



## **TWINS CONSULTING – SKOPJE**

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**To**  
**The Management of**  
**Sarantis-Skopje Doo Skopje**  
**SKOPJE**

### **AUDITOR'S REPORT**

We have audited the accompanying financial statements of the Sarantis-Skopje Doo Skopje, Skopje which comprise the Balance Sheet as of 31 December 2008, and the Statement of Revenues and Expenses, Cash Flow Statement and Statement of Changes in Funds for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### *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. 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*

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 judgement, 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.

*Auditor's opinion*

In our opinion, the financial statements of the Sarantis-Skopje Doo Skopje, give a true and fair view of the financial position of the Organization as of 31 December 2008, and its financial results, its cash flows and changes in funds for the year then ended, in accordance with the Organization Accounting Law and the General Accepted Accounting Principles for financial reporting in the country.

Skopje, 14.04.2009

Suzana Filipovska,  
Economist  
Certified Auditor

Filip Filipovski  
Economist  
Manager

*f. Filipovski*



**BALANCE SHEET**  
As of 31 December

		(In MKD)	
	Note	2007	2.008
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	32.601.569	43.197.584
Other receivables	5	18.609.958	26.773.563
Goods		5.664.877	13.256.248
<b>Total current assets</b>		<b>56.876.403</b>	<b>83.227.395</b>
<b>NON-CURRENT ASSETS</b>			
Property, plants and equipment	6	18.335.636	17.804.435
Depreciation		-	-13.357.149
		14.635.312	
<b>Total non-current assets</b>		<b>3.700.324</b>	<b>4.447.286</b>
<b>TOTAL ASSETS</b>		<b>60.576.727</b>	<b>87.674.681</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>CURRENT LIABILITIES</b>			
Liabilities for suppliers-in country	7	3.574.347	5.713.420
Liabilities for suppliers-in abroad		5.027.196	11.100.550
Liabilities for taxes		1.412.626	1.169.708
<b>Total current liabilities</b>		<b>10.014.169</b>	<b>17.983.678</b>
<b>CAPITAL AND RESERVES</b>			
Written capital	8	30.776.915	30.776.915
Revaluation and others reserves		3.725.496	6.594.763
Accumulated profit Account		10.797.305	16.060.147
Profit for fiscal year		5.262.842	16.259.178
<b>TOTAL CAPITAL AND RESERVES</b>		<b>50.562.558</b>	<b>69.691.003</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>		<b>60.576.727</b>	<b>87.674.681</b>

Notes to the financial statements on pages 7 - 14 are part of the financial statements



**STATEMENT OF REVENUES AND EXPENSES**  
**For 2008**

(In MKD)

	Note	2007	2008
Incomes from basic activities	9	104.951.46	121.819.52
		2	1
Revenues from other sources	10	122.881	214.644
Operating expenses	12	-	-
		95.270.553	100.944.54
			6
<b>OPERATING INCOME</b>		<b>9.803.790</b>	<b>21.089.619</b>
<i>Other revenues:</i>			
Financial revenues	11	25.612	275.340
<b>Total other revenues</b>		<b>25.612</b>	<b>275.340</b>
<b>Profit before any taxes</b>	<b>13</b>	<b>9.829.402</b>	<b>21.364.959</b>
Income tax	14	-1.829.000	-2.236.514
<b>Net profit for fiscal year</b>		<b>8.000.402</b>	<b>19.128.445</b>

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**CASH-FLOW STATEMENT**  
For 2008

	(In MKD)	
	2007	2008
<b>Cash flow from operating activities</b>		
<i>Adjusted for:</i>		
Profit before any taxes	9.829.402	19.128.445
13		
Depreciation	2.352.460	2.009.138
<i>Increases (decreases) in current assets</i>		
Other receivables	10.168.194	2.779.122
<i>Increases (decreases) in current liabilities</i>		
Liabilities for suppliers	-2.785.810	-7.969.502
<b>Net cash from operating activities</b>	<b>19.564.246</b>	<b>15.947.203</b>
<b>Cash flow from investing activities</b>		
Purchase (sale) of property, plant and equipment	-1.389.356	-5.431.188
<b>Net cash from investing activities</b>	<b>-1.389.356</b>	<b>-5.431.188</b>
<b>Net increase (decrease) in cash</b>	<b>18.174.890</b>	<b>10.516.015</b>
<b>Cash at the beginning of the year</b>	<b>14.426.679</b>	<b>32.601.569</b>
<b>Cash at the end of the year</b>	<b>32.601.569</b>	<b>43.117.584</b>

