CENTRAL SECURITIES DEPOSITARY AD SKOPJE

INDEPENDENT AUDITOR'S REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDING 31.DECEMBER 2008

Skopje, February 2009

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INDEPENDENT AUDITOR'S REPORT
TO
THE
SHAREHOLDERS ASSEMBLY OF
CENTRAL SECURITIES DEPOSITORY AD - Skopje

We have audited the accompanying financial statements of Central Securities Depository AD - Skopje ("the Company"), which comprise the balance sheet as at December 31, 2008, and the income statement, statement of changes in equity and cash flow statement for the period 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 the International Financial Reporting Standards which are accepted and published in the Republic of Macedonia. 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 the 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 polices used and the reasonableness of accounting estimates made by the 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.

INDEPENDENT AUDITOR'S REPORT (Continued)
TO
THE
SHAREHOLDERS ASSEMBLY OF
CENTRAL SECURITIES DEPOSITORY AD - Skopje

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Central Securities Depository AD – Skopje as of December 31, 2008, and of its financial performance and its cash flows for the period then ended in accordance with the International Financial Reporting Standards which are accepted and published in the Republic of Macedonia.

Skopje, 9.February 2009

Certified Auditor	**Manager**
Goce Hristov	Antonio Veljanov

Друштво за ревизија сметководствено-финансиски и консалтинг услуги МАКЕДОНСКИ РЕВИЗОРСКИ ЦЕНТАР МРЦ ДОО СКОПЈЕ

	Note	2008 Den.000	2007 Den.000
Revenues	8	61,120	143,094
Other operating income	9	3,731	521
Used materials and consumables	10	(327)	(1,686)
Employees expenses	11	(18,778)	(19,119)
Depreciation and amortization	20	(2,139)	(5,260)
Other operating expenses	12	(23,532)	(33,395)
OPERATING PROFIT (LOSS)		**20,075**	**84,155**
Income from investments		-	-
Financing income	13	4,890	4,241
Financing expenses	14	(53)	(4)
PROFIT (LOSS) BEFORE TAXATION		**24,912**	**88,392**
Income tax expense	15	(3,102)	(11,229)
NET PROFIT (LOSS)		**21,810**	**77,163**

Central Securities Depository AD - Skopje Board of Directors authorized these financial statements for issue and are signed on their behalf by:

Executive Manager
Stevan Sapcevski

	Notes	2008 Den.000	2007 Den.000
ASSETS			
Current assets			
Cash and cash equivalents	16	8,438	21,763
Bank deposits	17	82,792	104,415
Trade receivables	18	8,071	10,442
Income tax receivables	15	6,434	-
Other current assets and prepaid expenses	19	1,599	1,532
Total current assets		**107,334**	**138,152**
Non-current assets			
Investments		77	77
Property and equipment	20	24,150	26,156
Intangible assets	20	-	-
Total non-current assets		**24,227**	**26,233**
TOTAL ASSETS		**131,561**	**164,385**
LIABILITIES AND EQUITY			
Current liabilities			
Trade payables	21	1,110	1,511
Other short term liabilities and accrued expenses	22	6,206	8,439
Total current liabilities		**7,316**	**9,950**
Non-current liabilities			
Long-term borrowings		-	-
Total non-current liabilities		**-**	**-**
TOTAL LIABILITIES		**7,316**	**9,950**
Shareholders capital	23	48,306	48,306
Reserves		23,013	10,431
Revaluation reserves		2,710	2,710
Retained earnings		50,216	92,988
TOTAL EQUITY		**124,245**	**154,435**
TOTAL LIABILITIES AND EQUITY		**131,561**	**164,385**

	Note	2008 Den.000	2007 Den.000
Cash flows from operating activities			
PROFIT (LOSS) BEFORE TAXATION		**24,912**	**88,392**
Adjustments for:			
Depreciation of property and equipment	20	2,139	1,960
Amortization of intangible assets	20	-	3,300
Provision for doubtful trade receivables	12	1,309	5,166
Interest income	13	(4,812)	(4,237)
Interest expenses	14	2	-
Carrying amount of disposed fixed assets	20	-	369
Profit (loss) before changes in operating assets		**23,550**	**94,950**
Trade receivables		1,062	(4,549)
Other current assets and prepaid expenses		(8,799)	(14)
Trade payables		(401)	(98)
Other current liabilities and accrued expenses		3,204	(1,684)
Net cash used in operations		**18,616**	**88,605**
Interest paid		(2)	-
Income tax paid		(6,168)	(11,329)
Net cash flows from operating activities		**12,446**	**77,276**
Cash flows from investing activities			
Proceeds (repayments) of bank deposits, net	17	21,623	(53,415)
Interest proceed	13	4,739	4,252
Acquisition of investments		-	(77)
Acquisition of fixed assets	20	(133)	(3,847)
Net cash flows from investing activities		**26,229**	**(53,087)**
Cash flows from financing activities			
Dividends paid		(48,000)	(20,000)
Remunerations paid		(4,000)	-
Net cash flows from financing activities		**(52,000)**	**(20,000)**
Net increase in cash and cash equivalents		**(13,325)**	**4,189**
Cash and cash equivalents at 1st January	16	**21,763**	**17,574**
Cash and cash equivalents at 31st December	16	**8,438**	**21,763**

