

**CENTRAL SECURITIES  
DEPOSITARY AD, Skopje**

**FINANCIAL STATEMENTS  
for the year ended 31 December 2009,  
with Independent Auditor's Report**

**B &Lj, Boro & Ljupco ltd. - Skopje**

**FINANCIAL STATEMENTS**

**for year ended 31 December 2009,  
with independent auditors` report**

**C O N T E N T S**

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## INDEPENDENT AUDITOR'S REPORT

### **To the shareholders of CENTRAL SECURITIES DEPOSITARY AD -Skopje**

We have audited the accompanying financial statements of Central Securities Depository AD-Skopje, which comprise the balance sheet as of 31 December 2009 and the income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards 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 the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

#### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with relevant 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 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 principles 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 basis for our audit opinion.

**INDEPENDENT AUDITOR'S REPORT (Continued)**

***Opinion***

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Central Securities Depository AD-Skopje as of 31 December 2009, and of its financial performance and its cash flows for the year than ended in accordance with the International Financial Reporting Standards which are accepted and published in the Republic of Macedonia.

Skopje, 10 February 2009

Certified Auditor

Borislav Atanasovski

Audit, valuation and  
financial services

B & Lj, Boro & Ljupco  
ltd - Skopje

## CENTRAL SECURITIES DEPOSITORY AD- Skopje

### INCOME STATEMENTS for the year ended at 31 December

<b>den.000</b>	<b>Note</b>	<b>2009</b>	<b>2008</b>
Revenues	7	38.431	61.121
Other operating income	8	151	3.731
Used materials and consumables	9	-313	-327
Employees expenses	10	-15.779	-18.778
Depreciation		-2.086	-2.139
Other operating expenses	11	<u>-16.685</u>	<u>-23.532</u>
<b>OPERATING PROFIT</b>		<b>3.719</b>	<b>20.076</b>
Financing income	12	4.291	4.890
Financing expenses	13	<u>-43</u>	<u>-54</u>
<b>PROFIT BEFORE TAXATION</b>		<b>7.967</b>	<b>24.912</b>
Income tax expense	14	-512	-3.102
<b>NET PROFIT</b>		<b><u>7.455</u></b>	<b><u>21.810</u></b>
Profit attributable to holders of ordinary shares		7.455	21.810
<b>Earnings per share</b>			
Basic (in denars per share)		1.242	3.634

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**

**The accompanying notes form an integral part of  
these financial statements**

**CENTRAL SECURITIES DEPOSITORY AD- Skopje**

**BALANCE SHEET  
for the year ended at 31 December**

<b>Den.000</b>	<b>Notes</b>	<b>2009</b>	<b>2008</b>
<b>ASSETS</b>			
Cash and cash equivalents	15	2.477	8.438
Bank deposits	16	69.150	82.792
Trade receivables	17	6.525	8.072
Income tax receivables	14	4.248	6.434
Other current assets and prepaid expenses	18	948	1.599
<b>Total current assets</b>		<b>83.348</b>	<b>107.335</b>
<b>Non-current assets</b>			
Investments		76	76
Property and equipment	19	22.365	24.150
<b>Total non-currents assets</b>		<b>22.441</b>	<b>24.226</b>
<b>TOTAL ASSETS</b>		<b>105.789</b>	<b>131.561</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade payables	20	546	1.110
Other short liabilities and accrued expenses	21	3.934	6.206
<b>Total current liabilities</b>		<b>4.480</b>	<b>7.316</b>
Shareholders capital		48.306	48.306
Reserves		27.013	23.013
Revaluation reserves		2.710	2.710
Retain earnings		23.280	50.216
<b>Total equity</b>		<b>101.309</b>	<b>124.245</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>105.789</b>	<b>131.561</b>

