



**НИС а.д. Нови Сад / NIS j.s.c. Novi Sad**  
**Народног фронта 12 / Narodnog fronta 12**  
**ОДБОР ДИРЕКТОРА/ BOARD OF DIRECTORS**  
**Број (№):85/XIV-2а**  
**Датум (Date): 14.05.2013**

## **Report of the NIS j.s.c. Board of Directors for 2012**

Pursuant to Article 399, of the Companies Law, and for the purpose of reporting to the shareholders in the shareholders' regular annual session, The Board of Directors is hereby submitting the report on the following issues from the field of its competencies and responsibilities:

1. Accounting practices and financial reporting practices in NIS j.s.c. Novi Sad and in NIS j.s.c. Novi Sad subsidiaries (hereinafter as "the Company");
2. Compliance of Company's business operations with the law and other regulations;
3. Eligibility and independence of Company's auditors in respect of the Company;
4. Contracts concluded between the Company and directors, as well as with their related parties.

### **1. Accounting practice and financial reporting practice**

Company's established accounting policies and financial statements for 2012 were harmonized with the Accounting and Auditing Law of the Republic of Serbia, which requires the financial reports to be prepared according to International Financial Reporting Standards, as well as according to the regulations issued by the Ministry of Finance of the Republic of Serbia.

Prepared accounting policies were disclosed in the notes to the financial statements for 2012. As of 13 February 2013 independent auditor expressed unqualified opinion on separate and as of 25 February 2013 on the Company's consolidated financial statements.

In the session held on 20 March 2013, the Board of Directors examined and approved Company's separate and consolidated financial statements for 2012.

### **2. Compliance of the Company's business operations with the law and other regulations**

Board of Directors regularly monitored the Company's business operations, examining the contracts, statements and other documents relating to the business operations. Board of Directors did not identify cases of Company's non-compliance with the laws and other regulations.

### **3. Eligibility and independence of Company's auditor in respect of the Company**

The Company engaged the audit firm - PricewaterhouseCoopers d.o.o. Beograd, to carry out the audit of Company's Financial Statements for 2012.

The auditor has all the necessary professional qualifications and the permit to carry out this activity, as well as good reputation on the local market, with a large number of clients.

The engaged auditor is independent in respect of the Company. The audit firm does not hold stocks in the Company, and the Company has no share in the audit firm's capital. The independent auditor rendered neither the services of maintaining business records and accountancy, nor the services of assessing the value of assets and capital, which, according to the Accounting and Auditing Law cannot be carried out by the auditor in a company where he carries out the audit. Independent auditor rendered advisory services to the Company which, according to the Code of Ethics for Professional Accountants do not represent a threat to independent auditor.

#### **4. Contracts concluded between the Company and directors as well as with their related parties**

Board of Directors examined all the contracts between the Company and the directors, as well as with their related parties. The most significant business operations containing personal interest refer to the purchase and sale of oil. All operations containing personal interest were approved by the Board of Directors.

Chairman of the Board of Directors

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Vadim Yakovlev  
(signature and seal)

To be delivered to:

1. Shareholders
2. Chairman of the Board and Directors of NIS j.s.c. Novi Sad
3. Company Secretary
4. Archive