MIRKAT DOOEL SKOPJE

Financial Statements
For the year ending on 31.12.2010 year
with Report of Independent Auditors

Content

BAKER TILLY
MAKEDONIJA

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Report of Independent Auditors

To the Management of MIRKAT DOOEL Skopje

We have preformed the audit of the accompanying financial reports of the Company MIRKAT DOOEL Skopje (Company), which include the Balance Statement on 31 December 2010 year, Income Statement, Statement for changes in capital, and the Statement of cash flows for the year ending on that date, as well as a review of the significant accounting policies and other explaining notes.
The financial statements for the previous 2009 year were audited by another audit company, which has issued positive opinion with explanatory note regarding the continuity of the Company.

Responsibility of the Management for the financial statements

The Management is responsible for preparation and objective presentation of these financial statements according the International Financial Reporting Standards. This responsibility includes: creating, implementing and maintenance of internal controls relevant for preparation and objective presentation of such financial statements which are freed from material significant mistakes as a result of fraud or mistakes; selection and application of appropriate accounting policies and adoption of reasonable accounting valuations appropriate to the circumstances.

Responsibility of the Auditor

Our responsibility is to express an opinion for these financial statements on the basis of the performed audit. We have performed the audit in accordance with the International Audit Standards. These standards are requesting compliance with the ethical requests, as well as the audit to be planed and performed in a manner which can allow us to obtain reasonable assurance that the financial statements do not contain significant material mistakes. The audit involves performing procedures for obtaining audit evidence for the amounts and disclosures in the financial statements. The chosen procedures depend on the judgment of the auditor, and they include a risk assessment of existence material significant mistakes in the financial statements, because of fraud or mistake.
During these valuations the auditor takes into consideration the internal control which is relevant for preparation and objective presentation of the financial statements of the Company with a goal to create such audit procedures which will be appropriate to the circumstances, but not for the need to express an opinion for the effectiveness of the internal controls of the Company. The audit also includes valuation of he appropriateness of the applied accounting policies and the reasonableness of the accounting judgments made by the management and valuation of whole presentation of the financial statements.

We believe that the audit evidence gained are a satisfactory and sufficient basis for our audit opinion.

Opinion

Our opinion is that the financial statements of the Company, in all materially significant aspects, present the real financial condition of the Company on December 31 2010 year, and the results from the working, changes in capital, and cash flow for the year ending on that date, in accordance with the International Reporting Standards.

Not bringing our opinion into question , we point out that the Company has uncovered loss in the amount of 37.001 thousand denars, which is a result of accumulated loss for the previous years in the amount of 29.516 thousand denars and loss for the current year in the amount of 7.485 thousand denars. Because of the presented losses the Company is in no condition to pay his debt toward its founder in the amount of 43.876 thousand denars and without appropriate support the continuity of the Company is questioned.

Skopje, 14.02.2011
Certified Auditor
Dimitar Andonovski

Audit Company
BAKER TILLY MACEDONIA
LTD Skopje

AUDIT COMPANY
BAKER TILLY MAKEDONIJA Ltd Skopje

MIRKAT DOOEL Skope

BALANCE SHEET

on 31.12.2010

(in 1000 Mkd)

	Notes		2,010	2,009
ASSETS				
NON CURRENT ASSETS				
Property, plant and equipment	BS.1	**14,236**		13,730
Accumulated depreciation		-6,751		-4,750
Accounting value			**7,485**	**8,980**
Intangible assets			1,655	2,675
Long term investments	BS.3		0	0
TOTAL NON CURRENT ASSETS			**9,140**	**11,655**
CURRENT ASSETS				
Cash and cash equivalents	BS.4		7,980	10,143
Receivables	BS.5		12,542	10,938
Inventories	BS 6		23,707	18,060
TOTAL CURRENT ASSETS			44,229	39,141
TOTAL ASSETS			**53,369**	**50,796**
CAPITAL , RESERVES AND LIABILITIES				
CAPITAL and RESERVES				
Writen capital			40,066	40,066
Reserves			0	0
Retained Earnings			0	0
Gain for the financial year			0	0
Loss for the financial year			-7,485	-10,014
Transferred loss			-29,516	-19,502
TOTAL CAPITAL and RESERVES			3,065	10,550
Non current liabilities	BS 7		0	0
Current liabilities	BS.8		50,304	40,246
TOTAL LIABILITIES			**50,304**	**40,246**
TOTAL CAPITAL , RESERVES AND LIABILITIES			**53,369**	**50,796**