The accompanying notes form an integral part of  
these financial statements

## CENTRAL SECURITIES DEPOSITORY AD- Skopje

### CASH FLOW STATEMENT for the year ended at 31 December

<b>Den.000</b>	<b>2009</b>	<b>2008</b>
<b>Cash flows from operating activities</b>		
Net Profit	7.455	21.810
Adjustments for:		
Depreciation	2.086	2.139
Deposits in bank	13.650	21.623
Trade receivables	1.547	2.371
Income tax receivables	2.186	-6.434
Other currents assets and prepaid expenses	644	-67
Trade payables	-564	-401
Other short term liabilities and accrued expenses	-2.272	-2.233
<b>Net cash flows from operating activities</b>	<b>24.732</b>	<b>38.808</b>
<b>Cash flows from investing activities</b>		
Acquisition of fixed assets	-301	-133
<b>Net cash flows from investing activities</b>	<b>-301</b>	<b>-133</b>
<b>Cash flows from financing activities</b>		
Remunerations paid		-4.000
Dividends paid	-30.391	-48.000
<b>Net cash flows from financing activities</b>	<b>-30.391</b>	<b>-52.000</b>
<b>Net decrease in cash and cash equivalents</b>	<b>-5.960</b>	<b>-13.325</b>
<b>Cash and cash equivalents at 1st January</b>	<b>8.438</b>	<b>21.763</b>
<b>Cash and cash equivalents at 31st December</b>	<b>2.477</b>	<b>8.438</b>

The accompanying notes form an integral part of  
these financial statements

## CENTRAL SECURITIES DEPOSITORY AD- Skopje

### STATEMENT OF SHANGES IN EQUITY for the year ended at 31 December

Den.000	Share capital Number of ordinary shares	Share capital Amount	Reserves	Revaluation reserves	Retained earnings	Total equity
<b>Balance as at January1,2008</b>	<b>6.000</b>	<b>48.306</b>	<b>10.431</b>	<b>2.710</b>	<b>92.988</b>	<b>154.435</b>
Profit for the year	-	-	-		21.810	21.810
Distribution of previous year's net profit for remunerations of the managements Board Team	-	-	-	-	-4.000	-4.000
Distribution for reserves			12.582		-12.582	0
Distribution for dividends					-48.000	-48.000
<b>Balance as at December312008</b>	<b>6.000</b>	<b>48.306</b>	<b>23.013</b>	<b>2.710</b>	<b>50.216</b>	<b>124.245</b>
<b>Balance as at January1,2009</b>	<b>6.000</b>	<b>48.306</b>	<b>23.013</b>	<b>2.710</b>	<b>50.216</b>	<b>124.245</b>
Profit for the year					7.455	7.455
Distribution for reserves			4000		-4.000	0
Distribution for dividends					-30.391	-30.391
<b>Balance as at December312009</b>	<b>6.000</b>	<b>48.306</b>	<b>27.013</b>	<b>2.710</b>	<b>23.280</b>	<b>101.309</b>

**The accompanying notes form an integral part of  
these financial statements**

## **CENTRAL SECURITIES DEPOSITORY AD- Skopje**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **1. BASIC DATA AND ACTIVITY**

Central Securities Depository AD Skopje (herein after the Company) is founded as 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 Depository AD Skopje was opening 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 opening as a profit earning company which means that net profit can be distributed for dividend.

The total number of employees in the Central Securities Depository AD Skopje as at 31, December 2009 is 20 (2008:21 employees)

#### **2. BASIC OF PREPARATION OF THE FINANCIAL STATEMENT**

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 International Financing 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 2009 and 2008. The figures for the current and previous period are shown in thousand of Macedonian denars (MKD), if not otherwise stated.

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 year based on the principal of revaluation using standard rates of increase of the prices of the product of industrial products, published by the State Bureau of Statistics of RM.

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 regular basis. The assessment process includes judgments based on the latest relevant 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 the sale etc.

## **CENTRAL SECURITIES DEPOSITORY AD- Skopje**

## **NOTES TO THE FINANCIAL STATEMENTS**

During the period certain estimates and judgements 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 effect of the changes in the accounting estimates and judjments 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.

The financial statements are prepared based on the going concern cocept which means that the Cpmpany 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 POLICES AND ESTIMATES**

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

#### **3.1. Revenue recognition**

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 Finance income and expenses**

Finance 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 assets.

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.

## NOTES TO THE FINANCIAL STATEMENTS

### 3.3 Exchange rate differences

Business transaction in foreign currency is 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 rate ruling at 31 December is the following:

### 3.4 Income tax

The Calculation of income tax is carried out on a basis of non-deductible expenses according to regulation, by applying the rate of 10% (2008: 10%)

### 3.5 Cash and cash equivalents

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

### 3.6 Trade receivable

Trade receivables arise from sales of goods 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 term of receivables. Significant financial difficulties of the debtor, default or delinquency in payments, probability that the debtor will enter bankruptcy or financial liquidation is considered as indicators that the receivables are impaired. Bad and doubtful receivables are fully written off when they are considered as such.

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.

**CENTRAL SECURITIES DEPOSITORY AD- Skopje**

## NOTES TO THE FINANCIAL STATEMENTS

### 3.7 Investment 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 balance sheet for all securities which have active market, except for those that don't have active market and sure 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 than 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.

