

**FINANCIAL STATEMENTS FOR THE YEAR ENDED 31
DECEMBER 2010**

SARANTIS Ltd
BELGRADE, SERBIA

February 2011

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CONTENTS

<i>INDEPENDENT AUDITOR'S REPORT</i>	2
INCOME STATEMENT	4
BALANCE SHEET	5
CASH FLOW STATEMENT	6
STATEMENT OF CHANGES IN EQUITY	6
1. GENERAL INFORMATION	7
2. BASIS OF PRESENTATION	8
3. SIGNIFICANT ACCOUNTING POLICIES	9
4. INCOME	13
5. OPERATING COSTS AND EXPENSES	13
6. FINANCING INCOME	16
7. FINANCIAL COSTS	16
8. EXTRAORDINARY INCOME	17
9. EXTRAORDINARY COSTS AND EXPENSES	17
10. INCOME TAX	18
11. INTANGIBLE AND FIXED ASSETS	18
12. INVENTORIES	20
13. SHORT TERM RECEIVABLES	21
14. SHORT TERMS FINANCIAL INVESTMENTS	22
15. CASH AND CASH EQUIVALENTS	22
16. INCOME TAX AND ACCRUALS	23
17. DEFERRED TAXES	23
18. EQUITY AND RESERVES	23
19. FINANCIAL LEASE LIABILITIES	24
20. OPERATING LIABILITIES	24
21. INTER-GROUP TRANSACTIONS SALDO	24
22. VAT PAYABLES AND OTHER PUBLIC INCOME	26

INDEPENDENT AUDITOR'S REPORT

To: the Director of the Company Sarantis Ltd, Belgrade

Report on the Financial Statements

We have audited the accompanying financial statements of *SARANTIS Ltd BELGRADE*, which comprise the statement of financial position as at December 31, 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

CONFIDA FINODIT

Belgrade 1 Imotska
Auditing company

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of *SARANTIS Ltd BELGRADE* as at December 31, 2010, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Belgrade, 15 February 2011


Jelena Slovic, MSc
Certified Auditor
Confida Finodit Ltd
Belgrade, Serbia



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

Balance Item	Notes	31/12/2010 RSD '000	31/12/2009 RSD '000
Income		1.193.608	994.590
Operating costs and expenses		(991.541)	(794.693)
Profit from operating activities		202.067	199.897
Finance income		35.141	26.673
Finance expenses		(13.854)	(12.238)
Extraordinary income		1.908	4.394
Extraordinary expenses		(44.398)	(33.332)
Profit/(Loss) before tax		180.864	185.394
Income tax		(20.272)	(20.537)
Profit for the year		160.592	164.857

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

BALANCE SHEET
AS OF 31 DECEMBER 2010

Balance Item	Notes	31/12/2010 RSD '000	31/12/2009 RSD '000
ASSETS			
Non-current assets		184.093	186.737
Intangible assets		1.624	750
Property and equipment		40.589	44.107
Investments in shares		141.880	141.880
Other long term financial assets		0	0
Current assets		938.588	763.928
Inventories		70.147	160.166
Receivables		470.487	467.847
Income tax receivables		237	5.152
Short term financial assets		316.687	66.302
Cash and cash equivalents		79.358	59.851
VAT receivables and accruals		1.672	4.610
Deferred taxation		1.850	1.515
TOTAL ASSETS		1.124.531	952.180
EQUITY AND LIABILITIES			
Equity		976.465	815.873
Share capital		76.709	76.709
Reserves		6.334	6.334
Revaluation reserves		0	0
Retained earnings		893.422	732.830
Loss		0	0
Repurchased shares		0	0
Long term provisions		0	1.993
Short term liabilities		148.066	134.314
Short term borrowings		1.474	3.315
Operating liabilities		121.291	115.893
VAT payables and other public income		25.301	12.917
Other short term liabilities and accruals		0	0
Income tax liabilities		0	2.189
Deferred tax		0	0
TOTAL EQUITY AND LIABILITIES		1.124.531	952.180

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2010

<i>Cash flow statement</i>	<i>Inflow</i>	<i>Outflow</i>	<i>Net</i>
Operating activities	1.361.434	1.088.269	273.165
Investing activities	10.569	261.528	(250.959)
Financing activities	0	4.261	(4.261)
Total	1.372.003	1.354.058	17.945
Cash opening balance	59.851	0	59.851
F/X rates effects	1.562	0	(1.562)
Total Cash as of 31 December	1.433.416	1.354.058	79.358

