT (SUMMARY)**

As from 1st January to 30th September, 2013 and 2014

(thousands of RSD)

	<b>As from 1st July to 30th September 2014</b>	<b>30th September 2014</b>	<b>30th September 2013</b>
<b>OPERATING INCOME</b>			
Sales revenues	105.166	312.171	305.422
Other operating income	76.998	247.975	248.732
	<u>182.164</u>	<u>560.146</u>	<u>554.154</u>
<b>OPERATING EXPENSES</b>			
Cost of goods sold	(1.634)	(6.529)	(5.828)
Materials, fuel and energy	(47.899)	(168.621)	(164.937)
Staff costs	(58.901)	(174.038)	(163.631)
Depreciation, amortization and provisions	(24.819)	(74.474)	(77.358)
Other operating expenses	(32.248)	(92.279)	(90.743)
	<u>(165.501)</u>	<u>(515.941)</u>	<u>(502.497)</u>
<b>OPERATING PROFIT</b>	<u>16.663</u>	<u>44.205</u>	<u>51.657</u>
Finance income	81.549	147.720	205.185
Finance expenses	(4.772)	(6.487)	(2.134)
Other income	66	347	1.478
Other expenses	20.273	(40.324)	(29.730)
	<u>56.570</u>	<u>101.256</u>	<u>174.799</u>
<b>PROFIT FROM OPERATIONS BEFORE TAXATION</b>	<u>73.233</u>	<u>145.461</u>	<u>226.456</u>
<b>NET PROFIT</b>	<u>73.233</u>	<u>145.461</u>	<u>226.456</u>
<b>Basic earnings per share (in RSD)</b>	<u>142,61</u>	<u>142,61</u>	<u>222,02</u>

**CASH FLOW STATEMENT (SUMMARY)**  
**As from 1st January to 30th September 2013 and 2014**  
**(thousands of RSD)**

	<b>2014.</b>	<b>2013.</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	470.051	406.870
Interest received from operating activities	307	
Other cash receipts from operations	2.765	2.141
Cash paid to suppliers	(348.484)	(325.455)
Cash paid to and on behalf of employees	(177.820)	(168.370)
Interest paid	(1.802)	(891)
Income taxes paid		(4.484)
Other public duties payable	(67.450)	(64.781)
	<u>(122.433)</u>	<u>(154.970)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of shares and equity investments (net inflows)		
Interest received	30.664	44.629
Dividend received	116.017	162.647
Purchase of shares and equity investments (net outflows)		
Purchase of intangible assets, property and equipment	(20.335)	(56.880)
Other financial placements (net outflows)	126.131	304.991
	<u>252.477</u>	<u>455.387</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term borrowings, net (outflows)/inflows	97.170	(43.586)
Cash used to pay dividends and bonuses	(102.555)	(83.942)
Purchase of own shares	(51.418)	
	<u>(56.803)</u>	<u>(127.528)</u>
	73.241	172.889
<b>Net cash increase/(decrease)</b>		
<b>Cash and cash equivalents at beginning of year</b>	57.734	10.188
<b>Foreign exchange gains losses on translation of cash</b>		
	<u>130.975</u>	<u>183.077</u>
<b>Cash and cash equivalents at end of period</b>		

**METALAC A.D., GORNJI MILANOVAC**

**STATEMENT OF CHANGES IN EQUITY (SUMMARY)**  
**As from 1st January to 30th September, 2014**  
**(thousands of RSD)**

	Share Capital	Other Capital	Share Premium	Reserves	Unrealized Gains on Securities	Retained Earnings	Total
<b>Balance at January 1, 2013</b>	408.000	33.899	4.256	90.211	-	2.263.765	2.800.131
Unrealized gains on securities	-	-	-	-	19.751	-	19.751
Profit distribution to management and employees	-	-	-	95.000	-	(145.000)	(50.000)
Dividends paid	-	-	-	-	-	(142.799)	(142.799)
Net profit for the year	-	-	-	-	-	402.442	402.442
Balance at December 31, 2013	<u>408.000</u>	<u>33.899</u>	<u>4.256</u>	<u>185.211</u>	<u>19.751</u>	<u>2.378.408</u>	<u>3.029.525</u>
<b>Balance at January 1, 2014</b>	408.000	33.899	4.256	185.211	19.751	2.378.408	3.029.525
Unrealized gains on securities	-	-	-	-	-	-	-
Profit distribution to management and employees	-	-	(4.256)	32.837	-	(129.999)	(101.418)
Dividends paid	-	-	-	-	-	(153.000)	(153.000)
Net profit for the year	-	-	-	-	-	145.461	145.461
<b>Balance at September 30, 2014</b>	<u>408.000</u>	<u>33.899</u>	<u>0</u>	<u>218.048</u>	<u>19.751</u>	<u>2.240.870</u>	<u>2.920.568</u>



**METALAC A.D., GORNJI MILANOVAC**

**METALAC A.D. GORNJI MILANOVAC**

**NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2014**

**METALAC A.D., GORNJI MILANOVAC****INCOME STATEMENT****As from 1st January to 30th September, 2013 nd 2014  
(thousands of RSD)**

	<b>Note</b>	<b>2014.</b>	<b>2013.</b>
<b>OPERATING INCOME</b>		<u>                    </u>	<u>                    </u>
Sales revenues	5	312.171	305.422
Own-work capitalized		-	-
Other operating income	6	247.975	248.732
		<u>560.146</u>	<u>554.154</u>
<b>OPERATING EXPENSES</b>			
Cost of goods sold		(6.529)	(5.828)
Materials, fuel and energy	7	(168.621)	(164.937)
Staff costs	8	(174.038)	(163.631)
Depreciation, amortization and provisions		(74.474)	(77.358)
Other operating expenses	9	(92.279)	(90.743)
		<u>(515.941)</u>	<u>(502.497)</u>
<b>OPERATING PROFIT</b>		<u>44.205</u>	<u>51.657</u>
Finance income	10	147.720	205.185
Finance expenses	11	(6.487)	(2.134)
Other income		347	1.478
Other expenses		(40.324)	(29.730)
		<u>101.256</u>	<u>174.799</u>
<b>PROFIT FROM OPERATIONS BEFORE TAXATION</b>		<u>145.461</u>	<u>226.456</u>
<b>NET PROFIT</b>		<u>145.461</u>	<u>226.456</u>
<b>Basic earnings per share (in RSD)</b>	12	<u>142,61</u>	<u>222,02</u>

The accompanying notes on the following pages  
are an integral part of these financial statements.