Approved by

Simon Stankovski

(manager)

MIRKAT DOOEL Skope

INCOME STATEMENT

For the year ending on 31.12.2010

(in 1000 Mkd)

	Notice	2010	2009
Revenues from sales	BU.1	71,475	65,864
Cost of goods sold		-55,740	-54,992
Gross profit (Loss) from sales		15,735	10,872
Operational incomes	BU 2	68	2,360
Operational expenses	BU 3	-23,489	-23,626
Financial Incomes	BU 5	585	390
Financial costs	BU 6	-373	0
Profit (loss) before taxation		-7,474	-10,004
Income Tax		-11	-10
Net Profit (loss) for the financial year		-7,485	-10,014

MIRKAT DOOEL Skopje

STATEMENT OD CASH FLOW
for the year ended on 31.12.2010

	2010	2009
A. Cash flow from operating activities	**-1,657**	**-5,709**
Net income/loss after taxation	-7,485	-10,004
Deprecation	3,855	3,817
Increase/decrease of inventories	-5,647	4,316
Increase/decrease of trade receivables	-1,604	7,675
Increase/decrease of other receivables		
Increase/decrease of (trade accounts payable)	10,058	-11,268
Increase/decrease of other short-time liabilities		
Capital Gain (Loss) from sale of material assets	-834	-245
B.Cash flow of investment activities	**-506**	**451**
Purchase of material and intagible assets	-6,759	-2,503
Sale of material and intagible assets	6,253	2,954
Increase/decrease id long term investments		
Increase/decrease of long term receivables		
Increase/decrease of short term financial investments		
C. Cash flow of financing activities	**0**	**0**
Increase of the capital		
Increase/decrease of long-term credits		
Gaining of minority interests		
Payment of (cash) dividends		
Puchase/sale of own shares		
Increase/decrease od cash	**-2,163**	**-5,258**
Cash on beginning of the year	**10,143**	**15,401**
Cash on the end of the year	**7,980**	**10,143**

МИРКАТ ДООЕЛ Скопје

STATEMENTS OF CHANGES EQUITY

For the year ended 31.12.2010

(in 1.000 Mkd)

Description		Share capital	Reserves	Retained Earnings	Transferred loss	Other parts of capital	Total
Balance at	31.12.2009	40,066	0	0	-29,516	0	10,550
New emission		0	0	0	0	0	0
Net gains (losses) non accepted in Income statement		0	0	0	0	0	0
Dividends		0	0	0	0	0	0
Redeemed treasury shares		0	0	0	0	0	0
Net gains (losses) for the financial year		0	0	0	-7,485	0	0
Balance at	**31.12.2010**	40,066	0	0	-37,001	0	3,065

1. General information

COMPANY NAME	MIRKAT Ltd Skopje
ADDRESS	Str. Skupi no. 1,Skopje, Republic of Macedonia
MUNICIPALITY	Karpos
TYPE OF OWNERSHIP	Private
OWNER	Sfakianakis-Athens,Greece
DATE OF ESTABLISHMENT	31.07.2006
CODE OF ACTIVITY	6130275
ACTIVITY	Authorized importer and dealer for vehicle from the program "Suzuki"
BASIC CAPITAL EUR	655.000,00
AVERAGE NUMBER OF EMPLOYEES	6
DIRECTOR	Simon Stankovski
CHIEF OF ACCOUNTING	BETA CONSULTING Ltd
ACCOUNTING YEAR	2010
PERIOD OF INCOME STATEMENT	01.01-31.12.2010
DATE OF THE BALANCE SHEET	31.12.2010

2. Basis for preparation of the financial statements

The financial statements of the company are prepared according the International Financial Reporting Standards (IFRS) which are implemented in Republic of Macedonia from 01.01.2010 year, and are published in the Official Gazette of the Republic of Macedonia No. 59/2009 year in the Rulebook for chart of accounts . The basic settings of IFRS are given below.

a) General

Accounting base

The Financial statements are prepared in accounting based on accounting base. According this approach the effects of the transactions and other events are recognized when they occur , and not when the money are received or paid.

Continuity

The financial statements are prepared under the presumption that the company will continue with for unpredictable duration that is the company has no intention to liquidate or significantly decrease its activity.

Comparability

In 2010 year the company applies consistent accounting policies in relation with the previous period, as well as in relation with other companies in Republic of Macedonia.