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2010

Balance Item	Initial capital	Reserves	Retained earnings	Total
As at 01 January 2010	76.709	6.334	732.830	815.873
Increase	0	0	0	0
Result for the period	0	0	0	0
As at 01 January 2010	76.709	6.334	732.830	815.873
Increase	0	0	0	0
Result for the period	0	0	160.592	160.592
As at 31 December 2010	76.709	6.334	893.422	976.465

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2009

1. GENERAL INFORMATION

Limited Liability Company Sarantis, Beograd, for trade and offering services, was founded 19 May 1997 and was initially registered by the Commercial Court Decision in Belgrade No. VI Fi-5844/97. as "Net West" company.

There were several organizational changes, since the founding of the company until nowadays. These changes relates to the organization of the company, than the owners and the director of the company. All those changes were approved and on the basis of these decisions and the other legal documents they were registrated by the Commercial Court.

After the changes in the Law on Company registration, the company settled its legal documents and changed Contract and the decisions about the foundation of the company. Changes relate to the following legal documents:

- Shareholders of the company
- Name of the company
- Adress of the company

On 14 December 2005 shareholders of the company made the Contract about the transfer and the resignation of the shares. The contractual parties were: GR Sarantis Greece, Briardale Services Ltd and the company Vitaflow Limited, Julia House 3, Themistocles, Dervis Street.

Company GR Sarantis resigned and transfered its share completely to the new member, company Vitaflow Limited by this Contract. Based on this Contract, Vitaflow Limited company became shareholder of the company Sarantis ltd Belgrade with 92,02 % share.

Additional important event related to the shareholders of the Sarantis ltd Belgrade, relate to change of the name of the major shareholder. The company Vitaflow Limited, Cyprus, reg. No. HE168379, changed the company's name to GR SARANTIS CYPRUS Limited Julia House, 3 Themistocles Dervis Street, CY-1066, Nicosia, Cyprus, registration No. HE168379.

The company Sarantis ltd Belgrade, previously named Net west Distribution Services ltd, Belgrade changed its name and the adress on the basis of Contract made on 13 June 2007. New company name is Sarantis ltd for trade and providing services, Belgrade, Milana Rešetara 7.

In that moment owners of the company were:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

- › Sarantis Cyprus Limited, Julia Hause, 3 Temistocles Dervis Street, cy-1066, Nicosia, Cyprus, registration No HE 168379, is shareholder with the equity amount of 798,919 EUR, i.e. 92,02 % of share
- › Briardale Services Ltd. from island Man, No.85729, is owner of 7,98 percent of company capital, or 69.289 EUR

During the year 2009, GR Sarantis Cyprus limited, Nicosia, Cyprus became 100.0% owner of the Company. This change is registred at the Serbian Business Register Agency on 22 June 2009 under the register number BD 97575/2009.

By the Commercial Court Decision is regulated that Founder takes operating risks at deposit level.

Authorised persons for payment orders and cash with drawals are Directors, Mr. Petar Labudović and Branka Kosovac.

The Company is located in Belgrade, Milana Rešetara 7, with tax identification number 100180969 and personal identification number 17162403. Authorised representative of the Company is the Director, Mr. Petar Labudović.

As at 31 December 2010, the Company had 76 full-time employees.

2. BASIS OF PRESENTATION

The financial statements were prepared by applying the historical cost principle. All the amounts are presented in dinars (RSD) – as a functional currency and currency for presentation of financial statements of the Company, and all the values are presented in thousands of dinars (RSD '000), except if stated otherwise.

(a) Statement of compliance

The accompanying financial statements have been prepared in accordance with the Audit and Accounting Law of the Republic of Serbia (Official Gazette of the RS no. 46/2006), Rulebook on the Forms and Contents of the Financial Statements and of Companies, Cooperatives and Entrepreneurs (Official Gazette of the RS no. 75/2004) and Rulebook on the Chart of Accounts and Contents of Accounts of Companies, Cooperatives and Entrepreneurs (Official Gazette of the RS no. 53/2004, 11/2005 and 51/2005).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

(b) Approval of financial statements

The director of the Company approved the financial statements for the year ended 31 December 2010 on 25 January 2011.