**BALANCE SHEET**  
**As at 30th September 2014**  
**(thousands of RSD)**

	Note	<b>30thSeptember 2014</b>	<b>31st December 2013</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets		28.072	28.868
Property, plant and equipment	13	569.381	625.706
Investment property	13	783.958	783.958
Long-term financial placements	14	1.038.538	1.168.745
		<u>2.419.949</u>	<u>2.607.277</u>
<b>Current assets</b>			
Inventories		10.816	3.023
Accounts receivable	15	808.156	628.975
Receivables for prepaid income tax		16.888	16.888
Cash and cash equivalents	16	130.975	57.734
Short-term financial placements	17		
Value added tax and prepayments		16.786	5.834
		<u>983.621</u>	<u>712.454</u>
<b>Total assets</b>		<u><u>3.403.570</u></u>	<u><u>3.319.731</u></u>
<b>LIABILITIES</b>			
<b>Capital</b>			
Share capital	18	408.000	408.000
Other capital	19	33.899	33.899
Share premium			4.256
Reserves	20	218.048	185.211
Unrealized gains of securities		19.751	19.751
Retained earnings	21	2.240.870	2.378.408
		<u>2.920.568</u>	<u>3.029.525</u>
<b>Long-term liabilities and provisions</b>			
Long-term provisions	22	52.234	57.508
Long-term borrowings	23	89.138	4.094
		<u>141.372</u>	<u>61.602</u>
<b>Short-term liabilities</b>			
Short-term financial liabilities		29.713	20.000
Accounts payable	24	38.954	47.550
Other short-term liabilities	25	221.381	123.595
Value added tax and other duties payable and accruals		20.510	6.387
Income tax payables			
		<u>310.558</u>	<u>197.532</u>
Deferred tax liabilities		31.072	31.072
<b>Total equity and liabilities</b>		<u><u>3.403.570</u></u>	<u><u>3.319.731</u></u>
<b>Off-balance-sheet items</b>	26	7.575	7.575

The accompanying notes on the following pages are an integral part of these financial statements.

**METALAC A.D., GORNJI MILANOVAC**

**STATEMENT OF CHANGES IN EQUITY (SUMMARY)**  
**As from 1st January to 30th September, 2014**  
**(thousands of RSD)**

	<u>Share Capital</u>	<u>Other Capital</u>	<u>Share Premium</u>	<u>Reserves</u>	<u>Unrealized Gains on Securities</u>	<u>Retained Earnings</u>	<u>Total</u>
<b>Balance at January 1, 2013</b>	408.000	33.899	4.256	90.211	-	2.263.765	2.800.131
Unrealized gains on securities	-	-	-	-	19.751	-	19.751
Profit distribution to management and employees	-	-	-	95.000	-	(145.000)	(50.000)
Dividends paid	-	-	-	-	-	(142.799)	(142.799)
Net profit for the year	-	-	-	-	-	402.442	402.442
Balance at December 31, 2013	<u>408.000</u>	<u>33.899</u>	<u>4.256</u>	<u>185.211</u>	<u>19.751</u>	<u>2.378.408</u>	<u>3.029.525</u>
<b>Balance at January 1, 2014</b>	408.000	33.899	4.256	185.211	19.751	2.378.408	3.029.525
Unrealized gains on securities	-	-	-	-	-	-	-
Profit distribution to management and employees	-	-	(4.256)	32.837	-	(129.999)	(101.418)
Dividends paid	-	-	-	-	-	(153.000)	(153.000)
Net profit for the year	-	-	-	-	-	145.461	145.461
<b>Balance at September 30, 2014</b>	<u>408.000</u>	<u>33.899</u>	<u>0</u>	<u>218.048</u>	<u>19.751</u>	<u>2.240.870</u>	<u>2.920.568</u>

The accompanying notes on the following pages  
are an integral part of these financial statements.

**METALAC A.D., GORNJI MILANOVAC**

**CASH FLOW STATEMENT (SUMMARY)**  
**As from 1st January to 30th September 2013 and 2014**  
**(thousands of RSD)**

	<b>2014.</b>	<b>2013.</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash receipts from customers	470.051	406.870
Interest received from operating activities	307	
Other cash receipts from operations	2.765	2.141
Cash paid to suppliers	(348.484)	(325.455)
Cash paid to and on behalf of employees	(177.820)	(168.370)
Interest paid	(1.802)	(891)
Income taxes paid		(4.484)
Other public duties payable	(67.450)	(64.781)
<i>Net cash provided by operating activities</i>	<i>(122.433)</i>	<i>(154.970)</i>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Sale of shares and equity investments (net inflows)		
Interest received	30.664	44.629
Dividend received	116.017	162.647
Purchase of shares and equity investments (net outflows)		
Purchase of intangible assets, property and equipment	(20.335)	(56.880)
Other financial placements (net outflows)	126.131	304.991
<i>Net cash provided by/(used in) investing activities</i>	<i>252.477</i>	<i>455.387</i>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Long-term borrowings, net (outflows)/inflows	97.170	(43.586)
Cash used to pay dividends and bonuses	(102.555)	(83.942)
Purchase of own shares	(51.418)	
<i>Net cash used in financing activities</i>	<i>(56.803)</i>	<i>(127.528)</i>
	73.241	172.889
<i>Net cash increase/(decrease)</i>		
<b>Cash and cash equivalents at beginning of year</b>	57.734	10.188
<b>Foreign exchange gains losses on translation of cash</b>		
<b>Cash and cash equivalents at end of period</b>	<b>130.975</b>	<b>183.077</b>

The accompanying notes on the following pages  
are an integral part of these financial statements.

## **1. FOUNDATION AND ACTIVITY**

Metalac a.d., Gornji Milanovac (the "Company") was initially established in 1959 as a socially-owned enterprise. On December 8, 1990, based on the Labor Council's decision, the Company was transformed into a mixed-ownership shareholding company, and its capital was increased by means of a share offering to its employees. On July 27, 1998, the Company fulfilled all of the legal and statutory requirements of the Ownership Transformation Act that outlined and governed its privatization. During 2003, further ownership transformation was executed whereby the Company's entire socially-owned capital was fully privatized whereas during 2004 the Company performed a second issue of ordinary shares.

During December 2005, the Company underwent reorganization and established six business entities entirely in the Company's ownership and, ever since 2006, the Company has operated as a decentralized company, which in its scope of business retains holding activities – management and finances, and it also temporarily retains the rights to render services in connection with the transport, restaurant, protection, safety and the factory area maintenance. Other activities, being the primary activities from the prior scope of business, have been transferred to the newly founded enterprises: Metalac Posudje doo, Gornji Milanovac, Metalac Inko doo, Gornji Milanovac, Metalac Market doo, Gornji Milanovac, Metalac Bojler doo, Gornji Milanovac, Metalac Print doo, Gornji Milanovac, Metalac Trade doo, Gornji Milanovac. Moreover, the most part of the property, plant and equipment that are owned by the Company, are rented to the newly founded subsidiaries.

The transfer of business operations to the newly founded subsidiaries is followed by the transfer of the biggest portion of employees who were distributed into and employed by these new subsidiaries beginning January 2006.

The head office of the Company is in Gornji Milanovac, 212 Knez Aleksandar Street. Company's registry number : 07177984, and the tax identification number is 100887751.

As of September 30, 2014 the Company employed 178 people (2013: 182 employees)

## **2. BASIS OF PREPARATION AND PRESENTATION OF THE FINANCIAL STATEMENTS AND ACCOUNTING METHOD**

In the preparation and presentation of the accompanying financial statements as at September 30, 2014 the Company adhered to the accounting method complying to the basis of preparation and presentation of the financial statements and accounting method used for preparation of the annual financial statements per December 31, 2013.

## **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies used for preparation of the six-month financial statements as at September 30, 2014 are the accounting policies used for preparation of the annual financial statement per December 31, 2013.

## **4. SUMMARY OF SIGNIFICANT ACCOUNTING ESTIMATES**

The presentation of the financial statements requires the Company's management to make best estimates and reasonable assumptions that influence the assets and liabilities amounts, as well as the disclosure of contingent liabilities and receivables as of the financial statements' preparation date, and income and expenses arising during the accounting period. These estimations and assumptions are based on information available at the financial statements' preparation date, September 30, 2014.

