



“PEOPLE WHO KNOW,
KNOW BDO”

WITH YOU SINCE 1992





LETTER FROM THE CHAIRMAN



Mr. Dragan Popovic

Twenty Five Years of BDO Growth and Development - Twenty Five Years of Building Trust in Financial Markets

Bearing in mind everything that has happened in our country over the past 25 years, it sounds truly impressive that:

- BDO today—established 25 years ago with only four employees—has grown 40 times in terms of its personnel size;
- BDO has rendered a wide array of services including business advisory, audit of financial statements, tax advisory, accounting & outsourcing as well as IT audit for more than 2,000 clients locally and internationally coming from a variety of industry sectors;
- Most of BDO projects are still ongoing and result-generating;
- A large portion of corporate clients cooperate with BDO on a long-standing basis;
- Over 100 of BAs in economics, following their professional service and training at BDO, now hold top management positions in Serbia;
- BDO has expanded its regional presence by opening offices in the Republic of Srpska, Montenegro, and Macedonia;
- BDO is recognized as a respectable member firm of BDO International operating in 158 countries worldwide.



BDO SERBIA



25

YEARS IN THE MARKET

Established in 1992 as BC Excel, and in 1997 became part of Arthur Andersen network.

We presently have more than 110 employees with revenue in excess of USD 4 million.

We acquire most of the projects through our proactive approach. With a large number of clients, we cooperate on a long-standing basis.

Our strongest recommendation is a successful project outcome and a satisfied client.

2,000

CLIENTS

Each client is equally important to us. We never treat our clients as large and small, or more and less important.

Our clients are guaranteed the top team of experts and the approach fully tailored to their specific requirements.

5

SERVICE LINES

- AUDIT
- BUSINESS ADVISORY
- BUSINESS SERVICE & OUTSOURCING
- TAX ADVISORY
- IS AUDIT / IT CONSULTING

1992

Incorporation of BC Excel, a business advisory firm

1997

Launch of audit services

2004

Membership at BDO International

2011

Establishment of offices in Montenegro, Macedonia, and the Republic of Srpska



LETTER FROM THE MANAGING PARTNER



Mr. Milovan Popovic

BDO Serbia development started in 1992 with the inception of BC Excel, a company which for years successfully dealt with company valuations, ownership and organizational transformation of companies, strategic business plans, feasibility studies, improvement of finance and accounting departments, as well as other management consulting services. In 1997, our company became an integral part of what had been the largest audit company in the world, Arthur Andersen, expanding its service line with audit and audit-related services. Since 2004, we have been a member firm of BDO International, one of the world leading audit and consulting networks.

One of the core principles of BDO network, which sets us apart from similar companies and networks in the market, is our client proximity and our insistence on understanding each client's unique requirements. Our client approach is guided by highest professional standards and is tailored to specific requirements of each of the customers. By utilizing our expertise and experience, in-depth knowledge of business environment in Serbia, as well as experience and support of BDO International, we have developed a profound understanding of factors driving our clients' performance. In rendering our services and creating business solutions, we take the perspective of our clients, monitor their operations on a regular basis, and make every endeavor to act as genuine consultants and partners.

WHY BDO?



A foundation upon which BDO culture has been built is a set of defined values reflecting the way we work, our relationships, as well as ourselves. These values represent an embodiment of standards which are guiding us and can be expected in our client relations.

We at BDO believe in:

Integrity and Honesty

Integrity and honesty include openness and rational thinking, as well as trust and sincerity across our business relationships.

Taking Personal Responsibility

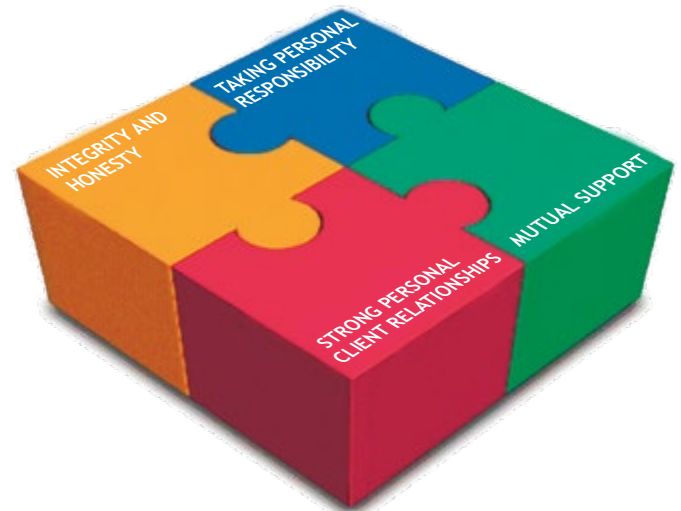
We treat each other as equals and recognize the capabilities of every individual.