CENTRAL SECURITIES DEPOSITORY AD - Skopje
STATEMENT OF CHANGES IN EQUITY for the year ended at 31.December 2008

In (000) MKD

	Share capital					
	Number of ordinary shares	**Amount**	**Reserves**	**Revaluatio n reserves**	**Retained earnings**	**Total equity**
Balance as at January 1, 2007	**6,000**	**36,686**	**22,051**	**2,710**	**35,825**	**97,272**
Increase of share capital by distribution from the reserves (Note 23)	-	11,620	(11,620)	-	-	**-**
Profit for the year	-	-	-	-	77,163	**77,163**
Revaluation reserves	-	-	-	-	-	**-**
Distribution for dividends	-	-	-	-	(20,000)	**(20,000)**
Balance as at December 31, 2007	**6,000**	**48,306**	**10,431**	**2,710**	**92,988**	**154,435**
Paid-in shares	-	-	-	-	-	**-**
Profit for the year	-	-	-	-	21,810	**21,810**
Distribution of the previous year's net profit for remunerations of the management Board Team	-	-	-	-	(4,000)	**(4,000)**
Distribution for reserves	-	-	12,582	-	(12,582)	**-**
Distribution for dividends	-	-	-	-	(48,000)	**(48,000)**
Balance as at December 31, 2008	**6,000**	**48,306**	**23,013**	**2,710**	**50,216**	**124,245**

1. Basic data and activity

Central Securities Depositary AD Skopje ("herein after the Company") is founded as a company for establishing and settlement of the liabilities based on securities and keeping a Register of securities in the Republic of Macedonia, based on agreement among the founders that are solely banks, broker and insurance companies. The Company has been registered at the trade register under T.Reg. No 3726/2001 on 31.10.2001.

Central Securities Depositary AD Skopje was operating on non-profit basis until 01.01.2006 which means that the surplus of the revenues over the expenditures can be used only for its development. Since January 1, 2006 the Company is operating as a profit earning company which means that net profits can be distributed for dividends.

According to the Statistics Bureau of the Republic of Macedonia Decision No.27-6410/1 dated 05.11.2001, the basic activity of the Company is "other financial mediation", under activity code no.65.23 in accordance with the National Classification of Activities.

The total number of employees in the Central Securities Depositary AD Skopje as at 31.December 2008 is 21 (2007: 21 employees).

2. Basis of preparation of the financial statements

2.1. Basis of preparation

The financial statements set on pages 3 to 26 are prepared in accordance with the International Accounting Standards (IAS) which were published in the Official gazette of the Republic of Macedonia No.94/2004 and become effective from 1 January 2005, as well as the International Financial Reporting Standard (IFRS) 1 and Interpretations issued by the IFRS Interpretations Committee which were published in the Official gazette of the Republic of Macedonia No.11/2005 and the IFRS 2,3,4,5,6 and 7 which were published in the Official gazette of the Republic of Macedonia No.116/2005.

The financial statements were prepared for the period ending 31.December 2008 and 2007. The figures for the current and the previous period are shown in thousand of Macedonian denars (MKD), if not otherwise stated. Certain adjustments and reclassifications of the balances for the previous year are made in order to adapt them for presentation in the current year.

2.2. Basic accounting methods

The financial statements are prepared based on the principal of historical prices, except for the property, plant and equipment (PPE) and intangible assets, where adjustments have been made in the past years based on the principal of revaluation using standard rates of increase of the prices of the producers of industrial products, published by the State Bureau of Statistics of RM (Notes 3.9 and 3.10).