3. SIGNIFICANT ACCOUNTING POLICIES

(a) Income recognition

Incomes are recognized up to the amount of economic benefits that flow to the Company, if those benefits can be reliably measured. The Company recognizes incomes when the significant risks and rewards of ownership of the goods have passed to customers. They are recognized net of trade discounts and sales incentives.

(b) Foreign currency translation

The Company's measurement and reporting unit of currency is the Serbian Dinar (RSD). Transactions involving other currencies are initially recognized converted into RSD using the exchange rates which are in effect at the dates of the transactions. At the balance sheet dates, monetary assets and liabilities, which are denominated in other currencies, are converted into RSD at the closing rate. Gains and losses resulting from foreign currency re-measurements are reflected in the statements of income. Non-monetary items which are carried at fair value denominated in a foreign currency are reported using the exchange rates that existed when the values were determined ("assumed historical cost").

The official closing rates for EUR, as the foreign currency used in transactions, was follows:

<i>Currency</i>	<i>31 December 2010</i>	<i>31 December 2009</i>
EUR	105,4982	95,8888

(c) Property, plant and equipment

Buildings, plants and equipment are initially recognized at their purchase cost.

Property, plant and equipment are subsequently recognized at their fair value. Revaluation gains arising from identifying fair valued of property, plant and equipment is included into revaluation reserves, within equity. The revaluation surplus is credited to the revaluation reserves included in the equity section of the balance sheet. Any revaluation deficit directly offsetting a previous surplus in the same property and equipment item is directly offset against the surplus in the revaluation reserves. On the disposal of an item of property and equipment, the portion of revaluation reserves referring to that item is released to the retained earnings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

Subsequent expenditure on property plant and equipment is only recognized as an asset when the expenditure improves the condition of the asset beyond its originally assessed standard of performance (such as: modification of an item of plant to extend its useful life, including an increase in its capacity, upgrading machine parts to achieve a substantial improvement in the quality of output or adoption of new production processes enabling a substantial reduction in previously assessed operating costs). Repairs and maintenance costs are expensed as incurred.

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, starting with the month immediately following the month in which the asset was put into operation.

Depreciation rates are as follows:

<i>Property and equipment category</i>	<i>Rates %</i>
Software	20%
Computer equipment	30%
Furniture	12,5%
Printers	15%
Mobile telephones	30%
Vehicle	20%
Other equipment	15%

Property and equipment items are assessed for the indication of their impairment at the balance sheet dates and whenever events or changes in circumstances indicate that the carrying value may not be recoverable. If there is an indication of the impairment of an asset/cash-generating unit, the Company estimates the recoverable amount of such an asset/cash-generating unit. The recoverable amount is measured as the higher of net selling price and value in use. Net selling price is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Impairment loss is recognized in the statement of income. An impairment loss is recognized as an expense in the income statement immediately, unless the asset is carried at re-valued amount, in which case it is treated as a revaluation decrease.

An item of property and equipment is eliminated from the balance sheet on disposal or when the asset is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses arising from the retirement or disposal of an item of property and equipment (being the difference between the estimated net disposal proceeds and the carrying amount of the asset) is recognized as income or expense in the income statement.

(d) Inventories

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

Merchandise on stock and cost of goods sold are measured at average purchase cost. Inventories are recognized at purchase value, and the impairment is recognized if there are damaged or obsolete stocks.

(e) Trade and other receivables

Receivables are measured at recognized and carried at original invoice amount, less an allowance for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable, and, at the same time, the collection is not secured by some collateral. All potentially uncollectible accounts are assessed individually. The decision on bad debt allowance is to be brought by Management Board of the Company.

In cases when the improbability to collect the debt is certain and documented (court decision, liquidation), or the collection period stipulated by the Law on obligations has ran out, the receivable is written-off and eliminated from the Company's records. The decision on write-off is to be brought by the Management Board of the Company.

(f) Concentrations of credit risk

Concentrations of credit risk are limited with respect to receivables due to large number of customers comprising the Company's customer base. The Company generally requires collateral or other security to support customer receivables (promissory notes mainly).

(g) Cash and cash equivalents

Cash and cash equivalents, as disclosed in the Company's balance sheet, comprise cash in hand and at banks, time deposits with banks with original maturity of 3 months or less, cheques and other means of payment received as collection of debt, as well as the funds on transit accounts. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, less any credit balances on bank accounts.