**5. SALES INCOME**

	<b>thousands of RSD</b>	
	<b>September 30</b>	
	<b>2014</b>	<b>2013</b>
<b>Related parties</b>		
<b>Domestic market</b>		
Service income		
-related parties	221.228	222.488
-other parties	26.498	19.474
	<u>247.726</u>	<u>241.962</u>
<b>Foreign markets</b>		
Service income		
-related parties	31.864	32.129
-other parties	32.581	31.331
	<u>64.445</u>	<u>64.460</u>
	<u>312.171</u>	<u>305.422</u>

**6. OTHER OPERATING INCOME**

	<b>thousands of RSD</b>	
	<b>September 30</b>	
	<b>2014</b>	<b>2013</b>
Rental income		
- related parties	135.382	143.325
- other parties	1.378	1.458
Other income from related parties	109.531	102.939
Other income from other parties	1.684	1.010
	<u>247.975</u>	<u>248.732</u>

Other operating income presented per September 30 2014 in the amount of 109.531 thousands of RSD, represent the income from related parties based on forwarded costs of electricity, gas, and public utilities.

**7. COST OF MATERIALS**

	<b>thousands of RSD</b>	
	<b>September 30</b>	
	<b>2014</b>	<b>2013</b>
Cost of other materials	12.068	12.865
Cost of fuel	47.988	49.436
Cost of energy	108.565	102.636
	<u>168.621</u>	<u>164.937</u>

## 8. STAFF COSTS

	thousands of RSD	
	September 30	
	2014	2013
Gross salaries and benefits	119.839	115.790
Contributions paid by the employer	23.503	22.158
Business trip per diems	13.740	12.508
Scholarships	1.140	1.188
Other	15.816	11.987
	<u>174.038</u>	<u>163.631</u>

## 9. OTHER OPERATING EXPENSES

	thousands of RSD	
	September 30	
	2014.	2013.
Indirect taxes and contributions	8.714	14.157
Maintenance	24.033	20.843
Marketing and advertizing	745	782
Public utilities (water)	8.226	8.336
Transportation	7.194	6.772
Professional services	8.183	4.000
Insurance premium	6.406	6.792
Entertainment	4.295	4.420
Fairs and exhibitions	1	9
Memmmbership fees	980	11.874
Bank charges	765	684
Rent	199	189
Other operationg expenses	22.538	11.885
	<u>92.279</u>	<u>90.743</u>

## 10. FINANCIAL INCOME

	thousands of RSD	
	September 30	
	2014	2013
Interest income:		
- related parties	30.224	39.034
- other parties	1.341	2.891
Profit share income	116.017	162.647
Foreign currency exchange gains	137	484
Income arising from foreign currency clause	1	129
	<u>147.720</u>	<u>205.185</u>



**11. FINANCIAL EXPENSES**

	thousands of RSD	
	September 30	
	2014	2013
Interest expenses	2.812	1.816
Expenses arising from foreign currency clause	3.386	33
Foreign currency exchange losses	58	165
Other financial expenses	231	120
	<u>6.487</u>	<u>2.134</u>

**12. EARNINGS PER SHARE**

	thousands of RSD	
	September 30	
	2014	2013
Net profit	145.461	226.456
Average-weighted number of shares	<u>1.020.000</u>	<u>1.020.000</u>
Basic earnings per share (in RSD)	<u>142,61</u>	<u>222,02</u>

**13. PROPERTY, PLANT AND EQUIPMENT, INVESTMENT PROPERTY AND INTANGIBLE ASSETS**

Property, plant and equipments, intangible assets and investment property as of September 30, 2014 do not contain significant operating changes with respect to annual financial statement preparation date, December 31, 2013.

**14. LONG-TERM FINANCIAL PLACEMENTS**

		thousands of RSD	
		September 30	December 31
	% Equity interests	2014	2013.
<i>Equity interests in subsidiaries</i>			
- Metpor doo, Beograd	100%	289	289
- Metalac Trade doo, Gornji Milanovac	100%	263	263
- Metalac Bojler doo, Gornji Milanovac	100%	72.684	72.684
- Metalac Inko doo, Gornji Milanovac	100%	22.895	22.895
- Metalac Market doo, Gornji Milanovac	100%	124.071	124.071
-Metalac Posudje doo, Gornji Milanovac	100%	225.194	225.194
- Metalac Print doo, Gornji Milanovac	100%	9.380	9.380
- Promo Metal doo, Zagreb	100%	18.325	18.325
- Metalac Proleter a.d., Gornji Milanovac	64.55%	60.282	60.282
- Metalac Market doo, Podgorica	100%	1.338	1.338
- Metalac Metalurgija a.d., Novi Sad	82.36%	57.912	57.912
- Metrot doo, Moscow, Russia	100%	22	22
- Metalac Group USA Inc	50%	5.634	5.634
-Metalac Ukraine	100%	3.637	3.637
		<u>601.926</u>	<u>601.926</u>

<i>Equity investments in banks</i>			
- Čačanska banka a.d. Čačak	Insignificant	31.809	31.809
- Credi banka a.d. Kragujevac	Insignificant	32.097	32.097
Other banks	Insignificant	248	248
		<u>64.154</u>	<u>64.154</u>
<i>Placements with financial institutions and enterprises</i>			
- Insurance companies	Insignificant	6.523	6.523
Other	Insignificant	81	81
		<u>6.604</u>	<u>6.604</u>
<i>Other long-term placements</i>			
Long-term loans to employees		383	465
Long-term loans		407.640	527.150
Current installments due		<u>407.640</u>	<u>527.150</u>
		<u>1.080.707</u>	<u>1.200.299</u>
<i>Less: Allowance for impairment</i>			
-Dunav Insurance Company		(1.925)	(1.925)
- Credi banka a.d. Kragujevac		(28.033)	(28.033)
-Čačanska banka a.d. Čačak		(1.370)	(1.370)
Other banks		(226)	(226)
		<u>(31.554)</u>	<u>(31.554)</u>
		<u>1.049.153</u>	<u>1.168.745</u>

## 15. ACCOUNTS RECEIVABLE

	<b>thousands of RSD</b>	
	<b>September 30</b>	<b>December 31</b>
	<b>2014</b>	<b>2013</b>
<i>Receivable from</i>		
- related parties	781.890	610.768
- domestic accounts receivable	13.928	10.047
- foreign accounts receivable	6.241	5.510
- restaurant for employees	2.688	2.133
	<u>804.747</u>	<u>628.458</u>
Interest receivable	4.373	5.629
Receivables from employees	3.867	1.297
Other	1.780	202
	<u>10.020</u>	<u>7.128</u>
Less: Allowances for impairment		
- accounts receivable	<u>(6.611)</u>	<u>(6.611)</u>
	<u>808.156</u>	<u>628.975</u>

## 16. CASH AND CASH EQUIVALENTS

	thousands of RSD	
	September 30	December 31
	2014	2013
Current accounts		
- in dinars	3.085	10.231
- in foreign currency	3.825	26.491
Cash on hand	733	949
Other cash	123.332	20.063
	<u>130.975</u>	<u>57.734</u>

17. The short term financial placement was comprised of 21.206 purchased own shares with par value of RSD 400. The own shares are distributed to management and employees on August 2014.