Strong Personal Client Relationships

Our relationship with clients is more than an ordinary business relationship: our aim is to understand people, not only their business, and to develop lasting connections based on mutual respect and trust.

Mutual Support

We treat our clients with respect and have high ethical principles with regards to information exchange and mutual consultations.





AUDIT

Energoprojekt, a local engineering, consulting, and construction company, operating in the Republic of Serbia and multiple countries on four continents, prepared a tender for the selection of an independent auditor.

Bearing in mind the nature of the company's operations, as well as the fact that a large portion of revenues is generated in foreign markets, it is mandatory for management to engage an audit company that is a member of an international network, and is in the position to perform the audit of internationally dislocated company units in an optimal manner. Another requirement from the audit company was its strong reputation given that investors in Energoprojekt projects include state institutions in countries of company's operations or renowned private investors.

At the same time, an important criterion for the auditor selection is its organizational capacity to analyze operational and financial risks facing the company, while acting in line with laws, regulations, and business environment in the Republic of Serbia.

In that respect, the audit was focused on the consistent implementation of regulations in the fields of foreign currency operations, foreign trade, and taxation, whereas, on the other hand, particular attention was paid to issues pertaining to consolidation, financial instruments as well as the accounting treatment of foreign currency fluctuations.

A BDO engagement proposal was ranked highest in the tender procedure, and, in the course of its work, BDO demonstrated:

- The ability to render services that are tailor-made to Client's needs;
- Readiness to provide commitment of seasoned professionals;
- A close contact of BDO partners and managers with the company's top management; and
- A responsible approach in respecting project due dates.



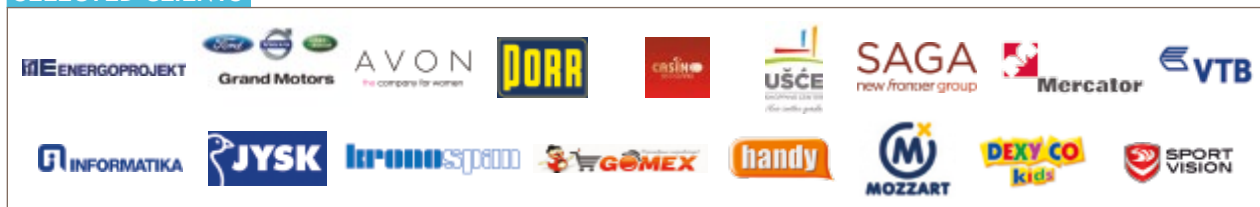
AUDIT

20
YEARS
IN AUDIT
MARKET

The Audit Sector at BDO has more than 60 professionals including 13 certified licensed auditors. In addition to being authorized by the National Bank of Serbia to perform external bank audit, BDO Audit is listed by the World Bank and EBRD as the auditor of their sponsored projects in Serbia.

BDO Audit boasts infrastructure and expertise to provide local and international clients with top quality services as well as the possibility of utilizing technology, methodology, data bases, and know-how of BDO International with the aim of providing diverse services to our clients. Audit services rendered by BDO are tailored to each individual client reflecting specific operational, legal, and financial risks it is faced with. One of the key principles of BDO International, that makes us distinct from market competitors, includes our availability and insisting on understanding specific issues of each of our clients. We regularly request feedback from the clients with the aim to upgrade our performance, while continuously working on improving our services to grow into a market leader in terms of the quality of services and professional treatment of clients.

SELECTED CLIENTS



PRINCIPAL SERVICES

- 1) Audit of statutory financial statements, IFRS financial statements, and consolidation packages;
- 2) Review and compilation of financial statements;
- 3) Financial due diligence reports;
- 4) Expenditure verification;
- 5) Donor & project reports audit;
- 6) Agreed-upon procedures;
- 7) Internal audit, internal controls review, and forensics;
- 8) Trainings in IFRS;
- 9) Litigation support; and
- 10) Consultancy in IFRS implementation and compilation of financial statements and business reports.

BDO

BDO d.o.o. Beograd

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BDO d.o.o. Beograd, a limited liability company incorporated in the Republic of Serbia, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.



Kompanija Robne kuce Beograd a.d. used to be the largest department store chain in former Yugoslavia and one of the leading companies in this industry sector in Eastern Europe for decades. As a result of the economic crisis and collapse of large-size retail outlets in the country, Robne kuce ceased their core operations in the 1990s. Due to their protracted insolvency, the company finally went bankrupt in 2002.