2. Basis of preparation of the financial statements (Continued)

2.3. Accounting estimates and judgments

The Company is applying certain accounting estimates and judgments during the process of preparation of the financial statements. Certain financial statements accounts which are not able to be measured properly are assessed on a regular basis. The assessment process includes judgments based on the latest relevant and available information.

Estimates are used during the assessment of the useful life period of the assets, fair value of receivables and its collectibility, fair value of investments available for sale etc.

During the period certain estimates and judgments can be revised and changed if there are changes in the circumstances on which the assessment was based or as a result of a new information, grater experience and subsequent events.

The effects of the changes in the accounting estimates and judgments are include in the net profit or loss for the period as well as in the future periods on which the change takes effect or the both.

2.4. Going concern concept

The financial statements are prepared based on the going concern concept which means that the Company will continue to operate in the future on a continuing basis. The management of the Company has no intention or need to liquidate or restrict significantly the scope of its operations.

3. Basic accounting policies and estimates

The principal accounting policies applied for the preparation of these financial statements are set out below. These policies have been applied consistently for the years presented.

3.1. Revenue recognition

Sale of services

Revenues from rendering services are recognized according to the method of percentage of completion at the balance sheet date, when the amount of the revenue can be measured reliably, it is probable that the economic benefits associated with the transaction will flow to the entity, the costs incurred in respect of the transaction can be measured reliably and there is an adequate evidence for the transaction.

3.2. Financing income

Financing income, which are calculated during the year, are shown as revenues, independent from their collection. They are consisted of income from available-for-sale investments, interest revenues and gains on exchange.

Dividends income is recognized when the right to receive payment is established.

Interest revenues are recognized on a time proportion basis, taking into account the effective yield on the asset.

3.3. Financing expenses

Financing expenses, which are calculated during the year, are shown as expenses, independent from their payment. They are consisting of interest expenses, losses on exchange and other expenses.

Interest expenses are recognized on a time proportion basis.

3.4. Exchange rate differences

Business transactions in foreign currency are recorded in MKD by applying the exchange rate at the date of the transaction. All monetary items in foreign currencies are denominated into MKD at the exchange rates ruling at the balance sheet date.

Gains and losses arising on the translation of receivables and liabilities in foreign currencies during the year have been credited or charged to financing revenues or expenses.

The official exchange rates ruling at 31.December 2008 and 2007 are the following:

	2008	**2007**
1 EUR =	61.4123 MKD	61.2016 MKD
1 USD =	43.5610 MKD	41.6564 MKD

3. Basic accounting policies and estimates (Continued)

3.5. Income tax (current and deferred)

Income tax for the year comprises current and deferred tax. Income tax is presented in the income statement of the Company.

Current income tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the balance sheet date. The calculation of income tax is carried out on a basis of income before taxation, adjusted for certain exempt revenues and non-deductible expenses according to regulations, by applying the rate of 10% (2007: 12%).

Deferred tax is provided using the balance sheet liability method, providing temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted at the balance sheet date.

Calculation of the effective tax rate is presented in Note 15.

3.6. Cash and cash equivalents

Cash and cash equivalents are carried out at cost in the balance sheet. For the purposes of these financial statements, cash and cash equivalents are comprised of cash in hand, cash in banks denar and foreign currency accounts, demand deposits and time deposits with maturity up to three months.

3.7. Trade receivables

Trade receivables arise from sales of goods and services and are recognized at cost less any provision for impairment of bad and doubtful receivables.

A provision for impairment of bad and doubtful receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, default or delinquency in payments, probability that the debtor will enter bankruptcy or financial liquidation are considered as indicators that the receivables are impaired. Bad and doubtful receivables are fully written off when the are considered as it.

Full provision is made and recorded as other operating expenses, for all receivables from shareholders companies that are in bankruptcy procedure. Also, provision in amount of 100% from the nominal value is made for all receivables that are due more than 3 years, 75% from the nominal value for all receivables that are due more than 2 years and 50% from the nominal value for all receivables that are due more than 1 year.

3. Basic accounting policies and estimates (Continued)

3.8. Investments in securities

The Company is classifying its investments in available-for-sale investments and investments held to maturity. Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale investments. Investments held to maturity are consisted of investments in short-term treasury bills (government or treasury bills) which are issued by the National Bank or the Government and which the Company is intended to hold them to maturity for interest earned.

Initially, investments are valued at cost, including transaction costs.

Subsequently, investments available-for-sale are stated at their fair value that is their last market value at the date of the balance sheet for all securities which have active market, except for those that don’t have active market and are stated at cost less for any impairment loss (entities in bankruptcy).