(h) Pensions and other employee benefits

The Company, in the normal course of business, makes contributions on behalf of the employees for pension, health care, unemployment and personal income tax on the basis of gross salaries and wages, as well as other compensations in accordance with local legislation. The Company makes these contributions to the Government's health and retirement funds at the statutory rates in force during the period. The cost of social security payments is charged to the statement of income in the same period in the same period as the related salary cost. There is no additional liability arising from this issue.

(i) Income tax (current and deferred)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

The final tax on profit is calculated at the 10% rate (which is statutory rate) applied to taxable profit as disclosed in the Tax Returns. Taxable profit is based on the annual profit, as disclosed in the income statement, adjusted for tax purposes in the manner prescribed by Serbian Corporate Profit Tax Law and it may be decreased by certain tax deductions. The final income tax payable is determined by the tax payer and filed to tax authorities within prescribed time limits.

During the year, the estimated income tax is paid in advance on the monthly basis. The total amount of the payments was determined by tax authorities by the end of the previous period, while presently it is determined by the tax payer independently. The losses arising from operating, finance and non-operating transactions as disclosed in Tax Returns (excluding capital gains or losses as defined by the Law) may be carried forward and used to decrease taxable income for the period of 10 years.

(j) Deferred taxation

Total income tax expense/income comprises current income tax – disclosed in Tax Returns and deferred income tax. Deferred income taxes are provided using the liability method for all temporary differences arising between the tax base of assets and liabilities and their carrying values for financial reporting purposes at the balance sheet date.

Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised.

At each balance sheet date, the Company reassesses unrecognized deferred tax assets. The Company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax is calculated using the income tax rate expected to be effective in the year in which tax credits and tax losses are to be utilised or deferred liabilities to be settled, based on substantively enacted tax rates at or after the balance sheet date.

As explained in Note 10 to the accompanying financial statements, the presented financial statements do not contain the effect of deferred taxation, i.e. deferred tax assets arising from the outstanding amount of tax credit based on fixed asset investment made by the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

4. INCOME

Operating income shown at the total amount of 1.193.608 TRSD net. The amount of the gross sales is 1.346.755 TRSD and 153.147 TRSD represents deduction from sales (rebates, discounts etc.).

Operating Income	31/12/2010 RSD '000	31/12/2009 RSD '000
Income - sales of merchandise on domestic market	1.223.991	1.018.175
Income - sales of merchandise on foreign market	116.189	94.943
Income - sales of products and services on foreign market	3.490	3.172
Income – activate merchandise for own use	3.085	3.575
<u>Gross income</u>	<u>1.346.755</u>	<u>1.119.865</u>
Deduction from sales	(153.147)	(125.275)
Net sales	1.193.608	994.590
Net income	1.193.608	994.590

Deductions from sales relate to price and volume discounts, agent commissions and other incentive schemes granted by the Company.

In comparing with the previous reporting period, operating income increased for 20%.

5. OPERATING COSTS AND EXPENSES

The breakdown of operating costs and expenses for the year ended 31 December 2010 amount to 991.541 TRSD and relate to the following expenses:

Operating Costs and Expenses	31/12/2010 RSD '000	31/12/2009 RSD '000
Costs of goods sold	672.241	548.942
Cost of materials	14.491	11.699

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

Operating Costs and Expenses	31/12/2010 RSD '000	31/12/2009 RSD '000
Gross salaries , compensations for salaries and other personal expenses	105.704	92.575
Depreciation and amortization	13.751	14.006
Other operating expenses	185.354	127.471
Total Operating Expenses	991.541	794.693

Costs of goods sold participate in total operating expenses with 67.80% and its structure is the following:

COGS Structure	31/12/2010 RSD '000	31/12/2009 RSD '000
COGS in wholesale	526.216	436.997
COGS in export	90.868	71.520
COGS in commission	18.857	14.025
COGS in retail	36.300	26.400
Total	672.241	548.942

Cost of materials amount to 14.491 TRSD and consist of overhead costs in amount of 3.042 TRSD and costs for fuel and energy in amount of 11.449 TRSD.

