M I R K A T DOOEL SKOPJE

Financial Statements

For the year ending on 31.12.2012 year
with the Independent Auditor's Report

March, 2013 year

Content

BAKER TILLY
MAKEDONIJA

Ul: Leninova 33a/16
P.O. Box 462
1000 Skopje
Tel: +389 2 2463 140
Fax: +389 2 2463 063

Independent Auditor's Report

To the Management of MIRKAT DOOEL Skopje

We have audited the accompanying financial reports of the Company MIRKAT DOOEL Skopje (Company), which coprise the Balance Statement as an 31 December 2012 year, Income Statement, Statement for changes in equity, and cash flows statement for the year ending on that date, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the financial statements

Management is responsible for preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free for material misstatement, whether due to fraud or error.

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 about whether the financial statements are free from material misstatement.
An audit involves preforming procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, 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 polices 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.

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 2012 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.

Other Matter

1.The financial statements for the previous 2012 year were audited by another audit company, which has issued qualified opinion. The qualified opinion was regarding the company's ability to continue on a going concern.
2. As explained in note 3.6. in compliance with the regulations in RM, each company must have a minimum registered capital in the amount of 5000 €. That would mean that the company in the next period should perform capitalization, to reach the required minimum subscribed capital

Emphasis of matter

Without qualifying our opinion, we draw attention to the equity section of the balance sheet.The Company has uncovered loss in the amount of 52.981 thousand denars, which is a result of accumulated loss for the previous years in the amount of 46.937 thousand denars and loss for the current year in the amount of 6.599 thousand denars.This indicate the existence of a material uncertainty, which may cast significant doubt about the company's ability to continue as a going concern.

Skopje, 21.03.2013
Certified Auditor
Dimitar Andonovski

AUDIT COMPANY
BAKER TILLY MAKEDONIJA Ltd Skopje

MIRKAT DOOEL Skopje

BALANCE SHEET
on 31.12.2012
(in 1000 Mkd)

	Notes	2012	2011
ASSETS			
NON CURRENT ASSETS			
Property, plant and equipment	5.1.	**11,565**	**13,143**
Accumulated depreciation		**-7,310**	**-6,572**
Accounting value		**4,255**	**6,570**
Intangible assets	**5.2.**	0	637
Long term investments		0	0
TOTAL NON CURRENT ASSETS		**4,255**	**7,207**
CURRENT ASSETS			
Cash and cash equivalents	5.3.	6,178	7,768
Receivables	5.4.	7.978	9.435
Investments	5.5.	3.000	6.000
Inventories	5.6.	21,815	21,195
TOTAL CURRENT ASSETS		38,971	**44,398**
TOTAL ASSETS		**43,226**	**51,605**
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		-6,599	-9,397
Transferred loss		-46,397	-37,000
TOTAL CAPITAL and RESERVES		**-12,930**	**-6,331**
Non current liabilities		0	0
Current liabilities	5.7.	**56,156**	**57,936**
TOTAL LIABILITIES		**56,156**	**57,936**
TOTAL CAPITAL , RESERVES AND LIABILITIES		**43,226**	**51,605**

MIRKAT DOOEL Skopje

INCOME STATEMENT

For the year ending on *31.12.2012*
(in 1000 Mkd)

	Notice	***2012***	***2011***
Revenues from sales	*6.1*	*69,689*	*60,641*
Cost of goods sold		*-60,569*	*-48,791*
Gross profit (Loss) from sales		*9,121*	*11,850*
Operational incomes	*6.2*	*426*	*21*
Operational expenses	*6.3*	*-16,331*	*-21,549*
Operational profit (-loss)		***-6,785***	***-9,679***
Financial Incomes	*6.4*	*236*	*457*
Financial costs	*6.5*	*-35*	*-160*
Profit (loss) before taxation		***-6,584***	***-9,382***
Income Tax		*-15*	*-15*
Net Profit (loss) for the financial year		*-6,599*	*-9,397*

