

## **TWINS CONSULTING FMS Dooel- 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 2009, 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.

## TWINS CONSULTING Dooel Skopje

### *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.

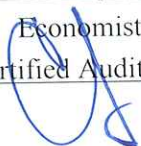
### *Auditor's opinion*

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 2009, 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, 16.03.2010

Suzana Filipovska,

Economist  
Certified Auditor



Filip Filipovski

Economist  
Manager



SARANTIS-SKOPJE DOO SKOPJE

**BALANCE SHEET**  
As of 31 December

		(In MKD)	
	Note	2008	2.009
<b>ASSETS</b>			
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	4	43.197.584	35.420.217
Other receivables	5	26.773.563	63.411.249
Goods		13.256.248	11.675.962
<b>Total current assets</b>		<b>83.227.395</b>	<b>110.507.428</b>
<b>NON-CURRENT ASSETS</b>			
Property, plants and equipment	6	17.804.435	18.916.718
Depreciation		-13.357.149	-14.804.692
<b>Total non-current assets</b>		<b>4.447.286</b>	<b>4.112.026</b>
<b>TOTAL ASSETS</b>		<b>87.674.681</b>	<b>114.619.454</b>
<b>LIABILITIES AND CAPITAL</b>			
<b>CURRENT LIABILITIES</b>			
Liabilities for suppliers-in country	7	5.713.420	8.154.644
Liabilities for suppliers-in abroad		11.100.550	3.731.951
Liabilities for taxes		1.169.708	509.682
<b>Total current liabilities</b>		<b>17.983.678</b>	<b>12.396.277</b>
<b>CAPITAL AND RESERVES</b>			
Written capital	8	30.776.915	30.776.915
Revaluation and others reserves		6.594.763	11.474.586
Accumulated profit Account		16.060.147	32.319.325
Profit for fiscal year		16.259.178	27.652.351
<b>TOTAL CAPITAL AND RESERVES</b>		<b>69.691.003</b>	<b>102.223.117</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>		<b>87.674.681</b>	<b>114.619.454</b>

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



## STATEMENT OF REVENUES AND EXPENSES

For 2009

		(In MKD)	
	Note	2008	2009
Incomes from basic activities	9	121.819.521	142.803.618
Revenues from other sources	10	214.644	98.536
Operating expenses	12	-100.944.546	-110.687.448
<b>OPERATING INCOME</b>		<b>21.089.619</b>	<b>32.214.706</b>
<i>Other revenues:</i>			
Financial revenues	11	275.340	561.487
<b>Total other revenues</b>		<b>275.340</b>	<b>561.487</b>
<b>Profit before any taxes</b>	<b>13</b>	<b>21.364.959</b>	<b>32.776.193</b>
Income tax	14	-2.236.514	244.019
<b>Net profit for fiscal year</b>		<b>19.128.445</b>	<b>32.532.174</b>

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## CASH-FLOW STATEMENT

For 2009

		(In MKD)	
		2008	2009
<b>Cash flow from operating activities</b>			
<i>Adjusted for:</i>			
Profit before any taxes	13	19.128.445	32.776.193
Depreciation		2.009.138	1.447.538
<i>Increases (decreases) in current assets</i>			
Other receivables		2.779.122	-
			35.237.659
<i>Increases (decreases) in current liabilities</i>			
Liabilities for suppliers		-7.969.502	-5.632.593
<b>Net cash from operating activities</b>		<b>15.947.203</b>	<b>-6.646.521</b>
<b>Cash flow from investing activities</b>			
Purchase (sale) of property, plant and equipment		-5.431.188	-1.050.847
<b>Net cash from investing activities</b>		<b>-5.431.188</b>	<b>-1.050.847</b>
<b>Net increase (decrease) in cash</b>		<b>10.516.015</b>	<b>-7.697.368</b>
<b>Cash at the beginning of the year</b>		<b>32.601.569</b>	<b>43.117.584</b>
<b>Cash at the end of the year</b>		<b>43.117.584</b>	<b>35.420.216</b>

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



STATEMENT OF CHANGES IN CAPITAL  
For 2009

		(In MKD)
		<b>Total</b>
<b>Balance as of</b>	<b>01.01.2009</b>	<b>23.766.824</b>
<b>Corrections for 2009</b>		<b>-5.900.953</b>
Fixed assets purchased		1.050.847
<b>Balance as of 31.12.2009</b>		<b>18.916.718</b>