Notes to the financial statements on pages 7 - 14 are part of the financial statements



STATEMENT OF CHANGES IN CAPITAL  
For 2008

		(In MKD)
		<b>Total</b>
<b>Balance as of</b>	<b>01.01.2008</b>	<b>18.335.636</b>
Fixed assets purchased		5.431.188
<b>Balance as of 31.12.2008</b>		<b>23.766.824</b>

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## NOTES TO THE FINANCIAL STATEMENTS

### NOTE 1. ESTABLISHMENT AND ACTIVITY OF THE TRADE

Sarantis Skopje Doo Skopje is organization named as Trade Commercial SARANTIS-SKOPJE export-import DOO.

### NOTE 2. BASIS FOR PREPARATION AND PRESENTATION OF FINANCIAL STATEMENTS

The financial statements of SARANTIS SKOPJE Doo are conducted in accordance with the Accounting Law, and the accepted accounting principles, practice and accounting standards for a presentation of the balance sheet items, balances of the assets, liabilities, sources of the assets, revenues and expenses, and the operating results on true, fair, confidential, complete, punctual basis.

The amounts in the statements and the notes are stated in MKD, except when otherwise indicated in the text.

### NOTE 3. BASIC ACCOUNTING POLICIES

The basic accounting policies used for preparation of the financial statements are listed in the following text. The accounting polices of the Association are being adequately applied from year to year.

#### Cash and cash equivalents

Cash flow Statement requires presentation of the Organization's cash that comprises the cash on hand and the cash on bank account in the commercial banks.

Money at the cash account and at the bank accounts stated in domestic currency are presented in the general ledger at their nominal value, while the foreign exchange currency is stated according to the exchange rate of NBRM at the reporting date.

Cash-Flow Statement is prepared using the indirect method.

#### Tangible and intangible assets

Tangible and intangible assets (fixed assets) are stated at cost.

The cost of the fixed assets comprise the purchasing price increased for the import customs, VAT, manipulative expenses and all other expenses that can be added to the cost, i.e. to the purchasing expenses.

#### Depreciation

Tangible and intangible assets (fixed assets) are depreciated using the straight-line method, by using the official depreciation rates prescribed in the Nomenclature for depreciable assets, so their cost and revaluation are depreciated in equal annual amounts during the estimated



utilization period of the fixed assets.

The calculation of the depreciation is performed separately for each item, and not for groups of assets.

**Recognition of the revenues and expenses**

The recognition of the revenues and expenses for organizations is based upon the accounting principle for modified presentation of the operating transactions.

The accounting principle for modified presentation of the operating transactions means recognition of the revenues and the expenses during the period of their appearance according to the criteria of measurement and disposal. Revenues, i.e. expenses are measurable when they can be stated at value. Revenues, i.e. expenses are on disposal when they are realized, i.e. when they appear (when collected, i.e. paid) during the accounting period or within 30 days after this period, used for covering this period's liabilities, i.e. the payment liability arisen during this period.

**Amounts stated in foreign currency**

The transactions in foreign currency are stated in MKD according to the Official exchange rate of NBRM at the date of transaction.

Foreign exchange assets and liabilities of the balance sheet are stated in MKD according to the official exchange rates on the balance sheet date.

The Income Statement includes the net foreign exchange gains and losses that resulted from the conversion of the amounts in foreign currency in the period when they occur.

The average (closing) exchange rates of the denar related to the foreign exchange currencies (for one unit of foreign exchange currency) as of 31 December are as follows:

<b>Currency</b>	<b>2008</b>
EUR	61.412
USD	43.561
CHF	41.042

**NOTE 4. CASH AND CASH EQUIVALENTS**

	<b>(In MKD)</b>
	<b>2008</b>
Bank account	29.939.509
Cash	229.148
Foreign exchange account	12.948.927
<b>Total</b>	<b>43.117.584</b>





Cash and cash equivalents stated in the preview above are comprised of cash and the bank account. The Association has no limitations in the continual usage of the cash.