### 3.8 Property, plant and equipment

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

Subsequently, property, plant and equipment were revalued in past year-end using uniformed revaluation coefficient based on the manufacturer's price increase index published by the State Bureau of Statistic of RM and which was applied to historical cost or later revaluations and to the accumulated depreciations. This kind of revaluation of property, plant and equipment 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, plant and equipment represents its cost less accumulated depreciation.

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

**CENTRAL SECURITIES DEPOSITORY AD- Skopje**

## NOTES TO THE FINANCIAL STATEMENTS

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

### 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 2009 is as follows:

Property	2.5%
equipment	5 do 25%
Vehicles	25%

### 3.9. Intangible assets

Assets 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 year 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 revaluation 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 2009 for the intangible assets is 25%.

### 3.10. Impairment of assets

Assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment. Asset that is 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 cost to sell and value in use.

**CENTRAL SECURITIES DEPOSITORY AD- Skopje**

## NOTES TO THE FINANCIAL STATEMENTS

### 3.11 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on a weighted average cost formula, and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

### 3.12. Trade payables

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

Trade payables are written off by crediting other revenues, after the expiration of the legal maturity 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 value of the authorized and issued shares. Incremental cost related to equity issue, if any, are deducted from equity.

#### *Treasure 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 for current stock prices with previously made decision for their acquisition by the Company's management. The acquired treasury share are recognized at cost including all transaction cost.

Treasury shares are disposed through the process of re-issuing as well as non-trading transfers according to the provisions of the Law on securities. The difference between the cost and the disposal price 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 reached 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.

## NOTES TO THE FINANCIAL STATEMENTS

### *Revaluation reserve*

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

### **3.14. Employee benefits**

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

### *Short term employee benefits*

Short-term 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 expenses for the undiscounted amount.

### *Post-employment benefits*

The Company calculates and pays pension insurance contributions of its employees according to the domestic legislation. The contribution, 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 Earnings per share**

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

### **3.16. Provisions**

Provisions are recognised when the Company has a present obligation 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 recognised as an asset when, and only when, it is virtually certain that the reimbursement will be received.

## **CENTRAL SECURITIES DEPOSITORY AD- Skopje**

### **NOTES TO THE FINANCIAL STATEMENTS**

The expense relating to a provision is presented in the income statement net of the amount recognised 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.

#### **3.17. Contingencies**

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

#### **4. DETERMINATION OF FAIR VALUES**

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

##### **4.1 Trade and other receivables**

The fair value of trade and other receivables is estimated as the present value of future cash flows at the reporting date.

##### **4.2 Investments in equity and debt securities**

The fair value of held-to-maturity investments and available-for-sale financial assets is determined by reference to their quoted bid price at the reporting date. The fair value of held-to-maturity investments is determined for disclosure purposes only.

##### **4.3 Non-derivative financial instruments**

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

## **CENTRAL SECURITIES DEPOSITORY AD- Skopje**

## NOTES TO THE FINANCIAL STATEMENTS

### 5. RISK MANAGEMENT

The Company is 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 risk to which the Company is exposed during its business and the policies for their management are the following:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk and the

Company's management of capital. Further quantitative disclosures are included through these financial statements.

The Company's management has overall responsibility for the establishment and oversight of Company's risk management framework.

Company's risk management is established in order to identify and analyse the risks the Company faces with, to set appropriate risk limits and controls and monitor risks and adherence to limits.

#### 5.1 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterpart to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

#### 5.2 Trade and other receivables

Group's exposure to credit risk is influenced by the individual characteristics of each customer. Major part of the Company's sales is on domestic market.

The Management has established a credit procedure under which each new customer is analysed for creditworthiness before Company's standard payment and delivery terms and conditions are offered. The commercial sector is carrying out the credit procedure of the Company and monitors the individual exposure to credit risk of each customer.

#### 5.3 Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

**CENTRAL SECURITIES DEPOSITORY AD- Skopje**

## NOTES TO THE FINANCIAL STATEMENTS

The Company has implemented accounting and controlling procedure and follows the cash flows on a continuing base.

The Company always ensures that it has sufficient cash available on demand to meet its liabilities when due. This excludes the potential impact of extreme circumstances, as natural disasters or political disturbances in the region.

### 5.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposure within acceptable parameters, while optimising the return.

### 5.5 Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than MKD. The currency-giving rise to this risk is primarily EUR and USD.