## 18. SHARE CAPITAL

As of September 30, 2014, the Company's share capital was comprised of 1,020,000 shares, with par value of RSD 400.

## 19. OTHER CAPITAL

Other capital is formed in accordance with the interim provisions of the "Guidelines on the Prescribed Form and Content of the Financial Statements of Enterprises, Cooperatives and Entrepreneurial Ventures," based on which the Company has performed a transfer of its non-operating assets to "Other capital" in 2004, upon the transition to the newly-adopted legal regulations. Non-operating funds represent the Company's long-term allocations used to finance residential apartment purchases and other non-operating buildings. Up to June 1, 2001 in conformity with the relevant applicable legislation, at least 1.3% of gross salaries were to be appropriated to the collective residential housing fund.

## 20. RESERVES

The Company's reserves were formed in conformity with the earlier statutory accounting regulations by the appropriation of least 5% of the net profit for the year, until such reserves attain the level equivalent to 10% of the Company's core capital. These reserves were also formed based on the transfer of a portion of revaluation reserves upon the first time adoption of IFRS in 2004.

## 21. RETAINED EARNINGS

Retained earnings as at September 30, 2014 of RSD 2.240.870 thousand are the retained earnings as at the date of preparation of the annual financial statements December 31, 2013 2.378.408 out of which the Company distributed RSD 153.000 thousand as shareholder dividends, RSD 129.999 thousand as profit share liabilities to employees, and increased with the profit of the current year of RSD 145.461 thousand as at September 30, 2014.

## 22. LONG TERM PROVISION

Long term provisions as of September 30, 2014 in the amount of 52.234 thousands RSD comprising jubilee awards and retirement premiums for the employees.

**23. LONG-TERM BORROWINGS**

	thousands of RSD	
	September 30 2014	December 31 2013
Credit Agricole bank Srbija ad	89.138	-
Čačanska banka, Čačak	-	4.094
	<u>89.138</u>	<u>4.094</u>
<i>Less: Current portion of long-term borrowings</i>	-	-
	<u>89.138</u>	<u>4.094</u>

The loans approved by Čačanska banka, Čačak and Yapi Credi Bank, Netherlands are collateralized by mortgages assigned over the buildings and equipment of the Company.

Long-term borrowings were approved to the Company with up to 5-year maturities at annual interest rates ranging from three-month EURIBOR + 0.5% to three-month EURIBOR + 1.6%.

**24. ACCOUNTS PAYABLE**

	thousands of RSD	
	September 30 2014	December 31 2013
<i>Payable to suppliers:</i>		
- suppliers, related parties	2.016	11.313
- local suppliers	34.885	34.411
- foreign suppliers	1.221	1.365
	<u>38.122</u>	<u>47.089</u>
<i>Advances received:</i>	820	131
<i>Other accounts payable::</i>	12	330
	<u>38.954</u>	<u>47.550</u>

**25. OTHER SHORT-TERM LIABILITIES**

	in thousands RSD	
	September 30 2014	December 31 2013
Salaries and benefits payable	9.113	9.334
Taxes and contributions on salaries and benefits	5.793	5.990
Dividend payables	92.940	15.957
Liability for share in profit	111.432	90.908
Interest payables	1.678	1.006
Other payables to employees	425	334
Other	0	66
	<u>221.381</u>	<u>123.595</u>

## 26. OFF-BALANCE-SHEET ASSETS AND LIABILITIES

Off-balance-sheet assets and liabilities in the current period refer to 7.575 thousand rsd for TIR carnets, 5.282 thousand rsd for the Republic Property Directorate of the Republic of Serbia and 2.293 thousand rsd for the Shell.

## 27. TRANSACTIONS WITH RELATED PARTIES

### a) Receivables and liabilities from the transactions with related parties:

	thousands of RSD	
	September30 2014	December 31 2013
<b>Accounts receivable</b>		
<i>Receivable from buyers</i>		
Metalac Posudje doo, Gornji Milanovac	498.414	411.784
Metalac Print doo, Gornji Milanovac	70.676	47.196
Metalac Bojler doo, Gornji Milanovac	92.748	60.198
Metalac Inko doo, Gornji Milanovac	55.033	36.851
Metalac Market doo, Gornji Milanovac	50.656	42.312
Metalac Metalurgija a.d., Novi Sad	1	13
Metalac Trade doo, Gornji Milanovac	7.713	7.714
Metalac Proleter a.d., Gornji Milanovac	6.073	4.018
Metpor doo, Beograd	576	682
	<u>781.890</u>	<u>610.768</u>
 <i>Interest receivables:</i>		
Metalac Posudje doo, Gornji Milanovac	1.706	1.819
Metalac Print doo, Gornji Milanovac	304	520
Metalac Bojler doo, Gornji Milanovac	346	602
Metalac Inko doo, Gornji Milanovac	1.972	2.084
Metalac Proleter a.d., Gornji Milanovac	-	461
Metalac Market doo, Gornji Milanovac	40	46
Metalac Trade doo, Gornji Milanovac	4	21
	<u>4.372</u>	<u>5.553</u>
 <i>Receivables for long-term loans:</i>		
Metalac Posudje doo, Gornji Milanovac	246.450	246.450
Metalac Bojler doo, Gornji Milanovac	-	33.100
Metalac Inko doo, Gornji Milanovac	107.000	111.500
Metalac Market doo, Gornji Milanovac	-	5.482
Metalac Proleter a.d., Gornji Milanovac	-	55.000
Metalac Print doo, Gornji Milanovac	42.940	73.082
Metalac Trade doo, Gornji Milanovac	634	2.536
	<u>397.024</u>	<u>527.150</u>
 <b>Total accounts receivable</b>	<u><u>1.183.286</u></u>	<u><u>1.143.471</u></u>

27. TRANSACTIONS WITH RELATED PARTIES (continued)

a) Receivables and liabilities from the transactions with related parties (continued):

	thousands of RSD	
	September 30 2014	December 31 2013
<b>Liabilities</b>		
<i>Liabilities to suppliers</i>		
Metalac Proleter a.d., Gornji Milanovac	496	7.996
Metalac Posudje doo, Gornji Milanovac	1.485	175
Metalac Metalurgija a.d., Novi Sad		12
Metalac Market doo, Gornji Milanovac	12	3.130
	<u>1.993</u>	<u>11.313</u>
<b>Total liabilities</b>	<b><u>1.993</u></b>	<b><u>11.313</u></b>
<b>Accounts receivable, net</b>	<b><u>1.181.293</u></b>	<b><u>1.132.158</u></b>

27. TRANSACTIONS WITH RELATED PARTIES (continued)

b) Summary of income and expenses from the transactions with related parties within the group:

	thousands of RSD	
	September 30 2014	September 30 2013
<i>Service, rental and other income</i>		
Metalac Inko doo, Gornji Milanovac	28.611	28.130
Metalac Posudje doo, Gornji Milanovac	315.309	311.926
Metalac Print doo, Gornji Milanovac	32.292	38.404
Metalac Market doo, Gornji Milanovac	39.307	34.515
Metalac Bojler doo, Gornji Milanovac	49.492	49.548
Metalac Trade doo, Gornji Milanovac	18.723	18.417
Metalac Proleter a.d., Gornji Milanovac	12.912	11.462
Metpor doo, Beograd	2.258	2.324
Metalac Metalurgija a.d., Novi Sad	59	78
	<u>498.963</u>	<u>494.804</u>
<i>Interest income</i>		
Metalac Inko doo, Gornji Milanovac	7.610	8.157
Metalac Posudje doo, Gornji Milanovac	16.875	13.556
Metalac Print doo, Gornji Milanovac	3.394	4.578
Metalac Market doo, Gornji Milanovac	325	2.841
Metalac Bojler doo, Gornji Milanovac	498	4.586
Metalac Trade doo, Gornji Milanovac	98	420
Metalac Proleter a.d., Gornji Milanovac	1.425	4.896
	<u>30.225</u>	<u>39.034</u>