Gross salaries, compensations for salaries and other personal expenses amount 105.704 TRSD and related to the following:

Salaries and Personel Expenses	31/12/2010 RSD '000	31/12/2009 RSD '000
Gross salaries	100.407	87.667
Fees of authors and other contracts	2.619	2.723
Other personal expenses	2.678	2.184
Total Salaries and Perssonel Expenses	105.704	92.575

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

Depreciation and amortization costs amount to 13.751 TRSD and relate to the costs of amortization of intangible assets in amount of 412 TRSD and cost of equipment depreciation in amount of 13.339 TRSD.

Depreciation for tax purposes was also calculated, and the tax depreciation count is represented in the following table:

Tax Depreciation Group	Rate %	Amount TRSD '000
II	10	4.602
III	15	2.333
V	30	1.710
Total Tax Depreciation		8.645

Other operating expenses amount to 185.354 TRSD and consist of productive services and non-material costs listed in the following table:

Other Operating Expenses	31/12/2010 RSD '000	31/12/2009 RSD '000
Transportation costs	10.057	8.043
Maintenance costs	3.515	2.495
Rental expenses	15.092	13.323
Advertising costs	87.155	62.964
Researching cost	1.337	5
Other services costs	11.818	11.085
Non-production costs	29.247	18.555
Cost of representation	4.930	3.921
Insurance costs	3.723	3.673
Bank fees	1.226	826
Membership costs	695	326
Building land and taxes	14.778	936
Other non-material costs	1.781	1.319
Total Operating Costs	185.354	127.471

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

6. FINANCING INCOME

Financing income is represented at the amount of 35.141 TRSD and relates to the following gains:

Financing Income	31/12/2010 RSD '000	31/12/2009 RSD '000
Interest income	9.555	8.280
Foreign exchange rate gains	25.586	18.393
Total Financing Income	35.141	26.673

The most significant Finance Income are Foreign Exchange gains, which are shown at the amount of 25.586 TRSD and participates in total financing income with 72,81%.

7. FINANCIAL COSTS

Amount of the financial costs is 13.854 TRSD and they related to the following:

Financial Costs	31/12/2010 RSD '000	31/12/2009 RSD '000
Interests expense	970	625
Foreign exchange losses	10.308	10.823
Losses from foreign currency clause valuation	492	790
Other financial costs	2.084	-
Total Financial Costs	13.854	12.238

The major part in structure of Financial Expenses belongs to the Foreign Exchange losses occurred on basis of calculation of foreign currency positions.

Other financial costs are shown in the amount of 2.084 TRSD and are related to costs of factoring.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

8. EXTRAORDINARY INCOME

Extraordinary income amount 1.908 TRSD and represented in the following table:

Extraordinary Income	31/12/2010 RSD '000	31/12/2009 RSD '000
Income of equipments sold	1.010	243
Goods surplus by inventory	589	705
Income from decrease of liabilities	39	-
Other non-specified income	207	3.434
Income from the valuation of receivables	63	12
Total Extraordinary Income	1.908	4.394

9. EXTRAORDINARY COSTS AND EXPENSES

Extraordinary costs are shown at the amount of 44.398 TRSD and specified in the following table:

Extraordinary Costs	31/12/2010 RSD '000	31/12/2009 RSD '000
Writting-off of equipments	141	122
Deficient goods	1.332	909
Writting-off of current assets	23	168
Impairment of the stocks (damaged, obsolete stocks)	4.642	1.987
Other non-specified costs	35.408	29.675
Impairment of the of receivables	2.852	471
Total Extraordinary Costs	44.398	33.332

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

10. INCOME TAX

The total amount of income tax stated in the financial statements of the Company relates to the income tax for the year ended 31 December 2010.

The reconciliation of the income tax disclosed in the income statement with the amount determined by the application of the statutory tax rate to earnings before tax is summarised as follows:

Income Tax	31/12/2010 RSD '000	31/12/2009 RSD '000
Taxable profit (loss) disclosed in financial statements	180.864	185.394
Depreciation calculated in financial statements	13.751	14.006
Tax depreciation	(8.645)	(8.119)
Tax effects from previous years	27.722	36.115
Taxable profit/loss	213.692	227.396
Income tax calculated by applying 10% rate	21.369	22.740
Net tax assets	(335)	(577)
Tax incentives arising from investments into fixed assets	(762)	(1.626)
Income tax	20.272	20.537

11. INTANGIBLE AND FIXED ASSETS

Intangible and fixed assets of the company Sarantis ltd Belgrade amounts 184.093 TRDS net as of 31 December 2010 and consists of the following assets position:

Fixed assets	31/12/2010 RSD '000	31/12/2009 RSD '000
Intangible assets	1.624	750
Equipment	40.589	44.107

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

Fixed assets	31/12/2010 RSD '000	31/12/2009 RSD '000
Investments in shares	141.880	141.880
Total Intangible and Fixed Assets	184.093	186.737

Intangible assets amount 1.624 TRSD net and involve investments in software programme. In comparison to the beginning of reporting period net value of intangible assets is increased for the amount of 874 TRSD as a cause of investments in software.