Being among the premier local valuation firms, BDO (known under the BC Excel name at the time), was retained on multiple occasions between 2004 and 2006 to perform the valuations of an indicative fair value of the company and its assets. The valuation of the company—being a large and complex entity with 32 department stores, distribution center and business center, and nearly 240,000m² of office and retail space—required strong commitment of an interdisciplinary valuation team composed of financial, civil engineering, and technical experts. The valuations were performed based on an international methodology (the Discounted Cash Flow Method, the Comparable Transactions Method, and the Liquidation Value Method).

In another segment of its mandate, BDO acted as a transaction advisor to the Privatization Agency of the Republic of Serbia in the public auction privatization process. BDO's key recommendation included the sale of the company's assets based on strong interest of prospective investors as well as on attractiveness of their retail outlets positioned in prime locations in major cities across the country.

The public auction, held in October 2007, turned out to be one of the most successful sales in Serbia's privatization process in spite of the unfavorable legal status of Robne kuce. Initially, as much as 39 investors were interested in purchasing the company, and for each of them, data rooms were prepared so as to perform the due diligence analysis of Robne kuce. The auction gathered 10 strategic investors and private equities from several countries, while the final auction price reached EUR 360 million or 2.6 times its starting value.



BUSINESS ADVISORY



BDO Business Advisory, with its team of seasoned experts specialized in financial and management consulting, guarantees local and international clients professional services of the highest quality. Aside from the core expertise, including M&A advisory, valuations, restructuring, and business analyses, clients are provided with a number of innovative services such as working capital management and controlling.

Since its inception, the Business Advisory Sector has finalized M&A deals and other projects in the combined value of over USD 5 billion.

PRINCIPAL SERVICES

- 1) **Mergers & acquisitions (M&A)** - sell-side and buy-side advisory in equity and assets sales and purchases, privatizations, mergers by acquisitions, and separations by formation of new entities;
- 2) **Valuations** - equity and assets valuations; impairment tests; transaction prices allocations;
- 3) **Restructuring** - pre-packaged reorganization plans; financial & operational restructuring; financial consolidation plans;
- 4) **Business analyses** - business plans; feasibility studies; market research; industry analyses; and
- 5) **Other services** - working capital management; controlling; corporate governance; public-private partnerships.

SELECTED CLIENTS



USD 5 billion

TOTAL VALUE OF CLOSED DEALS



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BUSINESS SERVICE & OUTSOURCING



GEOX, a multinational Italian Group, a well-known shoe and apparel manufacturer, which uses innovative and technological solutions that can guarantee the ability to breathe and remain waterproof at the same time, and the owner of the brand present in a significant part of the global market, founded in the course of the year 2012 a limited liability company in Serbia. The intention of this globally prominent company was to also start production in Serbia through the construction of a factory.

Since the representatives of this company responsible for finances, controlling and accounting have faced for the first time with doing business in Serbia, they engaged BDO for the assistance in the field of accounting services.

An initial engagement was related to consulting services in the domain of application of local regulations, as well as general operating conditions in terms of regulations related to economy, accounting, foreign currency exchange and finances. Afterwards, the complete keeping of records, preparation of tax returns, as well as financial statements for the Serbian company was entrusted to BDO. Also, the preparation of monthly reports for consolidated balance sheet at the level of the Group was a part of the engagement. So, the external accounting service during the first year encompassed all the tasks in relation to finances and accounting. The company was at its beginnings, but during the first 6 months of its existence has achieved rapid growth. The construction of the factory and footwear production and export began at the same time.

A successful submission of financial statements and tax balance, several tax controls of VAT, which have passed without problems as well as trustful cooperation where the Client has been confident that every risk from the aspect of accounting and taxes will be identified, has resulted in the continuation of delivery of the services also after establishing of the internal accounting sector by the Client, through BDO's supervision of the performed work. A provision of monitoring and supervision services is performed on-line. VPN connection is provided, by which one can enter into the Client's electronic business records.

Before we moved to the other type of cooperation, i.e. monitoring and supervision, the Client had worked on the localization of accounting software used by the whole group. The Accounting Department of BDO had actively participated and helped significantly to adjust software to the requirements of locally applicable legislation.

This sort of cooperation has proven to be very satisfactory, since the time of engagement has been rationalized for both parties, which has increased efficiency and decreased expenses of the Client in the local implementation of all the requirements that have been set on the level of the group.