3. Basic accounting policies and valuations

The basic accounting policies applied during the preparation of the financial statements for 2010 are given below:

3.1. Non-current assets

As non-current assets are classified real estates, plant and equipment, intangible assets and long term investments.

Non-current assets are recognized in the Balance Sheet when the company has proof that possesses them, and it is known that from them will realize future economic benefits, and the expenses for their acquisition objectively to be measured.

The assets are recorded their acquisition value decreased for the accumulated depreciation and the accumulated impairment loss.

3.1.1. The acquisition value of the real estate, plants and equipment, and intangible assets, is measured according the expenses for their acquisitions:

- Value of the asset from the invoice from the suppliers
- Customs duties and taxes which are not refunded from the state
- Expenses for transport
- Expenses for preparation of the space
- Expenses for installation and fees for specialist.

3.1.2. The non-current assets in the Balance Sheet include investments in other objects and are presented by their acquisition value decreased for the accumulated depreciation.

The expenses for interests from credits which are used for financing of building the real estates, plants and equipment, and intangible assets as well as all the successive expenditures connected to these assets are capitalized. The other expenses in respect of loans and successive expenses which can not be identified for some real estate, plant and equipment, and intangible assets are recorded as expense of the period.

These assets are depreciated with straight-line method, with application of rates according appropriate depreciation groups that are based according the estimated useful lives of the assets and are coordinated with the National nomenclature of assets for depreciation and annual depreciating rates (Official Gazette (64/02 and 98/02)). The depreciation of the assets is calculated in the beginning of the following month after the asset is put in usage on the basis of acquisition value of the basic asset.

In 2010 the applied depreciation rates of the real estate, plant and equipment are:

		Depreciation rate 2010 year	Estimated useful lives
1.	Real estate	2 - 8 %	12- 50
2.	Plant and equipment	5 –15 %	6 -10
3.	Office equipment	10 - 20 %	5- 10
4.	Transport assets	25 %	4

Depreciation of the investments in other objects are calculated with application of straight-line method in period of 5 years, time as validity of the loan agreement, that is a rate of 20%.

3.1.3. Real estates, plants and equipment, as well as the intangible assets are checked from possible damages always when some events or changes direct to the fact that the carrying amount of the assets can not be compensated. Whenever the carrying amount of the assets exceeds their recoverable amount impairment loss is recognized. The recoverable amount is the higher amount from the net sales value and the use value of the assets. The net sales value is the amount that is obtained from selling the asset in the transaction between well-informed subjects, while the use value of the asset is the current value of estimated future cash flows expected to arise from the continued use of assets and their disposal at the end of the century usage. The recoverable amounts are estimated for individual assets, or when that is not possible for the whole group of assets that generates cash.

3.1.4. As long-term investments the company recorded the investments in shares and stocks which has no intention to sell in the following accounting period. In the beginning they are recorded according acquisition expenses, and subsequently every other day of the Balance Sheet at fair value where applicable. In 2010 the company has not recorded such investments.

3.2. Current assets

As currents assets the company is classifying those assets which in the nest period can easily be transformed into monetary form. Those are money and money equivalents, receivables and inventories.

3.2.1. Cash and cash equivalents

As cash and cash equivalents are considered money in the banks and in the treasury. Cash and cash equivalents, in the Balance Sheet are valuated according their nominal value, as of denars and foreign assets transferred in denars on the date of the Balance Sheet.

3.2.2. Receivables

In receivables are classified the claims on the basis of sells, receivables from the state based on taxes and other public fees, claims from employees and claims for loans. The receivables are valuated according their invoice value on the date of the Balance Sheet.
The receivable older than 3 years are written-off on the burden of the expenses in the Income Statement in the amount of the total amount of uncollected receivables.
For the written off amount of receivables, with exemption of the receivables from court liquidated buyers, the tax base is increased in the Tax Balance.
As doubtful receivables are considered uncollected receivables older than 3 years.
The company doesn't makes any reservations of expenses related with doubtful receivables.

3.2.3. Inventories

In the Balance Sheet the inventories are evidenced according the International Accounting Standards at acquisition value or net realization value, depending on which one of the is lower. The acquisition value includes all the expenses of bringing the inventories in their present condition and location.
Net realization value includes the estimated selling price, decreased for the estimated expenses for their finishing and estimated expenses for preparation for their sale. The decrease of the value of the inventories is recorded on the burden of the expenses for that period.
The accounting policies for expenditure of the inventories is calculated against the method of average prices.