Fixed assets of the Company amount 40.589 TRSD net and include office equipment and other equipment.

Changes in fixed assets within the year ended 31 December 2010 were as follows (at TRSD):

Fixed Assets	Office equipment	Other office equipment	Property, plant and equipment under construction	Total Fixed Assets
HISTORICAL COSTS				
<u>Balance as at 31/12/2009-</u> <u>01/01/2010</u>	76.838	14	252	77.104
Increase/Purchases	11.395		11.143	22.538
Reductions/Disposals	6.678		11.395	18.073
Valuation adjustment				
<u>Balance as at 31/12/2010</u>	81.555	14	0	81.569
<u>Balance as at 31/12/2009-</u> <u>01/01/2010</u>	32.997	0	0	32.997
Depreciation	13.339			13.339
Reduction/Disposals	5.357			5.357
Valuation adjustment				
Increase/Purchases				
<u>Balance as at 31/12/2010</u>	40.980	<u>0</u>	<u>0</u>	<u>40.980</u>
Net present value as at 31/12/2009	43.840	<u>14</u>	<u>0</u>	<u>43.854</u>
Net present value as at 31/12/2010	40.575	<u>14</u>	<u>0</u>	<u>40.589</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

On the day 31 December 2010 the fixed assets is shown at purchase value, i.e. historical costs, of 81.569 TRSD, with accumulated depreciation of 40.980 TRSD and the net value of 40.589 TRSD.

The purchase value of the office equipment increased for 11.395 TRSD on the basis of the activation of the investments. The purchase value of the office equipment decreased for 6.678 TRSD on the basis of the sold equipment.

Depreciation of the equipment increased for the amount of 13.339 TRSD resulted from the depreciation account, and decreased for 5.357 TRSD on the basis of the sold equipment.

Other office equipment amount 14 TRSD and include work of arts.

In 2010, total depreciation and amortization costs amounted to 13.751 TRSD, out of which office equipment depreciation was 13.339 TRSD and intangible assets amortization was 412 TRSD. This amount is recognized as costs in the income statement for the 2010.

Investments in shares amount 141.880 TRSD and involve shares in affiliated company Sarantis S.A. Skopje Macedonia, which is registred in the Center registrar of shares of Republic of Macedonia.

12. INVENTORIES

As at 31 December 2010 the Company the structure of the inventories were as follows:

Inventories	31/12/2010 RSD '000	31/12/2009 RSD '000
Stocks	69.606	76.660
Advance payments to suppliers	541	83.506
Total:	70.147	160.166

In the structure of the inventories, major amount relates to the goods acquired from the founder company, Sarantis SA, Greece.

Goods	31/12/2010 RSD '000	31/12/2009 RSD '000
Wholesale goods	50.414	67.845
Stocks hold by third parties	15.866	5.662
Job processing merchandise	3.326	3.192

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

Goods	31/12/2010 RSD '000	31/12/2009 RSD '000
Total:	69.606	76.660

In total amount of merchandise 72.43% related to the wholesale goods. Stocks held by third parties amount 15.866 TRSD related to Sarantis goods given to commission sale.

All stocks are physically verified at the year-end, 31 December 2010, according to the written stocktaking instructions. Within our audit procedure we attended the company's annual stocktaking.

Advance payments to supplier amount to 541 TRSD.