<i>Dividend income</i>		
Metalac Trade doo, Gornji Milanovac	14.000	13.000
Metalac Posudje doo, Gornji Milanovac		
Metrot d.o.o Moskva	62.100	67.100
	39.917	82.547
	<u>116.017</u>	<u>162.647</u>
<b>Total income</b>	<u><u>645.205</u></u>	<u><u>696.485</u></u>

**27. TRANSACTIONS WITH RELATED PARTIES (continued)**

**b) Summary of income and expenses from the transactions with related parties within the group (continued)**

	thousands of RSD	
	September 30 2014	September 30 2013
<b>Expenses</b>		
<i>Cost of commercial goods sold:</i>		
Metalac Posudje doo, Gornji Milanovac	67	-
Metalac Proleter a.d., Gornji Milanovac	-	5.521
	<u>67</u>	<u>5.521</u>
<i>Cost of materials:</i>		
Metalac Market doo, Gornji Milanovac	938	331
Metalac Posudje doo, Gornji Milanovac	276	547
Metalac Trade doo, Gornji Milanovac	14	8
Metalac Proleter a.d., Gornji Milanovac	3.735	231
Metalac Bojler doo, Gornji Milanovac		424
	<u>4.963</u>	<u>1.542</u>
<i>Cost of services:</i>		
Metalac Posudje doo, Gornji Milanovac	1.548	2.246
Metalac Bojler doo, Gornji Milanovac	3	
Metpor doo, Beograd	42	
Metalac Proleter a.d., Gornji Milanovac		10
	<u>1.593</u>	<u>2.256</u>
<i>Intangible expenses:</i>		
Metalac Posudje doo, Gornji Milanovac	-	59
Metalac Markete doo, Gornji Milanovac	14	
Metalac Proleter a.d., Gornji Milanovac	10	12
	<u>24</u>	<u>71</u>
<b>Total expenses</b>	<u><u>6.647</u></u>	<u><u>9.389</u></u>
<b>Income, net</b>	<u><u>638.558</u></u>	<u><u>687.096</u></u>

## **2. FINANCIAL POSITION IN THE THIRD QUARTER OF THE YEAR 2014**

### **I General Information**

<b>1. Company Name:</b>	<b>METALAC Share Company</b>	
<b>City and Address:</b>	Gornji Milanovac, Kneza Aleksandra 212	
<b>Company Number:</b>	07177984	
<b>VAT Number:</b>	100887751	
<b>2. Web site and E-mail address:</b>	<a href="http://www.metalac.com">www.metalac.com</a>	<a href="mailto:metalac@metalac.com">metalac@metalac.com</a>
<b>3. Registration Number and Date:</b>	BD 5372/2005	04.05.2005.
<b>4. Activity (code and denomination):</b>	6420 – Holding company activity	
<b>5. Number of Shareholders as of 30.09.2014.:</b>	<b>1.377</b>	

<b>6. Capital Value</b>	408.000.000 rsd
<b>7. Number of Shares</b>	1.020.000
ISIN	RSMETAE71629
CFI	ESVUFR

<b>18. Name of the oMarket Organization</b>	Belgrade Stock Exchange jsc, Belgrade Standard Listing
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### **II BUSINESS INFORMATION**

<b>1. Report of the Management on Relization of the Approved Business Policy</b>	Operations of the parent company and the subsidiaries are in conformity with the approved business policy.
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### **2. Operation Analysis** **in 000 rsd**

Total income	708.213
Total expences	562.752
Profit before tac	145.461
Operating income	560.146
Sales income	-
EBIT	44.205
EBITDA	118.679
Operating profitability (% gross margin)	20,54
% ROI	4,33
% ROE	4,89
Leverage ratio	0,14
Indebtedness factor (year)	0,32
Liquidity level I	0,42
Liquidity level II	3,13
Breakeven point	479.552

### **3. Change of Balance Values** **in 000 rsd**

Assets	83.839
Liabilities	192.796
Net Profit	73.233

### **III Most important operations of subsidiaries**

The company Metalac a.d. is a controlling company being the parent of 15 subsidiaries, 10 of them in Serbia and 5 abroad.

**Production subsidiaries:** Metalac posudje d.o.o., Metalac inko d.o.o., Metalac print d.o.o., Metalac bojler d.o.o. in Gornji Milanovac

**Trading subsidiaries in Serbia:** Metalac market d.o.o., Metalac trade d.o.o., Metalac Proleter a.d. (in Gornji Milanovac), Metalac Metalurgija a.d. in Novi Sad and Metpor d.o.o. in Belgrade

**Trading subsidiaries abroad:** Metrot d.o.o. Moscow, Metalac market Podgorica d.o.o. Podgorica, Promometal-Metal d.o.o. Zagreb, Metalac Group USA Inc, Milwaukee, Metalac Ukraine, Kiev.