3.3. Non-current liabilities

In the Balance Sheet as non-current liabilities are classified liabilities which are due to be paid up to one year from the date of the balance. All non-current liabilities from previous periods which are due to be paid in the next accounting period are re-classified as current liabilities.
In non-current liabilities are classified the following: long-term liabilities for loans in the country and abroad, and other long-term liabilities: trade liabilities, liabilities toward investors and other financial institutions.

3.4 Current liabilities

As current liabilities are classified all the liabilities that are due to be paid within 12 months after the date of the Balance Sheet as following:

- Liabilities toward suppliers in the country and abroad
- Liabilities toward banks and other financial institutions
- Liabilities from participation in profit
- Liabilities towards employees

- Liabilities toward the state for taxes and contributions

These liabilities are valuated in the amount of received documents after transactions are performed (invoices, contracts, interest lists).
Old liabilities are written-off in the favor of operating incomes in the Income Balance.
As old liabilities are considered liabilities older than 3 years, and for which there are not any prosecutions and there is no contract reached.

3.5. Financial instruments and management with risks

The financial instruments include both assets and liabilities and equity in accordance with the substance of the contractual provisions of the instrument.
Financial instruments are initially recognized at acquisition value. Subsequent measurement of financial instruments is made in accordance with the individual policies for each specific item.
The approach of the company in risk management is aimed at assessing the unpredictability of financial markets when they are trying to find a way to minimize potential adverse effects.

3.6. Capital

In total capital the Company classifies the following:

- Invested assets (monetary and non-monetary deposit) of the founder written in the Central registry of Republic of Macedonia;
- Own shares that are decreased from the total capital until they are sold;
- Revaluated reserves on the basis of gains (losses) from tangible assets and financial assets held for sale;
- Legal reserves, as allocation of the gain for the current year and in accordance with the Law for trade companies. This allocation stops when the reserves reach up to 20% of the written capital;
- The current gain (loss) is the gain (loss) from the Income Statement after taxation;
- Accumulated gain (loss) includes the retained profits (uncovered losses) from previous years.

3.7 Incomes from sales

In the Income Statement they are classified as following:

- Incomes from sales of goods related to the basic activity of the company
- Operational incomes
- Financial incomes

Generally the incomes from sale of goods are recognized when the following conditions are reached cumulatively:

- To the buyer are transferred all significant risks and benefits from the ownership of the delivered goods

- The company does not have real control of the sold
- Incomes can be truthfully measured
- It is probable inflow of assets will be received
- The expenses that are connected with the sales can be truthfully measured
- There are evidences that the sale transaction has been performed

In **operational incomes** are included incomes that are not related with the basic activity of the company, but they occur frequently and can be important item such as: incomes from rent, write off of liabilities, incomes from collected written off receivables, incomes from sale of basic assets.

In **financial incomes** are included incomes from financial transactions (interests from deposits, exchange course differences).

For not-recorded incomes from previous years the accumulated gain is increased or the accumulated loss decreased.

3.8. Recognition of expenses

Expenditures are recognized according the principle of opposition to revenues.
Expenditures in the current year is not recognized if the same is in relation with some already recognized income from he previous periods and in these cases the accumulated gain (loss) is corrected.

If some expenditure which originates from previous period can not be opposite (identified) with some income, then the expenditure is fully recognized in the current period.

Expenditures are measured according:

* Acquisition value of sold trade goods,
* Net amount of compensation paid for services from others,
* Expenditures of trade goods in the amount of the acquisition value
* Writing off of basic assets in the amount of non-depreciated value of the asset.

3.9. Provisions

Provisions are recognized when the companies have liability for payment as a result of some past event, that is when it is quite probable that from the company will be asked that liability to be paid, and with great certainty can be predicted.
The recognized amount as provision is representing the best estimation of the expenditure estimated for payment of the liability on the date of the Balance Sheet.

The company shall not make provisions for costs for bringing the rented office space in the original shape, because considers that the provision requested has no significant material impact on the financial statements.

3.10. Taxes

3.10.1. Tax of gain

The tax of gain is calculated on the tax base presented in the Tax Balance. According the law provisions, the tax of gain is paid at the rate of 10%. The gain presented in the Tax Balance is obtained though adjustment of the financial gain presented in the Income Statement for certain expenditures that according the Law for tax of gain are not recognized as deductable items in the Tax Balance as well as for certain reliefs (exemptions) which are permitted in the same law.