Subsequently, investments held to maturity are recognized at amortized cost applying effective interest rate method.

Unrealized gains and losses arising from changes in the fair value of available-for-sale investments are recorded in shareholder’s equity as fair value and other reserves, until the investment is sold at which time the unrealized gain or loss previous reported in the equity is included in net profit or loss.

3.9. Property, plant and equipment (PPE)

Basic presentation

Initially, property, plant and equipment are carried out at cost. Cost includes invoiced value and all other costs to bring the PPE to their present condition and location.

Subsequently, PPE were revalued in the past years at each year-end using uniformed revaluation coefficient based on the manufacturer's price increase index published by the State Bureau of Statistics of RM and which was applied to historical cost or later revaluations and to the accumulated depreciation. This kind of revaluation of PPE is no more recorded. The effect of revaluation is the revaluation reserve, shown in the balance sheet as part of the equity.

Due to the fact that the recorded revaluation up to 31.December 2008 is not significant, it can be considered that the carrying amount of the property, equipment represents its cost less accumulated depreciation.

Maintenance and repairs are charged to income as incurred. Costs relating to reconstruction and improvements that change the capacity or the purpose of the PPE are added to the value of the assets.

Profits on disposals of PPE are credited directly to other operating revenues. Losses on disposal of PPE are charged to other operating expenses.

3. Basic accounting policies and estimates (Continued)

3.9. Property, plant and equipment (PPE) - (Continued)

Depreciation

Depreciation is charged on a straight-line basis at prescribed rates to allocate the revalue cost of the property, plant and equipment over their estimated useful lives. PPE are depreciated on a single asset basis, until the asset is fully depreciated.

No depreciation is provided on land and construction in progress.

The basic depreciation annual rates i.e. estimated useful life of the assets applied in 2008 compare to 2007 are as follows:

	2008	**2007**	**2008**	**2007**
Property	2.5 %	2.5 %	40 years	40 years
Vehicles	25 %	25 %	4 years	4 years
Computers	25 %	25 %	4 years	4 years
Office furniture	20 %	20 %	5 years	5 years

3.10. Intangible assets

An asset should be recognized as intangible asset in the financial statements if, and only if, it is controlled from the company, it is probable that the future economic benefits will flow, the cost of the asset can be measured reliably and it has non-material form.

An intangible asset should be recognized initially, at cost, and that is the amount of cash and cash equivalents paid for its acquisition. Subsequently, the intangible assets are recognized at cost less accumulated amortization and any impairment losses.

Also, the intangible assets were revalued in the past years at each year-end using uniformed revaluation coefficient based on the manufacturer's price increase index published by the State Bureau of Statistics of RM and which was applied to historical cost or later revaluations and to the accumulated depreciation. This kind of revaluation of PPE is no more recorded. The effect of revaluation is the revaluation reserve, shown in the balance sheet as part of the equity.

Intangible assets should be amortized over the best estimate of their useful life. The basic amortization rate used in 2008 for the intangible assets is 20% per year (2007: 20% per year).

3.11. Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use.

3. Basic accounting policies and estimates (Continued)

3.12. Trade payables

Trade payables are stated at their nominal value (cost).

Trade payables are written off by crediting other revenues, after the expiration of the legal maturity period or by off-court agreement between parties.

3.13. Equity

Shareholders capital

The Company's shareholders capital is recognized in the amount of the nominal (par) value of the authorized and issued shares. Incremental costs related to equity issue, if any, are deducted from equity.

Treasury shares

Shares issued and at the same time owned by the Company are considered to be treasury shares and are recognized at cost and presented as equity decrease.

Treasury shares are gained through the process of acquisition on the secondary securities market (stock exchange) for current stock prices with previously made decisions for their acquisition by the Company's management. The acquired treasury shares are recognized at cost including all transaction costs (fees).

Treasury shares are disposed through the process of re-issuing (public or private offer) as well as by non-trading transfers (compensations, mortgages etc) according to the provisions of the Law on securities. The difference between the cost and the disposal price is recognized as share premium and it is presented in the equity.

Legal reserves

Under the local statutory legislation, the Company is required to set aside 15% of its year net profit in the reserves until the level of this reserve reaches 20% of the registered share capital. Until reaching the minimum required level reserve could be used only for loss recovery.

When the minimum level is reached legal reserves can also be used for distribution of dividends, based on a decision of the Shareholders' Assembly.