**INCOME STATEMENT-METALAC GROUP FOR THE PERIOD JANUARY-SEPTEMBER OF 2014. (domestic)**

	in thousands RSD									
	METALAC a.d.	POSUDE	PRINT	INKO	BOJLER	MARKET	TRADE	MEIPOR	PROLETER a.d.	METALURGIJA a.d.
<b>OPERATING INCOME</b>	<b>560.146</b>	<b>1.825.119</b>	<b>299.433</b>	<b>215.161</b>	<b>328.198</b>	<b>840.870</b>	<b>249.192</b>	<b>33.059</b>	<b>780.309</b>	<b>527.197</b>
Sales revenues	312.171	1.777.068	294.462	219.883	331.537	832.079	246.922	28.572	724.849	511.229
Sales revenues domestic market	262.959	583.986	292.772	159.331	205.653	832.079	176.041	23.228	724.849	511.229
Sales revenues foreign market	49.212	1.193.082	1.690	60.552	125.884	0	70.881	5.344	0	0
Own-work capitalized	0	9.174	0	0	0	191	116	0	630	617
Increase in inventories	0	14.436	2.677	2.250	1.989	0	0	0	0	0
Decrease in inventories	0	(11.566)	0	(11.053)	(10.851)	0	0	0	0	0
Other operating income	247.975	36.007	2.294	4.081	5.523	8.600	2.154	4.487	54.830	15.351
<b>OPERATING EXPENSES</b>	<b>515.941</b>	<b>1.623.037</b>	<b>295.397</b>	<b>191.528</b>	<b>324.693</b>	<b>883.415</b>	<b>211.697</b>	<b>31.736</b>	<b>758.768</b>	<b>564.529</b>
Cost of goods sold	6.529	33.341	62.136	1.152	4.709	673.686	150.434	23.882	612.521	445.426
Materials, fuel and energy	168.621	809.378	143.567	113.196	198.205	8.803	2.576	131	23.174	11.069
Staff costs	174.038	430.820	48.833	33.627	50.092	102.180	23.204	5.112	86.628	65.001
Depreciation, amortization	74.474	25.601	6.412	8.805	11.280	4.032	1.503	84	11.699	10.699
Provisions	0	10.000	0	0	3.600	0	0	0	0	0
Parent company services	0	97.351	11.132	7.189	12.084	23.837	6.436	1.530	8.064	0
Lease cost paid to parent company	0	84.873	11.220	11.220	12.189	2.200	2.361	0	0	0
Other operating expenses	92.279	131.673	12.097	16.339	32.534	68.677	25.183	997	16.682	32.334
<b>OPERATING PROFIT / LOSS</b>	<b>44.205</b>	<b>202.082</b>	<b>4.036</b>	<b>23.633</b>	<b>3.505</b>	<b>(42.545)</b>	<b>37.495</b>	<b>1.323</b>	<b>21.541</b>	<b>(37.332)</b>
<b>FINANCIAL INCOME</b>	<b>147.720</b>	<b>18.396</b>	<b>318</b>	<b>1.767</b>	<b>1.587</b>	<b>57.776</b>	<b>1.888</b>	<b>18</b>	<b>2.060</b>	<b>29.284</b>
<b>FINANCIAL EXPENSES</b>	<b>6.487</b>	<b>76.326</b>	<b>6.656</b>	<b>8.263</b>	<b>6.168</b>	<b>6.512</b>	<b>4.264</b>	<b>0</b>	<b>3.986</b>	<b>766</b>
Interest	2.812	40.304	4.258	7.693	1.935	2.074	2.467	0	2.317	0
Other financial expenses	3.675	36.022	2.398	570	4.233	4.438	1.797	0	1.669	766
<b>OTHER INCOME</b>	<b>347</b>	<b>2.116</b>	<b>839</b>	<b>901</b>	<b>539</b>	<b>4.305</b>	<b>721</b>	<b>0</b>	<b>1.465</b>	<b>3.220</b>
<b>OTHER EXPENSES</b>	<b>40.324</b>	<b>1.198</b>	<b>8</b>	<b>83</b>	<b>703</b>	<b>7.971</b>	<b>1.124</b>	<b>20</b>	<b>12.652</b>	<b>3.261</b>
<b>PROFIT / LOSS BEFORE TAXATION</b>	<b>145.461</b>	<b>145.070</b>	<b>(1.471)</b>	<b>17.955</b>	<b>(1.240)</b>	<b>5.053</b>	<b>34.716</b>	<b>1.321</b>	<b>8.428</b>	<b>(8.855)</b>

**INCOME STATEMENT-METALAC GROUP FOR THE PERIOD JANUARY-SEPTEMBER OF 2014. (foreign)**

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	<b>METROT</b>	<b>METALAC MARKET- Podgorica</b>	<b>PROMO- METAL</b>	<b>METALAC UKRAJINA</b>	<b>METALAC GROUP - USA</b>
<b>OPERATING INCOME</b>	<b>4.752.329</b>	<b>1.777.067</b>	<b>1.347.130</b>	<b>247.145</b>	
Sales revenues	<b>4.589.020</b>	<b>1.777.067</b>	<b>1.347.130</b>	<b>247.145</b>	
Sales revenues domestic market	4.257.598	1.777.067	879.130	239.133	
Sales revenues foreign market	331.422	0	468.000	8.012	
Own-work capitalized	0	0	0	0	
Other operating income	163.309	0	0	0	
<b>OPERATING EXPENSES</b>	<b>4.435.276</b>	<b>1.736.280</b>	<b>1.283.697</b>	<b>248.524</b>	
Cost of goods sold	3.448.175	1.348.536	1.094.746	162.866	
Materials, fuel and energy	70.495	0	8.063	1.844	
Staff costs	476.982	226.437	98.658	53.561	
Depreciation, amortization	37.136	7.418	3.892	3.193	
Provisions	0	0	0	0	
Parent company services	0	0	0	0	
Lease costs	0	86.153	0	0	
Other operating expenses	402.488	67.736	78.338	27.060	
<b>OPERATING PROFIT / LOSS</b>	<b>317.053</b>	<b>40.787</b>	<b>63.433</b>	<b>(1.379)</b>	
<b>FINANCIAL INCOME</b>	<b>183.381</b>	<b>26</b>	<b>11.125</b>	<b>53.137</b>	
<b>FINANCIAL EXPENSES</b>	<b>406.260</b>	<b>0</b>	<b>20.461</b>	<b>209.936</b>	
<b>OTHER INCOME</b>	<b>7.874</b>	<b>2.391</b>	<b>6.646</b>	<b>0</b>	
<b>OTHER EXPENSES</b>	<b>33.399</b>	<b>939</b>	<b>61.245</b>	<b>0</b>	
<b>PROFIT / LOSS BEFORE TAXATION</b>	<b>68.649</b>	<b>42.265</b>	<b>(502)</b>	<b>(158.178)</b>	