13. SHORT TERM RECEIVABLES

The receivables of the Company as at 31 December 2010 were structured as follows:

Short term receivables	31/12/2010 RSD '000	31/12/2009 RSD '000
Trade receivables - domestic market	417.902	429.390
Trade receivables - foreign market	38.242	31.856
Less: bad debt allowance trade receivables - foreign market	(2.851)	(3.816)
Trade receivables - export (wholesale)	1.859	1.859
Less: bad debt allowance trade receivables - export (wholesale)	(1.859)	(1.859)
Trade receivables – commission	11.849	9.575
Other short term receivables	5.345	842
Net receivables:	470.487	467.847

Changes in bad debt allowance are the following:

Bad debt allowance	31/12/2010 RSD '000	31/12/2009 RSD '000
Bad debt allowance as at 1 January, 2010	3.816	3.357

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

Bad debt allowance	31/12/2010 RSD '000	31/12/2009 RSD '000
Increase	2.851	471
Decrease (collection of bad debt)	(3.816)	(12)
Bad debt allowance as at 31 December, 2010	2.851	3.816

14. SHORT TERMS FINANCIAL INVESTMENTS

Short terms financial investments amounts 316.687 TRSD and consists of the following:

Short terms financial investments	31/12/2010 RSD '000	31/12/2009 RSD '000
Bill of exchange	-	8.769
Domestic short-term loans	8.440	-
Local currency time deposits	150.000	-
Foreign currency time deposits	158.247	57.533
Total	316.687	66.302

15. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are stated in the amount of 79.358 TRSD and refer to the following cash items:

Cash and cash equivalents	31/12/2010 RSD '000	31/12/2009 RSD '000
Current account	56.303	52.002
Cashier's office	66	110
Foreign currency account	22.989	7.739
Total	79.358	59.851

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

Cash and cash equivalents	31/12/2010 RSD '000	31/12/2009 RSD '000

16. INCOME TAX AND ACCRUALS

Accruals amount to 1.672 TRSD and relate to the accrued expenses 73 TRSD and accrued VAT 509 TRSD, and other accruals in the amount of 1.090 TRSD.

17. DEFERRED TAXES

Deferred taxes amounted 1.850 TRSD and arise from the difference between the accounting and tax depreciation.

18. EQUITY AND RESERVES

Total equity of the company Sarantis Ltd Belgrade as of 31 December 2010 amounts to 976.465 TRSD. The equity structure is the following:

Equity	31/12/2010 RSD '000	31/12/2009 RSD '000
Shareholders equity	76.709	76.709
Reserves	6.334	6.334
Retained earnings	893.422	732.830
Total:	976.465	815.873

During the reporting period, there were no changes in shareholders equity in way of increase or decrease of the initial equity. GR Sarantis Cyprus limited, Nicosia, Cyprus is a 100,0% owner. This change is registered at the Serbian Business Register Agency on 22 June 2009 under the register number BD 97575/2009.

Position reserves amounts 6.334 TRSD and relate to statutory reserves formed in the previous years.

Total amount of the retained earnings as of 31 December 2010 is 893.422 TRSD.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

19. FINANCIAL LEASE LIABILITIES

Financial lease liabilities of the Company on balance date amount 1.474 TRSD, relate on the contract for financial leasing for vehicle and consists of the following items:

Financial Lease Liabilities	31/12/2010 RSD '000	31/12/2009 RSD '000
Other long-term liabilities – financial lease	-	1.993
Financial lease due up to one year	1.474	3.315
Total:	1.474	5.308

20. OPERATING LIABILITIES

Operating liabilities as of 31 December amount 121.291 TRSD. Structure of liabilities is as follows (in TRSD):

Operating liabilities	31/12/2010 RSD '000	31/12/2009 RSD '000
Suppliers - domestic market	11.689	39.472
Suppliers - foreign market, related entities	109.368	76.197
Advances received	234	224
Total:	121.291	115.893

21. INTER-GROUP TRANSACTIONS SALDO

Details of total yearly realization with the companies within the Sarantis group and the saldo on 31 December 2010 given in the table below (at RSD).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