## NOTE 5. OTHER RECEIVABLES

(In MKD)

	2008
Receivables from the customers	24.512.859
Other receivables funds	55.532
<b>Total</b>	<b>24.568.391</b>

## NOTE 6. PROPERTY, PLANTS AND EQUIPMENT

(In MKD)

	Oprema
<i>Cost</i>	
Balance as of 31.12.2007	18.335.636
Additions for 2008	5.431.188
Correction for 2008	-6.699.514
<b>Balance as of 31.12.2008</b>	<b>17.067.310</b>
<i>Valuation allowance</i>	
<b>Balance as of 31.12.2007</b>	<b>14.635.312,00</b>
Depreciation for 2008	2.009.138,00
Correction for 2008	-4.024.426,00
<b>Balance as of 31.12.2008</b>	<b>12.620.024,00</b>
<b>Carrying value as of 31.12.2007</b>	<b>4.663.428,00</b>
<b>Carrying value as of 31.12.2008</b>	<b>4.447.286,00</b>

During 2008 the Association performed new additions at total amount of 5.431.188,00 MKD.



## NOTE 7. OTHER LIABILITIES

(In MKD)

	<b>2008</b>
Liabilities for suppliers	16.813.970
Taxes, benefits and others	1.169.708
<b>Total</b>	<b>17.983.678</b>

## NOTE 8. CAPITAL AND RESERVES

(In MKD)

	<b>2008</b>
Written capital	30.776.915
Revaluation reserves	6.594.763
Accumulated profit account	16.060.147
Profit for fiscal year	16.259.178
<b>Total</b>	<b>69.691.003</b>

The balance of the operating fund as of 31 December 2008 is stated in the Statement of changes in funds.

## NOTE 9. CURRENT SURPLUS OF REVENUES BASIC ACTIVITIES

(In MKD)

	<b>2008</b>
Commercial incomes	121.819.521
Income from surplus	126.4784
<b>Total</b>	<b>121.945.999</b>



The total revenues of the Sarantis Doo for 2008 are in amount of 121.945 thousandsdenars. The most amount of the total, are received from sale of goods in the national market (100.412 thousand denars), and a part of the export (21.402 thousand denars)

**NOTE 10. REVENUES FROM OTHER SOURCES**

	(In MKD)
<b>2008</b>	
Other revenues	202.942
Revenues from taxes and benefits	0
<b>Total</b>	<b>202.942</b>

**NOTE 11. FINANCIAL REVENUES**

	(In MKD)
<b>2008</b>	
Foreign exchange gains and interest incomes	88.166
<b>Total</b>	<b>88.166</b>



## NOTE 12. OPERATING EXPENSES

(In MKD)

	<b>2008</b>
Costs for sale	66.216.635
Materials	218.028
Energy, water, public taxes	1.380.613
Inventory	36.336
Transportations	709.346
Services for maintenance	783.881
Office Rental	2.997.159
Other services	3.815.589
Depreciation	1.721.893
Adjustment of the stocks	287.245
Expenses for employers (travel, food and other)	776.103
Advertising	9.237.537
Insurance	317.683
Personnel and other taxes	375.010
Bank fees and provisions	276.554
Other non- material expenses	43.918
Stock's deficits	197.438
Salaries and Contributions to employees	7.898.056
Foreign exchange gains	464.989
Extraordinary expenses (other expenses)	3.190.533
<b>Total</b>	<b>100.944.546</b>

The operating expenses in 2008 are at the amount of 100.944 of MKD. The most significant item in the operating expenses in 2008 is the rent, other services, depreciation, travel expenses, advertising and expenses for employers-(benefits and taxes)

The participation of the other items in the total sum of the operating expenses is insignificant.



## NOTE 13. PROFIT BEFORE TAXES

(In MKD)

		2008
Profit for current year before taxes	13	19.128.445
<b>Total</b>		<b>19.128.445</b>

## NOTE 14. INCOME TAX

(In thousands of MKD)

		2008
I. Profit before taxes	13	21.364.959
II. Net adjustments in the Tax Statement		1.000.184
III. Surplus of revenues over expenses before taxes		22.365.143
IV. Tax base deduction		
V. Tax base after deduction		22.365.143
VI. Income tax (V*10%)	14	<b>2.236.514</b>

Income tax is calculated on the basis of the surplus of revenues over expenses presented in the Tax Statement. Tax base is calculated through settlement of the surplus of revenues over expenses stated in the Statement of revenues and expenses for specific expenses, which are not accepted as deductible items in Tax Statement according to the Law of profit tax, as well as for specific revenues adjustments. The indicated adjustments are permanent tax differences and do not cause deferred tax assets and deferred tax liabilities.

The income tax rate is 10% of tax base.