Revaluation reserve

Revaluation reserves are founded from revaluation of the property, plant and equipment as well as from intangible assets as set forth in note 2.2., 3.9. and 3.10. According to the Macedonian legislation the revaluation reserve is recorded in the Company's equity. These reserves are not subject to distribution.

3. Basic accounting policies and estimates (Continued)

3.14. Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

Short-term employee benefits

Short-term employee benefits are employee benefits which fall due wholly within twelve months after the end of the period in which the employees render the related services. These benefits include items such as: wages, salaries and social security contributions, short-term compensated absences, profit-sharing and bonuses and other non-monetary benefits. All short-term employee benefits are recognized as a liability and expense for the undiscounted amount.

Post-employment benefits

The Company calculates and pays pension insurance contributions of its employees according to the domestic legislation. The contributions, based on the employee's salaries are paid in the domestic National Fund. The Company has no additional liabilities.

Also, the Company is obliged to pay benefit in amount of two months salary to all its employees who are retiring in the moment of retirement. The Company has made no provision for these liabilities as the amount is not significant for the financial statements.

3.15. Provisions

Provisions (uncertain liabilities) are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, when it is probable that an outflow of resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognized as an asset when, and only when, it is virtually certain that the reimbursement will be received. The expense relating to a provision is presented in the income statement net of the amount recognized for a reimbursement. Where the effect of the time value of money is material, the amount of a provision shall be the present value of the expenditures expected to be required to settle the obligation using pre-tax rates that reflects current market assessments.

3.16. Contingencies

Contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent liability is not recognized in the financial statements, only are disclosed.

Contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent asset are recognized only when the realization of income is virtually certain.

4. Risk management

The Company in engaged in different kind of business transactions which derive from its daily activities and which are connected with the customers, suppliers and creditors. The main financial risks to which the Company is exposed during its business and the policies for their management are the following:

4.1. Market risk

Foreign exchange risk

The Company does not enter in transactions denominated in foreign currencies and therefore the Company is not exposed to foreign currency risk.

Equity price risks

Equity price risk is the possibility that equity prices will fluctuate affecting the fair value of the investments in shares and other instruments that derive their value from a particular investment in shares or index of equity prices. The primary exposure to equity prices arise from investments in securities. The Company is not exposed to this kind of risk as it does not own any securities.

4.2. Credit risk

The Company is exposed to credit risk in the event where its customers fail to meet their payment obligations. The Company does not have significant concentration of credit risk exposure as main customers are all domestic brokerage houses and shareholders companies. The Company's policy to avoid or reduce this kind of risk is to make advance collection of its receivables and to provide adequate provision for all bad and doubtful receivables in order to present them on their fair and recoverable amount.

4.3. Interest rate risk

The Company is exposed to risk of interest rate fluctuation, which relates to the loans, borrowings or bank deposits conclude with variable interest rates. This type of risk depends on movements on financial markets and the Company does not hedge against it. At the balance sheet date, the Company is not exposed to this kind of risk as it does not have any borrowings.

4.4. Liquidity risk

Liquidity risk includes the risk of being unable to fund its liabilities at appropriate maturities with its cash. This kind of risk is managed by maintaining sufficient cash for regular funding of its committed credit facilities. The Company has no such liquidity issues.

4.5. Taxation risk

According to local legislation, the tax authorities may at any time inspect the books and records subsequent to the reported tax year, and may impose additional tax assessments. Up to the date of the Auditors report, inspection for income tax, personnel income tax and contributions on allowances for period 2008 in not yet executed and therefore additional taxes or contributions are possible.

5. Fair value estimation

The Company has financial assets and liabilities which include trade receivables, bank deposits and trade payables as well as non-financial assets, for which large number of accounting policies and disclosures require establishing of their fair value.

The fair value of financial assets and liabilities generally approximate their carrying amount as most of them have maturity up to one year of the balance sheet date.

6. Financial instruments

6.1. Capital risk management

The Company is financing its operations from own resources and it does not uses any loans or borrowings from banks or other companies. The management of the Company reviews the capital structure on a regular basis.

6.2. Foreign currency risk

The Company does enter in to significant transactions denominated in foreign currencies, except for the cash and cash equivalents and bank deposits denominated in foreign currency which are exposed to foreign currency risk.

The carrying amount of the financial assets and liabilities denominated in foreign currencies as at 31.December 2008 and 2007, are as follows:

	Assets		**Liabilities**	
	2008	**2007**	**2008**	**2007**
EUR	10,683	8,560	-	-
USD	-	-	-	-
Total	**10,683**	**8,560**	**-**	**-**

The Company is generally exposed to EUR.