**BALANCE SHEET-METALAC GROUP FOR THE PERIOD JANUARY-SEPTEMBER OF 2014. (domestic)**

	in thousands RSD									
	METALAC a.d.	POSUDE	PRINT	INKO	BOJLER	MARKET	TRADE	METPOR	PROLETER a.d.	METALURGIJA a.d.
<b>ASSETS</b>	<b>3.403.570</b>	<b>2.960.555</b>	<b>266.181</b>	<b>260.154</b>	<b>364.601</b>	<b>680.926</b>	<b>302.731</b>	<b>16.677</b>	<b>494.960</b>	<b>469.284</b>
<b>Non-current assets</b>	<b>2.419.949</b>	<b>155.085</b>	<b>96.378</b>	<b>72.080</b>	<b>70.149</b>	<b>22.004</b>	<b>6.716</b>	<b>205</b>	<b>306.824</b>	<b>98.018</b>
Intangible assets, property, plant and equipment	1.381.411	155.085	96.378	72.080	70.149	22.004	6.716	205	306.319	98.018
Long-term financial placements	672.685	0	0	0	0	0	0	0	505	0
Long-term loans to subsidiaries	365.853	0	0	0	0	0	0	0	0	0
<b>Current assets</b>	<b>983.621</b>	<b>2.805.470</b>	<b>169.803</b>	<b>188.074</b>	<b>294.452</b>	<b>658.922</b>	<b>296.015</b>	<b>16.472</b>	<b>188.136</b>	<b>371.266</b>
Inventories	8.354	972.232	43.518	82.373	102.744	279.596	81.314	3.720	111.143	84.858
Materials	7.651	493.729	33.264	53.368	42.034	407	8	0	0	0
Work in progress	0	76.194	4.495	11.830	18.505	0	0	0	0	0
Finished goods	0	402.309	5.759	17.130	34.337	0	0	0	0	0
Merchandise	703	0	0	45	7.868	279.189	81.306	3.720	111.143	84.858
Advances to suppliers	2.462	24.681	3.241	2.207	3.986	58	25.098	0	120	876
Accounts receivable	808.156	1.239.382	117.909	86.291	164.060	30.957	155.760	4.795	31.685	74.921
Short-term financial placements	0	0	0	0	0	296.050	0	0	815	192.175
Cash and cash equivalents	130.975	514.116	2.048	13.781	15.623	48.926	22.658	6.882	34.749	14.115
Other receivables	33.674	55.059	3.087	3.422	8.039	3.335	11.185	1.075	9.624	4.321
<b>Loss over capital</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>LIABILITIES</b>	<b>3.403.570</b>	<b>2.960.555</b>	<b>266.181</b>	<b>260.154</b>	<b>364.601</b>	<b>680.926</b>	<b>302.731</b>	<b>16.677</b>	<b>494.960</b>	<b>469.284</b>
<b>Capital</b>	<b>2.920.568</b>	<b>915.008</b>	<b>34.160</b>	<b>31.609</b>	<b>36.338</b>	<b>88.865</b>	<b>199.847</b>	<b>7.951</b>	<b>219.215</b>	<b>182.727</b>
Share capital	408.000	225.194	9.380	22.895	72.685	124.071	263	289	77.182	118.694
Other capital	53.650	0	0	0	0	0	0	0	0	0
Retained earnings	2.240.870	689.814	26.251	17.955	0	5.053	199.180	7.654	142.033	72.888
Reserves	218.048	0	0	0	0	0	404	8	0	0
Loss	0	0	(1.471)	(9.241)	(36.347)	(40.259)	0	0	0	(8.855)
<b>Long-term liabilities</b>	<b>141.372</b>	<b>1.150.559</b>	<b>82.458</b>	<b>107.972</b>	<b>97.768</b>	<b>81.667</b>	<b>49.632</b>	<b>0</b>	<b>81.378</b>	<b>21.190</b>
Long-term provisions	52.234	53.509	3.863	972	14.572	10.345	1.458	0	21.953	21.190
Long-term loans	89.138	850.600	35.655	0	83.196	71.322	47.540	0	59.425	0
Long-term borrowings	0	246.450	42.940	107.000	0	0	634	0	0	0
<b>Current liabilities</b>	<b>310.558</b>	<b>893.850</b>	<b>147.454</b>	<b>119.587</b>	<b>229.257</b>	<b>510.001</b>	<b>53.228</b>	<b>8.726</b>	<b>185.608</b>	<b>263.422</b>
Short-term loans	29.713	0	0	0	0	0	5.012	0	0	0
Short-term borrowings	0	0	0	0	0	0	0	0	0	0
Accounts payable	38.954	706.497	139.415	113.047	221.608	448.022	16.635	7.457	171.310	225.021
Other liabilities	241.891	187.353	8.039	6.540	7.649	61.979	31.581	1.269	14.298	38.401
<b>Deferred tax liabilities</b>	<b>31.072</b>	<b>1.138</b>	<b>2.109</b>	<b>986</b>	<b>1.238</b>	<b>393</b>	<b>24</b>	<b>0</b>	<b>8.759</b>	<b>1.945</b>

**BALANCE SHEET-METALAC GROUP FOR THE PERIOD JANUARY-SEPTEMBER OF 2014. (foreign)**

**u eur**

	<b>METROT</b>	<b>METALAC MARKET- Podgorica</b>	<b>PROMO- METAL</b>	<b>METALAC UKRAJINA</b>	<b>METALAC GROUP - USA</b>
<b>ASSETS</b>	<b>2.300.517</b>	<b>1.380.045</b>	<b>1.130.797</b>	<b>414.237</b>	
<b>Non-current assets</b>	<b>197.806</b>	<b>60.849</b>	<b>45.595</b>	<b>9.331</b>	
Intangible assets, property, plant and equipment	197.806	60.849	4.592	9.331	
Long-term financial placements	0	0	41.003	0	
<b>Current assets</b>	<b>2.102.711</b>	<b>1.319.196</b>	<b>1.055.432</b>	<b>326.208</b>	
Inventories	347.314	460.518	346.190	125.438	
Advances to suppliers	51.024	0	0	1.758	
Accounts receivable	1.166.052	409.097	627.694	161.130	
Short-term financial placements	0	407.794	0	0	
Cash and cash equivalents	342.966	30.386	65.906	30.501	
Other receivables	195.355	11.401	15.642	7.381	
<b>Loss over capital</b>	<b>0</b>	<b>0</b>	<b>29.770</b>	<b>78.698</b>	
<b>LIABILITIES</b>	<b>2.300.517</b>	<b>1.380.045</b>	<b>1.130.797</b>	<b>414.237</b>	
<b>Capital</b>	<b>317.002</b>	<b>298.620</b>	<b>0</b>	<b>0</b>	
Share capital	200	17.000	179.642	0	
Retained earnings	248.153	281.620	0	0	
Loss	68.649	0	(179.642)	0	
<b>Long-term liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
Long-term provisions	0	0	0	0	
Long-term loans	0	0	0	0	
<b>Current liabilities</b>	<b>1.983.515</b>	<b>1.081.425</b>	<b>1.130.797</b>	<b>414.237</b>	
Short-term loans	0	0	0	0	
Accounts payable	1.832.515	1.028.599	1.115.126	413.606	
Other liabilities	151.000	52.826	15.671	631	
<b>Deffered tax liabilities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	

**CASH FLOW STATEMENT-METALAC GROUP FOR THE PERIOD JANUARY-SEPTEMBER OF 2014. (domestic)**

	in thousands RSD									
	METALAC a.d.	POSUDE	PRINT	INKO	BOJLER	MARKET	TRADE	METPOR	PROLETER a.d.	METALURGIJA a.d.
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>										
Cash receipts from customers	470.051	1.973.307	355.306	249.139	341.921	1.035.847	299.112	38.141	852.816	646.617
Interest received from operations	307	450	0	0	0	56.999	0	0	316	95
Other cash receipts from operations	2.765	47.896	321	8.254	17.420	419	95	4.487	59.333	19.866
Cash paid to suppliers	(348.484)	(1.337.701)	(230.000)	(174.991)	(259.944)	(923.874)	(225.609)	(33.943)	(766.287)	(577.495)
Cash paid to and on behalf of employees	(177.820)	(413.941)	(47.845)	(31.420)	(48.531)	(105.763)	(21.673)	(5.051)	(87.998)	(65.947)
Interest paid	(1.802)	(43.446)	(4.473)	(7.806)	(2.701)	(1.475)	(2.500)	0	(2.833)	0
Income taxes paid	0	0	(1.090)	0	0	0	(5.300)	(140)	0	(962)
Other public duties payable	(67.450)	(630)	(9.273)	(122)	(7.362)	(31.906)	(8.735)	0	(20.759)	(17.919)
<b>Net cash provided by/used in operating activities</b>	<b>(122.433)</b>	<b>225.935</b>	<b>62.946</b>	<b>43.054</b>	<b>40.803</b>	<b>30.247</b>	<b>35.390</b>	<b>3.494</b>	<b>34.588</b>	<b>4.255</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>										
Sale of shares and equity investments (net inflows)	0	0	0	0	0	0	0	0	0	0
Sale of property, plant and equipment	0	0	0	0	0	0	0	0	298	0
Other financial placements (net inflows)	126.131	0	0	0	0	0	0	0	1.090	5.000
Interest received	30.664	4.968	4	13	104	126	1	0	0	184
Dividends received	116.017	0	0	0	0	0	0	0	0	0
Purchase of shares and equity investments (net outflows)	0	0	0	0	0	0	0	0	0	0
Purchase of intangible assets, property and equipment	(20.335)	(1.859)	(26.812)	(20.059)	(21.581)	(4.981)	(1.396)	0	(23.124)	(3.483)
Other financial placements (net outflows)	0	0	0	0	0	0	0	0	0	0
<b>Net cash provided by/used in investing activities</b>	<b>252.477</b>	<b>3.109</b>	<b>(26.808)</b>	<b>(20.046)</b>	<b>(21.477)</b>	<b>(4.855)</b>	<b>(1.395)</b>	<b>0</b>	<b>(21.736)</b>	<b>1.701</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>										
Increase in core capital	0	0	0	0	0	0	0	0	0	0
Long-term borrowings, net inflows/outflows	97.170	(182.235)	(35.292)	(24.619)	(32.509)	(21.351)	(6.576)	0	2.756	0
Cash used to pay dividends and bonuses	(102.555)	(62.100)	0	0	0	0	(14.000)	0	0	0
Purchase of own shares	(51.418)	0	0	0	0	0	0	0	0	0
Other long and short-term liabilities	0	0	0	0	0	0	0	0	0	0
<b>Net cash provided by/used in financing activities</b>	<b>(56.803)</b>	<b>(244.335)</b>	<b>(35.292)</b>	<b>(24.619)</b>	<b>(32.509)</b>	<b>(21.351)</b>	<b>(20.576)</b>	<b>0</b>	<b>2.756</b>	<b>0</b>
<b>Net cash increase / decrease</b>	<b>73.241</b>	<b>(15.291)</b>	<b>846</b>	<b>(1.611)</b>	<b>(13.183)</b>	<b>4.041</b>	<b>13.419</b>	<b>3.494</b>	<b>15.608</b>	<b>5.956</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>57.734</b>	<b>529.407</b>	<b>1.202</b>	<b>15.392</b>	<b>28.806</b>	<b>44.885</b>	<b>9.239</b>	<b>3.388</b>	<b>19.141</b>	<b>8.159</b>
<b>Foreign exchange gains</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at end of period</b>	<b>130.975</b>	<b>514.116</b>	<b>2.048</b>	<b>13.781</b>	<b>15.623</b>	<b>48.926</b>	<b>22.658</b>	<b>6.882</b>	<b>34.749</b>	<b>14.115</b>