In 2010 year the tax of gain was calculated only for the unrecognized expenditure for tax goals.

3.10.2. Value Added Tax

Value Added Tax is paid on monthly tax basis: sale value in which the tax is not included, according the general tax rate 18% and preferential tax rate of 5%.

3.11. Calculation of foreign assets for payment and accounting treatment of exchange course differences

All receivables and liabilities in foreign currencies are calculated in their denars recompense, according the middle exchange rate valid on the date of the Balance Sheet.

The positive and negative exchange course differences that occurred with calculation of the receivables and liabilities in foreign currencies in their denars recompense are expressed in the Income Balance as incomes, that is expenditures in the year that they refer to.

3.12. Salaries and other contribution of employees

Gross salaries of the employees are paid in the amount specified in the contract signed with the employer. The contributions from the gross salaries (pension, health insurance, and employment) in the rate of 27% from the gross salary, and are paid in the name of the employee to the adequate state institutions.

The personal tax in the rate of 10% is paid on the amount of the gross salary decreased for the amount of the contribution and the yearly personal tax relief. The net salary is paid on the transaction account of every employee, after all contributions and personal tax are paid from the gross salary.

4. Financial statements

In 2010 year the company prepared:

- Balance sheet
- Income Balance
- Cash Flow Report
- Report for Changes in Equity
- Notes to the financial statements

Beside the above mentioned financial statements the company also prepared reports that are requested by the Macedonian regulative such as:

- Tax Balance
- Special data for state records
- Report for structure of incomes according the activity

5. Explanatory Notes to the Balance Sheet

BS.1 Property, plant and equipment

ОПИС	Vehicles	Other equipments	TOTAL
Purchased Value on 31.12.2009	6,238	7,492	13,730
Accumulated depreciation on 31.12.2009	-1,725	-3,025	-4,750
Balance on 31.12.2009	**4,513**	**4,467**	**8,980**
Changes in 2010	0	0	0
Purchased Value on 01.01.2010	6,238	7,492	13,730
New supplies	6,759	0	6,759
Alienated, Scrapped assets	-6,253	0	-6,253
Balance on 31.12.2010	6,744	7,492	14,236
Accumulated depreciation	0	0	0
Balance on 31.12.2009	-1,725	-3,025	-4,750
Current depreciation 2010	-1,693	-1,144	-2,837
Alienated, Scrapped assets	836	0	836
Balance on 31.12.2010	**-2,582**	**-4,169**	**-6,751**
Book value	0	0	0
Balance on 31.12.2010	**4,162**	**3,323**	**7,485**

BS.2 INTANGIBLE ASSETS

опис	Investments in foreign objects	TOTAL
Purchased Value on 31.12.2009	5,094	5,094
Accumulated depreciation on 31.12.2009	-2,419	-2,419
Balance on 31.12.2009	**2,675**	**2,675**
Changes in 2010	0	0
Purchased Value on 01.01.2010	5,094	5,094
New supplies	0	0
Alienated, Scrapped assets	0	0
Balance on 31.12.2010	5,094	5,094
Accumulated depreciation	0	0
Balance on 31.12.2009	**-2,419**	**-2,419**
Current depreciation 2010	-1,020	-1,020
Alienated, Scrapped assets	0	0
Balance on 31.12.2010	-3,438	-3,438
Book value	0	0
Balance on 31.12.2010	**1,655**	**1,655**

BS.4 CASH AND CASH EQUIVALENTS

No.	DESCRIPTION	2010	2009
1	Money on bank accounts (MKD)	6,469	8,657
2	Cash at hand	25	37
3	Money on bank accounts (EUR,$)	1,486	1,445
4	Cheques and bills	0	4
	TOTAL	**7,980**	**10,143**

BS.5 RECEIVABLES

No.	*DESCRIPTION*	*2010*	*2009*
1	Trade receivables - domestic	6540	4304
2	Receivables from state institutions	2	0
3	Aproved loans	6000	6000
4	Ajustment of trade receivables	0	602
5	Prepaid expenses	0	22
	TOTAL	**12542**	**10938**

BS 6 INVENTORIES

No.	DESCRIPTION	2010	2009
1	Trade goods on stocks in own warehouse on 31.12.	19,063	18,060
2	Goods on road	4,644	0
	TOTAL	23,707	18,060