BUSINESS SERVICE & OUTSOURCING



BDO Business Service & Outsourcing Sector renders a full range of services for monitoring companies' business activity and performance. We are highly flexible in tailoring our services to specific requirements of our clients that arise from their operations. Our ultimate goal is to make the clients feel safe in terms of fulfilling their obligations required by local legislation, business founders, and group companies.

Our vast experience, as well as top-notch expertise, is what makes us a trustful business partner for companies that come from a variety of industry sectors.

PRINCIPAL SERVICES

- 1) Bookkeeping services;
- 2) Reporting & control;
- 3) Treasury services;
- 4) Statutory compliance services;
- 5) Tax compliance services;
- 6) Office administration;
- 7) Payroll & related services; and
- 8) Local regulations application advisory.

SELECTED CLIENTS



**PAYROLL WORLD
AWARDS WINNER 2016**



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Duferco is a globally recognized brand in the sector of steel industry and steel products trade. In 2012, Duferco established the company in Serbia, in order to develop its business relating to scrap trading in a new market.

To monitor the implementation of business activities on the territory of the Republic of Serbia, Duferco engaged BDO as a business partner starting with the establishment of the company in Serbia - Duferco S Recycling. In this manner, BDO was included in the business activities and development of this company from its establishment and has provided continuous tax support to the Company ever since.

Awareness of the environmental protection and the manner of treatment of waste materials is becoming more globally present. Recycling represents one of the youngest industrial sectors in Serbia. This industry is one of the few that, according to the official data, succeeded in recording the growth at the time of the global economic crisis. This area is very specific due to the lack of tax practice, therefore, the support by BDO tax team was very important for Duferco.

Business operations and policy of Duferco S Recycling are based on the relationship with major international companies and are based on activities of collection, pressing and purchase and sale of waste materials in Kragujevac.

Duferco recognized BDO as a reliable partner for long-term cooperation. In addition to services of providing continuous support in the interpretation of tax regulations that change frequently, BDO performs representation of the Client before the Tax Administration and the Ministry of Finance, and it is also entrusted with the preparation of the transfer pricing study. The consolidated relationship indicates the successful cooperation to their mutual benefit.



TAX ADVISORY



The tax system of the Republic of Serbia is highly complex, while business regulations often tend to be vague and subject to frequent changes. There is a large number of tax laws, decrees, rulebooks, and several thousands of official legal opinions in the area of tax legislation. It is almost impossible to keep track and be aware of all the relevant laws and by-laws in addition to current business activities, especially since they provide for misdemeanor and criminal responsibility.

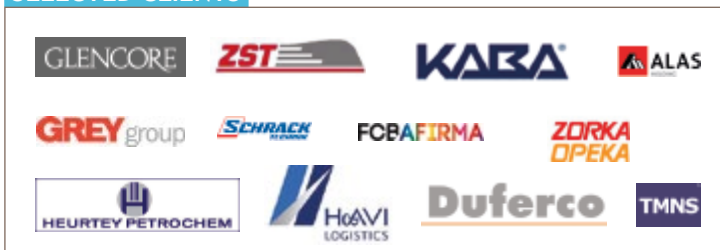
In response, BDO Tax Advisory Sector exercises continuous professional training, with our staff monitoring every single change of the tax regulatory framework and, owing to their extensive experience, being acquainted with specific business environment of each industry sector. We strive to contribute to legally secure operations of our clients, in the manner that each of them feels comfortable when it comes to fulfilling their tax obligations arising from local legislation.



PRINCIPAL SERVICES

- 1) Transfer pricing studies;
- 2) VAT and excise duties advisory;
- 3) Corporate Income Tax advisory;
- 4) Personal Income Tax advisory;
- 5) Property Tax advisory;
- 6) Expat administration;
- 7) Double taxation treaties and social conventions advisory;
- 8) Advisory and support in the application of local regulations (Company Law, Labor Law, Mandatory Social Contributions Law etc.); and
- 9) Tax planning and tax administration.

SELECTED CLIENTS



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Public Enterprise Elektromreza Srbije (EMS) deals with electricity transmission, management and development of the transmission system connected to power systems in other countries as well as with providing for Serbia's electricity market activity and development, along with its integration in the regional and European power markets.

EMS operates a specific information system made up of highly specialized subsystems for electricity transmission control that are further connected to systems for capacity allocation and periodical auctions, remote meter reading, and management of dispatchers and ERP as a system aimed at supporting the entire operations. EMS information system audit included the following objectives:

- Analysis and identification of potential risks;
- Indicating possible shortcomings; and
- Formulating appropriate recommendations.

The audit consisted of information system process organization, system and application solutions management as well as the information system security management process. The audit was performed based on the COBIT methodology.