MIRKAT DOOEL Skopje

STATEMENT OF CASH FLOWS

for the year ended on 31.12.2012

	2012	2011
A. Cash flow from operating activities	-3,168	1,527
Net income/loss after taxation	-6,599	-9,397
Deprecation	2,278	3,672
Increase/decrease of inventories	1,344	2,512
Increase/decrease of trade receivables	1,590	-2,893
Increase/decrease of other receivables	0	2
Increase/decrease of (trade accounts payable)	-1,780	7,403
Increase/decrease of other short-time liabilities	0	228
Capital Gain (Loss) from sale of material assets	0	0
B.Cash flow of investment activities	1,578	-1,739
Purchase (sale)of material and intagible assets	1,578	-1,739
Increase/decrease id long term investments	0	0
Increase/decrease of long term receivables	0	0
Increase/decrease of short term financial investments	0	0
C. Cash flow of financing activities	0	0
Increase of the capital	0	0
Increase/decrease of long-term credits	0	0
Gaining of minority interests	0	0
Payment of (cash) dividends	0	0
Puchase/sale of own shares	0	0
Increase/decrease od cash	**-1,590**	**-212**
Cash on beginning of the year	**7,768**	**7,980**
Cash on the end of the year	**6,178**	**7,768**

STATEMENTS OF CHANGES EQUITY

For the year ended 31.12.2012

(in 1.000 Mkd)

Description		Share capital	Reserves	Retained Earnings	Transferred loss	Total
Balance at	01.01.2012	40,066	0	1	-46,397	-6,331
New emission		0	0	0	0	0
Net gains (losses) non accepted in Income statement		0	0	0	0	0
Dividends		0	0	0	0	0
Redeemed treasury shares		0	0	0	0	0
Net gains (losses) for the financial year		0	0	0	-6,599	0
Balance at	**31.12.2012**	40,066	0	0	-52,996	-12,930

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	LENI DOOEL
ACCOUNTING YEAR	2012
PERIOD OF INCOME STATEMENT	01.01-31.12.2012
DATE OF THE BALANCE SHEET	31.12.2012

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 01.01.2012 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 2012 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 2012 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 2012 the applied depreciation rates of the real estate, plant and equipment are:

		Depreciation rate 2012 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 2012 the company has not recorded such investments.

3.2. Current assets

As currents assets the company is classifying those assets which in the next 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.

In compliance with the regulations in RM, each company must have a minimum registered capital in the amount of 5000 €

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 2012 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 2012 year the company prepared:

- Balance sheet
- Income Statement
- 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

5.1. Property, plant and equipment

Description	Plant and equipment	Other equipments	TOTAL
Purchased Value on 31.12.2011	13,143	0	13,143
Accumulated depreciation on 31.12.2011	-6,572	0	-6,572
Balance on 31.12.2011	**6,570**	**0**	**6,570**
Changes in 2012			
Purchased Value on 01.01.2012	13,143	0	13,143
New supplies	528	0	528
Alienated, Scrapped assets	-2,106	0	-2,106
Balance on 31.12.2012	**11,565**	**0**	**11,565**
Accumulated depreciation			
Balance on 01.01.2012	-6,572	0	-6,572
Current depreciation 2012	-1,236	0	-1,236
Alienated, Scrapped assets	498	0	498
Balance on 31.12.2012	**-7,310**	**0**	**-7,310**
Book value			
Balance on 31.12.2012	**4,255**	**0**	**4,255**

5.2. Intangible assets

ОПИС	Other intangible assets	TOTAL
Purchased Value on 31.12.2011	5,093	5,093
Accumulated depreciation on 31.12.2011	-4,457	-4,457
Balance on 31.12.2011	637	637
Changes in 2012		
Purchased Value on 01.01.2012	5,093	5,093
New supplies	405	405
Alienated, Scrapped assets	0	0
Balance on 31.12.2012	5,499	5,499
Accumulated depreciation		
Balance on 01.01.2012	-4,457	-4,457
Current depreciation 2012	-1,042	-1,042
Alienated, Scrapped assets	0	0
Balance on 31.12.2012	-5,499	-5,499
Book value		
Balance on 31.12.2012	0	0