The sensitivity analysis below has been determined based on the 10% increase or decrease of the Macedonian MKD related to the foreign currencies. The analysis has been done based on the carrying amounts of the assets and liabilities denominated in foreign currency at the balance sheet date. A positive number below indicates an increase in profit and equity and negative number below indicates a decrease.

	10% increase		**10% decrease**	
	2008	**2007**	**2008**	**2007**
EUR	1,068	856	(1,068)	(856)
USD	-	-	-	-
Net	**1,068**	**856**	**(1,068)**	**(856)**

6. Financial instruments (Continued)

6.3. Interest rate risk

The Company is exposed to interest risk arising from variable interest rate on bank deposits and borrowings, which depends on the changes of the financial markets.

The carrying amount of the financial assets and liabilities according the exposure on interest rate risk at the year end is as follows:

	31 December	
	2008	**2007**
Financial assets		
Non-interest bearing:		
- Cash and cash equivalents	7	4
- Trade receivables	8,071	10,442
- Other receivables	8,033	1,532
- Investments	77	77
	16,188	**12,055**
Interest bearing with variable interest rate:		
- Cash and cash equivalents	8,431	21,759
- Bank deposits	82,792	104,415
	91,223	**126,174**
	107,411	**138,229**
Financial liabilities		
Non-interest bearing:		
- Trade payables	1,110	1,511
- Other current liabilities	6,206	8,439
	7,316	**9,950**
	7,316	**9,950**

The sensitivity analysis below has been determined based on the exposure to interest rates as a result of a 10% increase or decrease for the bank deposits and borrowings at the balance sheet date. A positive number below indicates an increase in profit and equity and negative number below indicates a decrease.

	Increase of 10%		Decrease of 10%	
	2007	**2006**	**2007**	**2006**
Bank deposits	498	591	(498)	(591)
Borrowings	-	-	-	-
Net	**498**	**591**	**(498)**	**(591)**

6. Financial instruments (Continued)

6.4. Credit risk

Credit risk exists in the event where customers fail to meet their payment obligations. Trade receivables consist of large number of individual balances. These receivables are not secured with any kind of collateral in form of guarantees, bills or other.

The trade receivables structure according their aging analysis as at 31.December is as it follows:

		In (000) MKD	
	Gross amount	**Provision**	**Recovarable amount**
Undue receivables	3,938	-	3,938
Due receivables			
- in 2008	2,924	-	2,924
- in 2007	1,779	889	890
- in 2006	1,281	962	319
- before 2006	13,905	13,905	-
	23,827	**15,756**	**8,071**

Undue receivables in amount of 3,938 thousands denars represent receivables from brokerage houses for fee transaction in December 2008. These receivables will be due in January 2009.

6.5. Liquidity risk

The following tables detail the Company's remaining contractual maturity for its financial assets and liabilities as at 31.December 2008:

	Less than 1 month	**1 to 3 month**	**3 to 12 month**	**Over 12 months**	**Total**
Cash	8,438	-	-	-	8,438
Bank deposits	27,000	18,000	37,792	-	82,792
Trade receivables	8,071	-	-	-	8,071
Other receivables	1,599	-	6,434	-	8,033
Investments	-	-	-	77	77
	45,108	**18,000**	**44,226**	**77**	**107,411**
Trade payables	1,110	-	-	-	1,110
Borrowings	-	-	-	-	-
Other payables	2,485	3,721	-	-	6,206
	3,595	**3,721**			**7,316**

7. Segment reporting

Due to its specific activities and size, the Company is not organized in separate segments, business or geographical segments.

Because of the previous, the Company is not presenting any segment information.

8. REVENUES

	2008 Den. 000	2007 Den. 000
Revenues from:		
Broker companies access fee	2,999	567
Broker companies transactions fee	31,757	106,276
Shareholding companies access fee	512	368
Shareholding companies shareholders-book-keeping fee	13,257	11,799
Other companies and citizens transaction fees	9,497	13,195
Services to Government of the Republic of Macedonia	153	8,483
Other fee revenues according Price List of the Depositary	2,945	2,406
Total revenues	**61,120**	**143,094**

9. OTHER OPERATING REVENUES

	2008 Den. 000	2007 Den. 000
Revenues from collected doubtful receivables	3,652	146
Revenues from collected written-off receivables	22	8
Revenues from damage recovery	-	275
Other revenues	57	92
Total other operating revenues	**3,731**	**521**

The major part of the revenues from collected bad and doubtful receivables in amount of 3,652 thousand denars is comprised of collected receivables from Makedonska Bank AD in liquidation in total amount of 3,552 thousand denars based on a deposit in amount of 3,000 thousand denars, cash on bank account in amount of 503 thousand denars and interest in amount of 49 thousand denars.