**CASH FLOW STATEMENT-METALAC GROUP FOR THE PERIOD JANUARY-SEPTEMBER OF 2014. (foreign)**

	<b>u eur</b>				
	<b>MEIRO T</b>	<b>METALAC MARKET- Podgorica</b>	<b>PROMO- METAL</b>	<b>METALAC UKRAJIN A</b>	<b>METALAC GROUP - USA</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Cash receipts from customers	5.660.375	2.040.744	1.657.842	334.855	
Interest received from operations	0	0	0	0	
Other cash receipts from operations	17.295	236	0	0	
Cash paid to suppliers	(3.881.326)	(1.713.060)	(1.524.176)	(289.571)	
Cash paid to and on behalf of employees	(576.290)	(234.599)	(96.284)	(52.794)	
Interest paid	0	0	(17)	0	
Income taxes paid	(61.463)	0	(750)	0	
Other public duties payable	(821.666)	(39.001)	(7.809)	(14.253)	
<b>Net cash provided by/used in operating activities</b>	<b>336.925</b>	<b>54.320</b>	<b>28.806</b>	<b>(21.763)</b>	
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Sale of shares and equity investments (net inflows)	0	0	0	0	
Sale of property, plant and equipment	0	0	0	0	
Other financial placements (net inflows)	0	0	0	0	
Interest received	0	0	75	526	
Dividends received	0	0	0	0	
Purchase of shares and equity investments (net outflows)	0	0	0	0	
Purchase of intangible assets, property and equipment	0	(27.466)	0	0	
Other financial placements (net outflows)	0	0	0	0	
<b>Net cash provided by/used in investing activities</b>	<b>0</b>	<b>(27.466)</b>	<b>75</b>	<b>526</b>	
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Increase in core capital	0	0	0	0	
Long-term borrowings, net inflows/outflows	0	0	0	0	
Cash used to pay dividends and bonuses	(327.664)	0	0	0	
Other long and short-term liabilities	0	0	0	0	
<b>Net cash provided by/used in financing activities</b>	<b>(327.664)</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Net cash increase / decrease</b>	<b>9.261</b>	<b>26.854</b>	<b>28.881</b>	<b>(21.237)</b>	
<b>Cash and cash equivalents at beginning of period</b>	<b>340.920</b>	<b>3.532</b>	<b>36.968</b>	<b>50.953</b>	
<b>Foreign exchange gains / losses</b>	<b>(7.215)</b>	<b>0</b>	<b>57</b>	<b>785</b>	
<b>Cash and cash equivalents at end of period</b>	<b>342.966</b>	<b>30.386</b>	<b>65.906</b>	<b>30.501</b>	

**IV The company has published the Code of Corporate Governance and the Code of Business Ethics, on the web-site [www.metalac.com](http://www.metalac.com)**

There has not been any deviation in implementation of the Codes of Corporate Governance and of Business Ethics.

**V Data on acquisition of own shares**

By the offer made to all shareholders in March 2014 the company acquired 21.016 of its own shares, which in August 2014 were alienated as distributed to employees in the company and subsidiaries in title of incentives through share premium.

**VI R&D Activities:**

	<b>in 000 rsd</b>
Investments into courses for employees	2.955
Development investments	17.353

The business policy of the Company includes investments into development, production capacities of the subsidiaries and equipment upgrade/replacement, innovations, wider retail chain by opening new shops, strategic adjustments, penetrate new export markets and increase turnover with the present markets.

**VII Important operations after the balance sheet date**

From the balance sheet date till the date of publication of this report, there has been no important business events to affect the accuracy of the financial statements or Company's operations.

**VIII Risks and uncertainties**

By the estimate of the management, there are no risks and uncertainties to affect significantly to the financial position of the Company.

Person Responsible for Preparation of the Statement  
Radmila Todosijevic, CFO

Person Representing the Company  
Petrasin Jakovljevic, General Director

### **3. DECLARATION OF THE PEOPLE RESPONSABLE FOR THE PREPARATION OF THE STATEMENT**

According to our best knowledge, the Quarterly Financial Statements have been prepared in accordance with the international accounting regulations, showing accurate and objective information on assets, liabilities, financial position and operations, profits and losses, cash flows and equity changes of the public Company.

Person Responsible for Preparation of the Statement  
Radmila Todosijevic, CFO

Person Representing the Company  
Petrasin Jakovljevic, General Director

### **4. APPROVAL OF THE STATEMENTS FOR THE THIRD QUARTER 2014 BY THE COMPANY'S MANAGEMENT**

Pursuant to the Art 441 of the Law on Companies and to the Art. 56 of the Company Statute of Metalac a.d. from Gornji Milanovac, and to the Art. 20 para 1 point 2 of the Rules of Procedure, the Supervisory Board on its sixth session held on Oktober 30, 2014 made the following

#### **DECISION**

approving the financial statements of Metalac a.d. and its subsidiaries for the period from 01.01. to 31.09.2014.

The approved statements mentioned in the para one above make the integral part of this Decision.

Gornji Milanovac, November 14, 2014

Person Responsible for Preparation of the Statement  
Radmila Todosijevic, CFO

Person Representing the Company  
Petrasin Jakovljevic, General Director