As a result of the stable foreign exchange rate MKD/EUR the foreign exchange differences do not have significant effect on the financial result of the Company. The Company immediately converts USD to MKD thus the foreign exchange rate of MKD/USD do not have significant effect on financial result of the Company.

### 5.6 Interest rate risk

The Company has variable rate financial assets (cash and cash equivalents and deposits with banks with maturity of three months or more). Since these financial assets are with a stable and low market interest rate, changes in the interest rate would not have significant effect on the financial result of the Company.

During 2009 the Company has not long term borrowing thus the Company is not exposed on the interest rate risk.

### 5.7 Capital management

The Company policy is to maintain stability of capital base so as to maintain creditor and market confidence and to sustain future development of the business. The Company management monitors the return on capital, which the Company defines as result from operating activities, divided by total shareholders' equity, excluding non-redeemable preference shares and minority interest, if any.

There were no changes in the Company's approach to capital management during the year.

The Company is not subject to externally imposed capital requirements.

## NOTES TO THE FINANCIAL STATEMENTS

### 6. FINANCIAL INSTRUMENTS

#### 6.1 Credit risk

Credit risk exist in the event where customers fail to meet their payment obligations. Trade receivables consist of large number of individuals 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:

Den.000	Gross amount	Provision	Recoverable amount
Undue receivable	1.348		1.348
Due receivable in 2009	3.033		3.033
in 2008	1.790	881	909
in 2007	1.533	960	573
before 2007	14.838	14.176	662
	<b><u>22.542</u></b>	<b><u>16.017</u></b>	<b><u>6.525</u></b>

#### 6.2 Liquidity risk

The following tables detail the Company's remaining contractual maturity for its financial assets and liabilities as at 31. December 2009:

	Less than 1 month	1to3 month	3to12 month	Over 12 month	Total
Cash	2.477				2.477
Bank deposits	2.000	32.500	34.651		69.151
Trade receivables	6.525				6.525
Other receivables	948		4.248		5.196
Investments				77	77
	<b><u>11.950</u></b>	<b><u>32.500</u></b>	<b><u>38.899</u></b>	<b><u>77</u></b>	<b><u>83.426</u></b>
Trade payable	546				546
Other payable	3.530	404			3.934
	<b><u>4.076</u></b>	<b><u>404</u></b>			<b><u>4.480</u></b>

#### 6.3 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 for the financial assets and liabilities denominated in foreign currencies as at 31 December 2009 and 2008, are as follows

**CENTRAL SECURITIES DEPOSITORY AD- Skopje**

## NOTES TO THE FINANCIAL STATEMENTS

	Assets		Liabilities	
	2009	2008	2009	2008
EUR	10.551	10.592		
	10.551	10.592		

### Sensitivity analysis

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.

	1 10% Increase		10% Decrease	
	2009	2008	2009	2008
EUR	1.055	1.059	-1.055	-856
USD				
	1.055	1.059	-1.055	-856

### 6.4 Interest rate risk

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

Den.000	2009	2008
<b>Financial assets</b>		
Non-interest bearing		
Cash and cash equivalents	5	7
Trade receivables	6.525	8.071
Other receivables	5.196	8.033
Investments	77	77
	11.803	16.188
Interest bearing with variable interest rate		
Cash and cash equivalents	2.472	8.431
Bank deposits	69.150	82.792
	71.622	91.223
	83.425	107.411
<b>Financial liabilities</b>		
Non-interest bearing		
Trade payable	546	1.110
Other current liabilities	3.934	6.206
	4.480	7.316
	4.480	7.316

**CENTRAL SECURITIES DEPOSITORY AD- Skopje**

## NOTES TO THE FINANCIAL STATEMENTS

### 7. REVENUES

<b>Den.000</b>	<u><b>2009</b></u>	<u><b>2008</b></u>
Broker companies access fee	2.885	2.999
Broker companies transaction fee	16.531	31.757
Shareholding companies access fee	336	512
Shareholding companies shareholders-book-keeping fee	9.692	13.257
Other companies and citizens transaction fees	6.083	9.497
Services to Government of the Republic of Macedonia	448	153
Other fee revenues according Price List of the Depository	2.456	2.946
<b>Total revenues</b>	<u><b>38.431</b></u>	<u><b>61.121</b></u>

### 8. OTHER OPERATING REVENUES

<b>Den.000</b>	<u><b>2009</b></u>	<u><b>2008</b></u>
Revenues from collected doubtful receivables	89	3.652
Revenues from collected written of receivables		22
Other revenues	62	57
<b>Total</b>	<u><b>151</b></u>	<u><b>3.731</b></u>