5.3. **Cash and cash equivalent**

No.	**Description**	**2012**	**2011**
1	Money on bank accounts	5,666	7,697
2	Cash at hand	0	0
3	Money on bank accounts	32	71
4	Cash at hand - foreign currency	480	0
	TOTAL	**6,178**	**7,768**

5.4. ***Receivables***

No.	***Description***	***2012***	***2011***
1	Trade receivables from related parties	0	0
2	Trade receivables - domestic	6,786	9,433
3	Trade receivables - foreign	74	0
4	Aproved loans	896	0
5	Receivables from state institutions	5	0
6	Prepaid expenses	218	2
	TOTAL	**7.978**	**9.435**

5.5. ***Short term Investments***

No.	**Description**	**2012**	**2011**
1	Other short term financials assets	3,000	6,000
2	Adjustment of investments	0	0
	TOTAL	**3,000**	**6,000**

5.6. ***Inventories***

No.	Description	2012	2011
1	Goods in stores	18,467	13,741
2	Goods on road	3,349	7,454
	TOTAL	**21,815**	**21,195**

5.7. ***Current liabilities***

No.	***Description***	***2012***	***2011***
1	Trade payables - domestic	*1,577*	*2,668*
2	Liabilities toward related parties	*54,579*	*53,881*
3	Liabilities for advances, deposits and guaranties	*0*	*2*
4	Liabilities for taxes	*0*	*1,386*
	TOTAL	***56,156***	**57,936**

The Liabilities toward related parties are toward the founder Sfakianakis-Athens,Greece

6. Explanatory Notes to the Income statement

6.1 ***Revenue from sales***

No.	***Description***	***2012***	***2011***
1	Revenue from sales of goods on related parites	0	0
2	Revenue from sales of products and services on domestic market	828	0
3	Revenue from sales of goods on domestic market	62,281	60,641
4	Revenue form sales of goods on foreign market	6,580	0
5	Other revenues	0	0
	TOTAL	**69,689**	**60,641**

6.2 **Operational incomes**

No.	***Description***	***2012***	***2011***
1	Incomes from sold intangible assets	*387*	*0*
2	Other operational incomes	*39*	*21*
	TOTAL	***426***	***21***

6.3 **Operational expenses**

No.	***Description***	***2012***	***2011***
1	Salaries	*4,963*	*4,764*
2	Post expenses (phone, internet)	*131*	*149*
3	Spent energy	*855*	*862*
4	Spent materials	*0*	*114*
5	Transport services	*142*	*143*
6	Maintenance services	*1,103*	*751*
7	Rental costs	*2,685*	*3,113*
8	Services under contract for deed	*519*	*209*
9	Writing off of fixtures and figures	*46*	*7*
10	Office and other administrative expenses	*197*	*21*
11	Expenses for employees according labour agreement	*189*	*142*

12	Expenses for representation and advertising	*1,490*	*2,716*
13	Insurance premium costs	*172*	*541*
14	Other taxes	*16*	*7*
15	Bank provisions and services	*269*	*189*
16	Other non-material expenses	*948*	*594*
17	Not written-off value of alienated and out of use fixed assets	*0*	*3,556*
18	Shortages	*16*	*0*
19	Additionally determined expenses	*313*	*0*
20	Depreciation	*2,278*	*3,672*
	TOTAL	***16,331***	***21,549***

6.4 **Finance income**

No.	***Description***	***2012***	***2011***
1	Incomes from interest	*147*	*457*
2	Incomes from course differences	*89*	*0*
	TOTAL	**236**	**457**

6.5 ***Finace costs***

No.	***Description***	***2012***	***2011***
1	Course differences from work with non-related parties	35	158
2	*Other financial expenses*	0	1
	TOTAL	**35**	**160**

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:

In 1.000 Den.

Year	Supplies	Liabilities
2012	57.045	57.556