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INDEPENDENT AUDITOR'S REPORT
State Electricity Regulatory Commission (SERC) Tuzla

1. We have audited the accompanying financial statements of State Electricity Regulatory Commission (SERC), Tuzla ("hereinafter SERC"), which comprise the balance sheet as at December 31, 2015, and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

3. 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 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 Company'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 Company'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.

Opinion

5. In our opinion, the financial statements present fairly, in all material respects, the financial position of the SERC as of December 31, 2015, and the results of its operations and its statement of changes in long term funds and its cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS").

REVIK d.o.o. Sarajevo

Milan Novokmet

Milan Novokmet, director / certified auditor

Edin Udovčić

Edin Udovčić, partner / certified auditor



Sarajevo, 17 March 2016

State Electricity Regulatory Commission (SERC) Tuzla
(In KM)

INCOME STATEMENT

For the period ended 31 December 2015

	<u>Napomena</u>	<u>2015.</u>	<u>2014</u>
REVENUES			
Income from fees	2	2,025,731	2,169,612
Other income	3	3,760	15,889
Total Revenues		2,029,491	2,185,501
EXPENDITURES			
Material and energy	4	44,918	48,731
Services	5	320,734	349,576
Salaries and other compensations	6	1,374,202	1,391,693
Depreciation	10 and 11	55,211	55,648
Business travelling	7	99,871	89,276
Humanitarian expenditures	8	11,258	106,718
Other expenditures	9	56,586	31,269
Total Expenditures		1,962,780	2,072,911
Surplus of revenues		66,711	112,590

The accompanying notes are an integral part of these financial statements

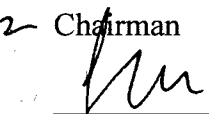
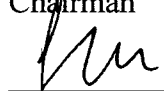
State Electricity Regulatory Commission (SERC) Tuzla
(In KM)

BALANCE SHEET

As at 31 December 2015

	<u>Napomena</u>	<u>2015</u>	<u>2014</u>
ASSETS			
Tangible assets	10	176,774	195,749
Intangible assets	11	616	1,492
Cash at bank and in hand	12	911,579	798,748
Customers and other receivables	13	20,300	34,313
Short term active accruals	14	9,044	12,844
Total Assets		1,118,313	1,043,146
LONG TERM FUNDS AND LIABILITIES			
Non-allocated surplus of revenues		966,440	899,729
Suppliers	15	22,458	15,450
Other liabilities	16	125,689	127,746
Short term passive accruals – accrued expenses	17	3,726	221
Total Long Term Funds and Liabilities		1,118,313	1,043,146

The financial statements were approved by the SERC, Tuzla on 25 February 2016


Chairman

Milorad Tuševljak

The accompanying notes are an integral part of these financial statements