10. USED MATERIALS AND CONSUMABLES

	2008 Den. 000	2007 Den. 000
Used materials	241	1,002
Used spare parts	53	397
Small inventory write-off	33	182
Tires write-off	-	105
Total used materials and consumables	**327**	**1,686**

11. EMPLOYEES EXPENSES

	2008 Den. 000	2007 Den. 000
Net-wages of employees	8,865	8,127
Contributions from wages	4,594	4,290
Wage personal tax	896	1,004
Employees' remunerations	2,402	3,849
Per diem and travel expenses	553	253
Food and transportation allowances	897	914
Other employees-related expenses	571	682
Total employees expenses	**18,778**	**19,119**

12. OTHER OPERATING EXPENSES

	2008 Den. 000	2007 Den. 000
Expenses for Securities Exchange Commission	8,423	17,242
Post, telephone and internet services	2,832	2,744
Provision for bad and doubtful receivables from companies in bankruptcy (Note 18)	861	4,389
Provision for bad and doubtful receivables from other companies (Note 18)	448	777
Reimbursement of the Steering and Supervisory Committee members'	1,967	2,761
Steering and Supervisory Committees members' remunerations	2,456	436
Public utility expenses	929	921
Marketing, representation and donation expenses	665	991
Other expenses	4,951	3,134
Total operating expenses	**23,532**	**33,395**

13. FINANCING INCOME

	2008 Den. 000	2007 Den. 000
Exchange gain	78	4
Interest received on bank deposits	4,792	3,311
Other financing income	20	926
Total financing income	**4,890**	**4,241**

14. FINANCING EXPENSES

	2008 Den. 000	2007 Den. 000
Interest	2	-
Exchange loss	51	4
Total financing expenses	**53**	**4**

15. INCOME TAX

	2008 Den. 000	2007 Den. 000
Income tax for the year	3,102	11,229
Total income tax	**3,102**	**11,229**

Reconciliation of effective tax rate	2008 %	2008 Den. 000	2007 %	2007 Den. 000
Income before taxation		**24,912**		**88,392**
Profit tax	10.00%	2,491	12.00%	10,607
Non-deductible expenses	2.45%	610	2.03%	622
Tax exempt revenues	0.00%	-	0.00%	-
Profit effective tax rate	**12.45%**	**3,102**	**12.70%**	**11,229**

The income tax receivable in amount of 6,434 thousand denars (2007: none) arises from prepayment of income tax advances during 2008 based on the high amount of the tax base from the previous year.

16. CASH AND CASH EQUIVALENTS

	2008 Den. 000	2007 Den. 000
Denar accounts at commercial banks	8,340	21,614
Letters of credit and	-	1
Cash in hand - denars	7	3
Foreign currency cash at bank accounts	91	145
Total cash and cash equivalents	**8,438**	**21,763**

17. BANK DEPOSITS

	2008 Den. 000	2007 Den. 000
Deposits in:		
Izvozna kreditna Bank AD Skopje	8,000	6,000
Invest Bank AD Skopje	20,592	46,415
Postenska Bank AD Skopje	4,000	4,000
Ohridska Bank AD Skopje	8,500	8,500
TTK Bank AD Skopje	9,000	7,000
Uni Bank AD Skopje	5,500	5,500
Komercijalna Bank AD Skopje	6,000	6,000
Stopanska Bank AD Skopje	8,000	8,000
NLB Tutunska Bank AD Skopje	7,000	7,000
Eurostandard Bank AD Skopje	6,200	6,000
Total bank deposits	**82,792**	**104,415**

The bank deposits are time deposits with maturity periods from three do twelve months, with 5% to 7.5% annual interest rate (2007: from three do twelve months, with 5% to 7.5% annual interest rate).