Our engagement resulted in the detailed report on requested COBIT processes and information system sections. We also made a categorization of identified risks and prepared recommendations, along with the timeline for their elimination. The report was presented to the company's top management which was followed by a future action plan in line with audit findings.



IS AUDIT / IT CONSULTING



The IS Audit and IT Consulting Department at BDO, with its three CISA (Certified Information System Auditor) experts as well as one CISM (Certified Information Security Manager) and one MCSA (Microsoft Certified Solutions Associate) expert, hand in hand with its clients, deals with identification and elimination of drawbacks in organization, functioning and management of information systems as well as with resource optimization aimed at attaining business objectives. Our engagement is based on the BDO methodology, international COBIT methodology, and ISO 27001 standard, with support of CAAT tools for the analysis of business transactions and client data.

PRINCIPAL SERVICES

- 1) **IS audit** - a comprehensive process information system analysis and its compliance with the operations as well as the analysis of organization and management, security, and business continuation;
- 2) **Information security** - assistance to clients in risk identification and current IS controls assessment;
- 3) **Internal IT audit** - performed in companies lacking know-how and experts in this area;
- 4) **Data analysis** - application of specialized tools aimed at data integrity check outs and generating more quality information out of current data; and
- 5) **Business continuation** - assistance with preparation of business impact assessments (BIA) and business continuation plans.

100+ AUDITS OF INFORMATION SYSTEMS



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SELECTED CLIENTS



BDO IN THE REGION



BDO SERBIA REGIONAL PRESENCE

BDO Serbia also has its offices in Montenegro, Macedonia, and the Republic of Srpska, which, through an integrated business system, offer our clients a variety of services from the global BDO network spectrum.

2,500

TOTAL NUMBER OF BDO
CLIENTS IN THE REGION

USD 5
million+

CUMULATIVE ANNUAL FEE
INCOME OF BDO IN THE
REGION

150+

OVERALL BDO STAFF
IN THE REGION

BDO IN MONTENEGRO

BDO Podgorica was established in March 2011. Its service offer comprises:

- 1) Audit,
- 2) Business advisory,
- 3) Accounting services,
- 4) Outsourcing, and
- 5) Business support to foreign investors.

With ten staff and dozens of clients served since its inception, BDO Podgorica ranks among the fastest growing audit and consulting firms in the market over the past five years. The firm's principal clients include state institutions and state-owned companies, as well as numerous private sector companies.

Contact person:

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SELECTED BDO CLIENTS IN MONTENEGRO



BDO IN MACEDONIA

BDO Skopje has been in the business in the Macedonian market for as much as 17 years, since its incorporation in 1999, and it has been part of the international BDO network since 2011.

Key services include, primarily, audit and audit-related services (audit and review of financial statements, agreed-upon procedures, audit of projected financial statements, testing of internal organizational and accounting control procedures and operations), as well as accounting & administration services. In the business advisory area, BDO Skopje specializes in valuations, mergers & acquisitions, due diligence, business plans, investment projects and investment feasibility studies, and tax advisory.

Being one of the premier audit and consulting firms in Macedonia, BDO Skopje boasts a reference portfolio of more than 300 clients. It currently employs 28 professionals, with plans to significantly grow its personnel in response to an expected increase in firm's engagements.

Contact person:

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SELECTED BDO CLIENTS IN MACEDONIA



BDO IN THE REPUBLIC OF SRPSKA

BDO Banja Luka has been part of the global BDO network since 2011, and, in cooperation with expert teams of BDO Serbia, it is able to offer a variety of audit and business advisory services. Its client portfolio includes some of the largest private and state-owned companies in the Republic of Srpska.

Contact person:

Milovan Popovic: milovan.popovic@bdo.co.rs

SELECTED BDO CLIENTS IN THE REPUBLIC OF SRPSKA





Partners and directors at BDO Serbia

Standing:

Dragoljub Milojevic, Head of IT Department
Bojan Despotovic, former Head of BDO Podgorica
Uros Camilovic, Partner and Head of Business Advisory Services
Milovan Popovic, Managing Partner
Dragan Popovic, Chairman
Igor Radmanovic, Audit & Assurance Partner
Dusan Babac, Head of Corporate Communications

Sitting:

Danijela Krtinic, Audit & Assurance Partner
Branka Markovic, Tax & Outsourcing Partner
Borislava Latkovic, Head of Administration
Ksenija Ristic Kostic, Partner and Head of Audit & Assurance

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BDO is the brand name for the BDO network and for each of the BDO Member Firms.