<i>Description</i>	<i>Trade Receivables</i>	<i>Advance Payments</i>	<i>Trade Debts</i>	<i>Total</i>
<u>GR Sarantis SA Greece</u>				
In RSD				
Debit	0,00	173.476.688,89	249.985.294,72	423.461.983,61
Credit	-0,00	-173.283.191,53	-249.958.294,72	-423.241.486,25
Net	<u>0,00</u>	<u>193.496,36</u>	<u>0,00</u>	<u>193.496,36</u>
In EUR				
Debit	0,00	1.644.356,86	2.369.313,36	4.013.670,22
Credit	-0,00	-1.642.522,74	-2.369.313,36	-4.011.836,10
Net	<u>0,00</u>	<u>1.834,12</u>	<u>0,00</u>	<u>1.834,12</u>
Total Sarantis SA Greece	<u>0,00</u>	<u>1.834,12</u>	<u>0,00</u>	<u>1.834,12</u>
<u>Sarantis Ltd Bulgaria</u>				
In RSD				
Debit	5.211.611,08	0,00	186.583,06	5.398.194,14
Credit	-2.742.953,20	-0,00	-186.583,06	-2.929.536,26
Net	<u>2.468.657,88</u>	<u>0,00</u>	<u>0,00</u>	<u>2.468.657,88</u>
In EUR				
Debit	49.400,00	0,00	1.768,59	51.168,59
Credit	-26.000,00	-0,00	-1.768,59	27.768,59
Net	<u>23.400,00</u>	<u>0,00</u>	<u>0,00</u>	<u>23.400,00</u>
Total Sarantis Ltd Bulgaria	<u>23.400,00</u>	<u>0,00</u>	<u>0,00</u>	<u>23.400,00</u>
<u>Sarantis SA Romania</u>				
In RSD				
Debit	2.042.455,15	0,00	986.768,97	3.029.224,12
Credit	-1.021.222,58	-0,00	-1.541.368,79	-2.562.591,37
Net	<u>1.021.022,58</u>	<u>0,00</u>	<u>-554.599,82</u>	<u>466.422,76</u>
In EUR				
Debit	19.360,00	0,00	9.353,42	28.713,42
Credit	-9.680,00	-0,00	-14.610,38	-24.290,38
Net	<u>9.680,00</u>	<u>0,00</u>	<u>-5.256,96</u>	<u>4.423,04</u>
Total Sarantis SA Romania	<u>9.680,00</u>	<u>0,00</u>	<u>-5.256,96</u>	<u>4.423,04</u>
<u>Sarantis doo Skopje</u>				
In RSD				
Debit	51.454.373,34	0,00	0,00	51.454.373,34
Credit	-50.790.530,14	-0,00	-0,00	-50.790.530,14
Net	<u>663.843,20</u>	<u>0,00</u>	<u>0,00</u>	<u>663.843,20</u>
In EUR				
Debit	487.727,50	0,00	0,00	487.727,50
Credit	-481.435,04	-0,00	-0,00	-481.435,04
Net	<u>6.292,46</u>	<u>0,00</u>	<u>0,00</u>	<u>6.292,46</u>
Total Sarantis doo Skopje	<u>6.292,46</u>	<u>0,00</u>	<u>0,00</u>	<u>6.292,46</u>
<u>Sarantis Kft Hungary</u>				
In RSD				
Debit	0,00	0,00	429.335,47	429.335,47
Credit	-0,00	-0,00	-429.335,47	-429.335,47
Net	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>	<u>0,00</u>
In EUR				
Debit	0,00	0,00	4.069,60	4.069,60

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2010

<i>Description</i>	<i>Trade Receivables</i>	<i>Advance Payments</i>	<i>Trade Debts</i>	<i>Total</i>
Credit	-0,00	-0,00	-4.069,60	-4.069,60
Net	0,00	0,00	0,00	0,00
<u>Total Sarantis</u>				
Kft Hungary	0,00	0,00	0,00	0,00
		<u>Sarantis SA Polska</u>		
In RSD				
Debit	0,00	0,00	78.483.624,07	78.483.624,07
Credit	-0,00	-0,00	-110.183.639,86	-110.183.639,86
Net	0,00	0,00	-31.700.015,79	-31.700.015,79
In EUR				
Debit	0,00	0,00	743.933,30	743.933,30
Credit	-0,00	-0,00	-1.044.412,51	-1.044.412,51
Net	0,00	0,00	-300.479,21	-300.479,21
<u>Total Sarantis</u>				
SA Polska	0,00	0,00	-300.479,21	-300.479,21
Total Sarantis				
SA In RSD	4.153.726,66	193.496,36	-32.254.615,61	-27.907.595,59
Total Sarantis				
SA				
In EUR	39.372,46	1.834,12	-305.736,17	-264.529,59

22. VAT PAYABLES AND OTHER PUBLIC INCOME

VAT payables and other public liabilities relate to the following:

VAT payables and other public income	31/12/2010 RSD '000	31/12/2008 RSD '000
VAT payables and other public income	13.279	8.675
Accruals	12.022	4.242
Income tax liabilities	0	2.189
Total	25.301	15.106