18. TRADE RECEIVABLES

	2008 Den. 000	2007 Den. 000
Receivables from Brokerage companies	3,961	4,970
Receivables from shareholders companies	19,866	23,571
Total gross trade receivables	**23,827**	**28,541**
Provision for broker companies receivables	-	-
Provision for shareholders companies receivables	(15,756)	(18,099)
Total net trade receivables	**8,071**	**10,442**

Changes in provision for bad and doubtful receivables:

	2008	2007
Balance as at 1.Janaury	**18,099**	**13,079**
Provision for receivables from companies in bankruptcy	861	4,389
Provision for receivables from other companies	448	777
Collected doubtful receivables	(3,652)	(146)
Written off receivables	-	-
Balance as at 31.December	**15,756**	**18,099**

19. OTHER CURRENT ASSETS AND PREPAID EXPENSES

	2008 Den. 000	2007 Den. 000
Receivables from employees	14	-
Interest receivables	1,469	1,396
Other prepaid expenses	31	51
Small inventory	85	85
Total current assets and prepaid expenses	**1,599**	**1,532**

20. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

	Property Den.000	Equipment Den.000	Intangible assets Den.000	Total Den.000
Cost or valuation				
Balance as at 1st January	**25,732**	**42,229**	**60,542**	**128,503**
Additions	-	133	-	133
Transfer to other assets	-	-	-	-
Revaluation	-	-	-	-
Balance as at 31st December	**25,732**	**42,362**	**60,542**	**128,636**
Accumulated depreciation				
Balance as at 1st January	**4,221**	**37,584**	**60,542**	**102,347**
Depreciation/amortization	643	1,496	-	2,139
Transfer to other assets	-	-	-	-
Revaluation	-	-	-	-
Balance as at 31st December	**4,864**	**39,080**	**60,542**	**104,486**
Carrying amount as at:				
31.December 2008	**20,868**	**3,282**	**-**	**24,150**
31.December 2007	**21,511**	**4,645**	**-**	**26,156**

The property is used for the regular business activities of the Depositary.

The intangibles are comprised of computer software used for the regular business activities of the Depositary and is fully amortized.

21. TRADE PAYABLES

	2008 Den. 000	2007 Den. 000
Payables against Securities Exchange Commission	685	1,098
Other trade payables	425	413
Total trade payables	**1,110**	**1,511**

22. OTHER SHORT-TERM LIABILITIES AND ACCRUED EXPENSES

	2008 Den. 000	2007 Den. 000
Payables for net wages and contributions from wages	919	-
Payables for wage taxes and contributions	495	-
Payables for income tax	832	6,269
Payables for value added tax (VAT)	237	859
Payables for remunerations of the Board of directors	2,232	-
Payables for management remunerations	1,105	1,102
Payables for taxes and contribution on remunerations	384	207
Other payables	2	2
Total other short-term liabilities and accrued expenses	**6,206**	**8,439**

23. SHAREHOLDERS CAPITAL

The Company's shareholders capital in amount of 48,306 thousands denars is consisted of 6,000 ordinary shares with par value of 131.67 EUR for one share.

The following shareholders have more than 5% of the voting ordinary shares:

	2008 Den. 000	2007 Den. 000
Komercijalna Bank AD Skopje	15.00%	15.00%
Fersped Broker AD Skopje	15.00%	15.00%
Stopanska Bank AD Skopje	7.03%	7.03%
Postenska Bank AD Skopje	6.10%	6.10%
Invest Bank AD Skopje	5.95%	5.95%
Invest Broker AD Skopje	5.75%	5.75%
TTK Bank AD Skopje	5.57%	5.57%
Izvozna Kreditna Bank AD Skopje	5.03%	5.03%
NLB Tutunska Bank AD Skopje	5.03%	5.03%

23. SHAREHOLDERS CAPITAL (Continued)

The common shares are authorized, issued and fully paid in. The shareholders have right to dividends when they are declared and right to vote in the Shareholders Assembly.

As at 31.December 2008, the Company's shares are owned by 23 shareholders (2007: 23 shareholders).

During 2007, an increase of the shareholders capital in total amount of 190,000 EUR or 11,620 thousands denars is performed by distribution of the legal reserves which excess the minimum of 1/5 from the capital. The distribution is done by increase of the par value of one common share to 131.67 EUR, while the total number of issued shares remains the same.

24. CONTINGENCIES

The contingencies are recorded and shown in the financial statements only if a probability for future outflows of funds that include economic benefits and a possibility for reasonable estimate of the amount exist.

Litigations and given guarranties

The management considers that there are no contingent liabilities or losses arising from the litigation proceedings, nor has given guarantees to other entities.

25. POST BALANCE-SHEET EVENTS

No material events after the balance sheet date have occurred which require disclosure in these financial statements.