### 9. USED MATERIALS AND CONSUMBLES

<b>Den.000</b>	<u><b>2009</b></u>	<u><b>2008</b></u>
Used materials	197	241
Used spare parts	56	53
Small inventory write-off	60	33
<b>Total</b>	<u><b>313</b></u>	<u><b>327</b></u>

**CENTRAL SECURITIES DEPOSITORY AD- Skopje**

## NOTES TO THE FINANCIAL STATEMENTS

### 10. EMPLOYEES EXPENSES

<b>Den.000</b>	<b>2009</b>	<b>2008</b>
Gross wages of employees	13.011	14.355
Employee's remunerations	2.185	2.402
Per diem and travel expenses	198	553
Food and transportation allowances		897
Other employees-related expenses	385	571
<b>Total</b>	<b>15.779</b>	<b>18.778</b>

### 11. OTHER OPERATING EXPENSES

<b>Den.000</b>	<b>2009</b>	<b>2008</b>
Expenses for Securities Exchange Commission	4.996	8.423
Post, telephone and internet services	1.882	2.832
Provision for bad and doubtful from companies in bankruptcy	445	1.309
Reimbursement of the Steering and Supervisory Committee mem	2.040	1.967
Steering and Supervisory Committees members' remunerations	2.509	2.456
Public utility expenses	916	929
Marketing, representation and donation expenses	817	665
Other expenses	3.080	4.951
<b>Total</b>	<b>16.685</b>	<b>23.532</b>

### 12. FINANCING INCOME

<b>Den.000</b>	<b>2009</b>	<b>2008</b>
Exchange gain	1	78
Interest received on bank deposits	4.220	4.792
Other financing income	70	20
<b>Total</b>	<b>4.291</b>	<b>4.890</b>

**CENTRAL SECURITIES DEPOSITORY AD- Skopje**

## NOTES TO THE FINANCIAL STATEMENTS

### 13. FINANCING EXPENSES

<b>Den.000</b>	<b>2009</b>	<b>2008</b>
Interest		2
Exchange loss	43	52
<b>Total</b>	<b>43</b>	<b>54</b>

### 14. INCOME TAX

<b>Den.000</b>	<b>2009</b>	<b>2008</b>
Income tax for the year	512	3.102
<b>Total</b>	<b>512</b>	<b>3.102</b>

#### *Reconciliation of effective tax rate*

<b>Den.000</b>	<b>2009</b>	<b>2009</b>	<b>2008</b>	<b>2008</b>
Income before taxation		<b>7.967</b>		<b>24.912</b>
Profit Tax	10%		10,0%	2.491
Non- deductible expenses		512		611
		<b>512</b>		<b>3.102</b>

### 15. CASH AND CASH EQUIVALENTS

<b>Den.000</b>	<b>2009</b>	<b>2008</b>
Denar accounts at commercial banks	2.012	8.340
Cash in hand-denars	5	7
Foreign currency cash at bank accounts	460	91
<b>Total</b>	<b>2.477</b>	<b>8.438</b>

**CENTRAL SECURITIES DEPOSITORY AD- Skopje**

## NOTES TO THE FINANCIAL STATEMENTS

### 16. BANKS DEPOSITS

<b>Den.000</b>	<b>2009</b>	<b>2008</b>
Izvozna kreditna Bank AD Skopje	4.000	8.000
Invest bank AD Skopje	15.550	20.592
Postenska bank AD Skopje	4.000	4.000
Ohridska bank AD Skopje	5.000	8.500
TTK Bank AD Skopje	6.000	9.000
Uni Bank AD Skopje	5.500	5.500
Komercijalna bank AD Skopje	16.000	6.000
Stopanska bank AD Skopje	5.000	8.000
NLB Tutunska Bank AD Skopje	5.000	7.000
Eurostandard bank AD Skopje	3.100	6.200
<b>Total</b>	<b>69.150</b>	<b>82.792</b>

### 17. TRADE RECEIVABLES

<b>Den.000</b>	<b>2009</b>	<b>2008</b>
Receivables from Brokerage companies	1.349	3.962
Receivables from shareholders companies	21.193	19.866
<b>Total gross trade receivable</b>	<b>22.542</b>	<b>23.828</b>
Provision for broker companies receivables		
Provision for shareholders companies receivable	-16.017	-15.756
<b>Total net trade receivables</b>	<b>6.525</b>	<b>8.072</b>