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



**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:

Currency	2009
EUR	61.173
USD	42.665
CHF	41.116

**NOTE 4. CASH AND CASH EQUIVALENTS**

(In MKD)

	2009
Bank account	15.306.607
Cash	245.991
Foreign exchange account	9.466.712
Deposit	10.400.906
<b>Total</b>	<b>35.420.216</b>





**SARANTIS-SKOPJE DOO SKOPJE**

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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)

	<b>2009</b>
Receivables from the customers	32.233.479
Other receivables funds	31.177.773
<b>Total</b>	<b>63.411.252</b>

**NOTE 6. PROPERTY, PLANTS AND EQUIPMENT**

(In MKD)

	<b>Опрема</b>
<i>Cost</i>	
Balance as of 31.12.2008	23.766.824
Additions for 2009	1.050.847
Correction for 2009	-5.900.953
Balance as of 31.12.2009	<b>18.916.718</b>

*Valuation allowance*

<b>Balance as of 31.12.2008</b>	12.620.024
Depreciation for 2009	1.447.538
Correction for 2009	-737.130
<b>Balance as of 31.12.2009</b>	<b>14.804.692</b>
<b>Carrying value as of 31.12.2008</b>	4.447.286
<b>Carrying value as of 31.12.2009</b>	<b>4.112.026</b>

During 2009 the Association performed new additions at total amount of 1.050.847, 00 MKD.



**NOTE 7. OTHER LIABILITIES**

(In MKD)

	<b>2009</b>
Liabilities for suppliers	11.854.101
Taxes, benefits and others	509.682
<b>Total</b>	<b>12.363.783</b>

**NOTE 8. CAPITAL AND RESERVES**

(In MKD)

	<b>2009</b>
Written capital -(Paid Capital)	27.516.800
Written Capital	3.260.115
Revaluation reserves	11.474.586
Accumulated profit account	32.319.325
Profit for fiscal year	27.652.351
<b>Total</b>	<b>102.223.177</b>

The balance of the operating fund as of 31 December 2009 is stated in the Statement of changes in funds.

**NOTE 9. CURRENT SURPLUS OF REVENUES BASIC ACTIVITIES**

(In MKD)

	<b>2009</b>
Commercial incomes	142.803.618
Income from surplus	98.536
<b>Total</b>	<b>142.902.154</b>

The total revenues of the Sarantis Doo for 2009 are in amount of 143.463 denars. The most amount of the total, are received from sale of goods in the national market (114.097 thousand denars), and a part of the export (27.304 thousand denars)



NOTE 10. REVENUES FROM OTHER SOURCES

	(In MKD)
	<b>2009</b>
Other revenues	561.487
Revenues from taxes and benefits	0
<b>Total</b>	<b>561.487</b>

NOTE 11. FINANCIAL REVENUES

	(In MKD)
	<b>2009</b>
Foreign exchange gains and interest incomes	77.187
<b>Total</b>	<b>77.187</b>



**NOTE 12. OPERATING EXPENSES**

(In MKD)

	<b>2009</b>
Costs for sale	74.513.426
Approvals	3.981.056
Materials	292.741
Energy, water, public taxes	1.285.822
Inventory	262.432
Transportations	654.774
Services for maintenance	747.264
Office Rental	2.526.787
Other services	2.518.962
Depreciation	1.447.538
Adjustment of the stocks	871.913
Expenses for employers (travel, food and other)	932.407
Advertising	9.156.821
Insurance	304.316
Personnel and other taxes	255.335
Bank fees and provisions	309.261
Other non- material expenses	58.402
Stock's deficits	47.629
Salaries and Contributions to employees	9.811.730
Foreign exchange gains	556.226
Extraordinary expenses (other expenses)	152.600
<b>Total</b>	<b>110.687.442</b>

The operating expenses in 2009 are at the amount of 110.687 of MKD. The most significant item in the operating expenses in 2009 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)

		2009
Profit for current year before taxes	13	32.776.193
<b>Total</b>		32.776.193

**NOTE 14. INCOME TAX**

(In thousands of MKD)

		2009
I. Profit before taxes	13	32.776.193
II. Net adjustments in the Tax Statement		
III. Surplus of revenues over expenses before taxes		32.776.193
IV. Tax base deduction		
V. Tax base after deduction		32.776.193
VI. Unrecognized tax expenses (V*10%)		244.019
14		

Measures due, Government Macedonia there is a deferred payment of profit tax, and that until the moment of payment net earning. But there is currently in force is a law that involves the payment of unrecognized tax expenses (10%). 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 deductive 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.