BS.8 CURRENT LIABILITIES

No.	DESCRIPTION	2010	2009
1	Trade payables - domestic	627	1,549
2	Liabilities toward associated entities	48,520	37,817
3	Liabilities for advances, deposits and guaranties	443	112
4	Liabilities for taxes	714	768
	TOTAL	50,304	40,246

6.Explanatory Notes to the Income Statement

BU.1 **REVENUE FROM SALES**

No.	DESCRIPTION	2010	2009
1	Revenue from sales of goods on domestic market	68978	59925
2	Revenue from sales of services (maintenance and repairs)	0	5939
3	Revenue form sales of services on foreign market	2497	0
	TOTAL	**71475**	**65864**

BU
2 **OPERATIONAL INCOMES**

No.	DESCRIPTION	2010	2009
1	Incomes from alienation of permanent assets	0	2,260
2	Capital gains	68	0
3	Other operational incomes	0	100
	TOTAL	**68**	**2,360**

BU
3 **OPERATIONAL EXPENSES**

No.	DESCRIPTION	2010	2009
1	Salaries	4666	4315
2	Spent materials	146	0
3	Spent energy	671	0
4	Writing off of fixtures and figures	20	29
5	Transport services	276	430
6	Maintenance services	1156	1057
7	Post expenses (phone, internet)	147	0
8	Rental costs	3111	2870
9	Other services	164	1093
10	Depreciation	3855	3818
11	Expenses for employees according labour agreement	106	0
12	Expenses for representation and advertising	2708	5278
13	Insurance premium costs	161	396
14	Other taxes	8	260
15	Bank provisions and services	254	236
16	Other non-material expenses	622	1126
17	Not written-off value of alienated and out of use fixed assets	5418	2718
	TOTAL	**23489**	**23626**

BU 4 FINANCE INCOME

No.	*DESCRIPTION*	*2010*	*2009*
1	Incomes from interest and course differences	539	390
2	Incomes from grants	0	0
3	Other incomes	46	0
	TOTAL	**585**	**390**

BU 5 *FINANCE COSTS*

No.	*DESCRIPTION*	2010	2009
1	Interest from work with associated subjects	0	0
2	Course differences from work with associated subjects	349	0
3	Other financial expenses from associated subjects	0	0
4	Regular incomes from work with non-associated subjects	0	0
5	Simple interest	10	0
6	Course differences from work with non-associated subjects	0	0
7	*Other financial expenses*	14	0
	TOTAL	**373**	**0**

7. Transactions with related parties

The company realizes transactions with related subject: Sfakianakis from Greece. The relation is 100% and has completely influence in making the decisions.
The transactions between the related parties are given below:

Year	Supplies	Liabilities
2010	63.691	60.094
2009	54,992	37,817

8. Managing with risks

The company according its nature of activity can enter in different risks from individual transactions given below:

Market risk

The market risk can be defined as a possibility of loss of permanent buyers of the vehicles from the brand SUZUKI because of the global crisis, also because of the fall in sales on the global market on the programme of SUZUKI vehicles, unfair competition est. In Republic of Macedonia there is no strategy for handling with this kind of risks, the company also doesn't have special policy for managing with this kind of risk.

Foreign currency risk

The company enters in transactions with foreign currencies which originate from services, purchases of stocks from foreign companies and use of foreign and domestic loans, because of what the company is exposed on daily changes of rates of foreign currencies. Still the company is exposed on possible fluctuations of the foreign currencies, having in mind that all of them are in Euros, whose currency is relatively stable. Still the risk from course differences in the company exists having in mind that that the amounts of liabilities in foreign currencies are significant.
Given the fact that in our country there are no appropriate financial instruments and policies to avoid this risk, the company has not adopted a specific policy to manage this risk.

Interest rate risk

The company is exposed to a risk from changes in the interest rate, which is related to the used loans contracted at variable rate. Given that the company does not have taken any loans with variable interest rate, there is no possibility for exposure on this risk.

The company does not have special policy for managing with this risk, given to the fact that in Republic of Macedonia there are no special financial instruments for avoiding this kind of risk.

Credit risk

The company has no significant trade receivables, which is a risk from losses due to inability to collect them on time, for which the company is not exposed to this kind of risk.

9. Post Balance Sheet events

In the period from December 31, 2010 year till the day of issuing of the audit report events, which by their significance would have caused a necessary change in the financial statements, have not occurred.