#### Changes in provision for bad and doubtful receivables:

<b>Balance as at 1.January</b>	<b>15.756</b>	<b>18.099</b>
Provision for receivables from companies in bankruptcy		861
Provision for receivables from other companies	345	448
Collected doubtful receivables	-84	-3.652
<b>Balance as at 31. December</b>	<b>16.017</b>	<b>15.756</b>

### CENTRAL SECURITIES DEPOSITORY AD- Skopje

## NOTES TO THE FINANCIAL STATEMENTS

## 18. OTHER CURRENT ASSETS AND PREPAID EXPENSES

<b>Den.000</b>	<b>2009</b>	<b>2008</b>
Receivables from employees	6	14
Interest receivables	818	1.469
Other prepaid expenses	39	31
Small inventory	85	85
<b>Total</b>	<b>948</b>	<b>1.599</b>

## 19. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

<b>Den.000</b>	<b>Property</b>	<b>Equipment</b>	<b>Intangible assets</b>	<b>Total</b>
<b>Cost or valuation</b>				
<b>Balance as at 1st January</b>	<b>25.732</b>	<b>42.362</b>	<b>60.542</b>	<b>128.636</b>
Addition		301	-	301 0
<b>Balance as at 31st December</b>	<b>25.732</b>	<b>42.663</b>	<b>60.542</b>	<b>128.937</b>
<b>Accumulated depreciation</b>				
<b>Balance as at 1st January</b>	<b>4.864</b>	<b>39.080</b>	<b>60.542</b>	<b>104.486</b>
Depreciation	643	1.443	-	2.086 0
<b>Balance as at 31st December</b>	<b>5.507</b>	<b>40.523</b>	<b>60.542</b>	<b>106.572</b>
<b>Carrying amount as at 31.12.2009</b>	<b>20.225</b>	<b>2.140</b>	<b>-</b>	<b>22.365</b>

CENTRAL SECURITIES DEPOSITORY AD- Skopje

NOTES TO THE FINANCIAL STATEMENTS

<b>Den.000</b>	<b>Property</b>	<b>Equipment</b>	<b>Intangible assets</b>	<b>TOTAL</b>
<b>Cost or valuation</b>				
<b>Balance as at 1st January</b>	<b>25.732</b>	<b>42.229</b>	<b>60.542</b>	<b>128.503</b>
Addition		133	-	133
				0
<b>Balance as at 31st December</b>	<b>25.732</b>	<b>42.362</b>	<b>60.542</b>	<b>128.636</b>
<b>Balance as at 1st January</b>	<b>4.221</b>	<b>37.584</b>	<b>60.542</b>	<b>102.347</b>
Depreciation	643	1.496	-	2.139
				0
<b>Balance as at 31st December</b>	<b>4.864</b>	<b>39.080</b>	<b>60.542</b>	<b>104.486</b>
<b>Carrying amount as at</b>				
	<b>31.12.2008</b>	<b>20.868</b>	<b>3.282</b>	<b>-</b>
				<b>24.150</b>

## 20. TRADE PAYABLE

<b>Den.000</b>	<b>2009</b>	<b>2008</b>
Payables against Securities Exchange Commission	305	685
Other trade payable	241	425
<b>Total</b>	<b>546</b>	<b>1.110</b>

## 21. OTHER SHORT-TERM LIABILITIES AND ACCRUED EXPENSES

<b>Den.000</b>	<b>2009</b>	<b>2008</b>
Payable for net wages and contributions from wages	153	919
Payable for wages tax and contributions	18	495
Payable for income tax		832
Payable for value added tax (VAT)		237
Payable for remunerations of the Board of directors	2.258	2.232
Payable for management remunerations	1.101	1.105
Payable for taxes and contribution on remunerations	404	384
Other		2
<b>Total</b>	<b>3.934</b>	<b>6.206</b>

**CENTRAL SECURITIES DEPOSITORY AD- Skopje**

**NOTES TO THE FINANCIAL STATEMENTS**

## 22. 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:

<b>Den.000</b>	<b>2009</b>	<b>2008</b>
Komercijalna bank AD Skopje	15%	15%
Fersped Broker AD Skopje	15%	15%
Stopanska bank AD Skopje	7.03%	7.03%
Poštenska 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. CONTINGENCES

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

### **Litigation and given guaranties**

The management considers that there are no contingent liabilities or losses arising from the litigation proceeding have given guarantees to other entities

## 24. SUBSEQUENT EVENTS

No material events subsequent to the balance sheet date have occurred which require disclosure in the consolidated financial statements.