

Друштво за трговија
САРАНТИС-СКОПЈЕ експорт-импорт ДОО
Бр. 066/03
18.07 2007 год.
СКОПЈЕ

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 2006, 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.

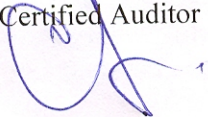
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 2006, 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, 18 July 2007

Suzana Filipovska,
Certified Auditor



Filip Filipovski
Manager



BALANCE SHEET
As of 31 December

(In thousands of MKD)

	Note	2006
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	4	14427
Other receivables	5	31069
Total current assets		45496
NON-CURRENT ASSETS		
Property, plants and equipment	6	16946
Depreciation		-12283
Total non-current assets		4663
TOTAL ASSETS		50159
LIABILITIES AND CAPITAL		
CURRENT LIABILITIES		
		-
Liabilities for suppliers	7	7597
Total current liabilities		7597
CAPITAL AND RESERVES		
	8	
Written capital		29239
Revaluation and others reserves		2525
Accumulated profit Account		5231
Profit for fiscal year		5566
TOTAL CAPITAL AND RESERVES		42562
TOTAL LIABILITIES AND CAPITAL		50159

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



STATEMENT OF REVENUES AND EXPENSES

For 2006

(In thousands of MKD)

	Note	2006
Incomes from basic activities	9	86722
Revenues from other sources	10	98
Operating expenses	12	(76564)
OPERATING INCOME		10256
<i>Other revenues:</i>		
Financial revenues	11	62
Total other revenues		62
Profit before any taxes	13	10317
Income tax	14	(1742)
Net profit for fiscal year		8575

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



CASH-FLOW STATEMENT

For 2006

(In thousands of MKD)

	2006
Cash flow from operating activities	
<i>Adjusted for:</i>	
Profit before any taxes	13 8575
Depreciation	2370
<i>Increases (decreases) in current assets</i>	
Other receivables	(711)
<i>Increases (decreases) in current liabilities</i>	
Liabilities for suppliers	3954
Net cash from operating activities	14188
Cash flow from investing activities	
Purchase (sale) of property, plant and equipment	(1168)
Net cash from investing activities	(1168)
Net increase (decrease) in cash	13019
Cash at the beginning of the year	1407
Cash at the end of the year	14427

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



STATEMENT OF CHANGES IN CAPITAL
For 2006

(In thousands of MKD)

		Operating fund Fixed assets	Profit for fiscal year	Total
Balance as of	01.01.2006	15778		15778
Fixed assets purchased		1168		1168
Balance as of 31.12.2006		16946		16946

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 thousands of 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 policies 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	2006
EUR	61,1741
USD	46,4496
CHF	38,0696

NOTE 4.

CASH AND CASH EQUIVALENTS

(In thousands of MKD)

	2006
Bank account	12701
Cash	217
Foreign exchange account	1509
Total	14427

Cash and cash equivalents stated in the preview above are 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 thousands of MKD)

	2006
Receivables from the customers	22312
Other receivables funds	8
Total	22320

NOTE 6. PROPERTY, PLANTS AND EQUIPMENT

(In thousands of MKD)

	Equipment	Total
<i>Cost</i>		
Balance as of 31.12.2005	15778	15778
Additions for 2006	1168	1168
Balance as of 31.12.2006	16946	16946
<i>Valuation allowance</i>		
Balance as of 31.12.2005	9913	9913
Depreciation for 2006	2369	2369
Balance as of 31.12.2006	12283	122831
Carrying value as of 31.12.2005	4663	4663
Carrying value as of 31.12.2006	5864	5864

During 2006 the Association performed new additions at total amount of 1168 thousands of MKD. They totally refer to purchased vehicle OPEL VECTRA.

NOTE 7. OTHER LIABILITIES

(In thousands of MKD)

	2006
Liabilities for suppliers	5805
Taxes, benefits and others	1792
Total	7597



NOTE 8. CAPITAL AND RESERVES

(In thousands of MKD)

	2006
Written capital	29239
Revaluation reserves	5239
Accumulated profit account	5231
Profit for fiscal year	5566
Total	42562

The balance of the operating fund as of 31 December 2006 is stated in the Statement of changes in funds.

NOTE 9. CURRENT SURPLUS OF REVENUES BASIC ACTIVITIES

(In thousands of MKD)

	2006
Commercial incomes	86708
Income from surplus	14
Total	86722

The total revenues of the Sarantis Doo for 2006 are in amount of 86722 thousandsdenars. The most amount of the total, are received from sale of goods in the national market(71.597 thousand denars), and a part of the re-export (15.111 thousand denars)

NOTE 10. REVENUES FROM OTHER SOURCES

(In thousands of MKD)

	2006
Other revenues	98
Total	98



NOTE 11. FINANCIAL REVENUES

(In thousands of MKD)

	2006
Interest incomes	52
Foreign exchange gains	10
Total	62

NOTE 12. OPERATING EXPENSES

(In thousands of MKD)

	2006
Costs for sale	48145
Materials	188
Energy, water, public taxes	184
Inventory	43
Transportations	783
Services for maintenance	611
Office Rental	2283
Other services	4549
Depreciation	2370
Adjustment of the stocks	80
Travel expenses	1892
Expenses for employers	489
Advertising	6248
Insurance	371
Personnel taxes	434
Bank fees and provisions	223
Other non- material expenses	2488
Stock's deficits	34
Salaries and Contributions to employees	4909
Foreign exchange gains	240
Total	76564



The operating expenses in 2006 are at the amount of 76564 thousands of MKD. The most significant item in the operating expenses in 2006 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 thousands of MKD)

		2006
Profit for current year before taxes	13	10317
Total		10317

NOTE 14. INCOME TAX

(In thousands of MKD)

		2006
I. Profit before taxes	13	10317
II. Net adjustments in the Tax Statement		1297
III. Surplus of revenues over expenses before taxes		
IV. Tax base deduction		
V. Tax base after deduction		11614
VI. Income tax (V*15%)	14	1742

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 15% of tax base.

