

Централен депозитар за хартии од вредност

Ц Д Х В АД

бр. 05-791/9

07.04.2017  
Скопје

**CENTRAL SECURITIES  
DEPOSITORY AD SKOPJE**

**AUDITOR'S REPORT  
AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDING  
31 DECEMBER 2016**

<b>CONTENTS</b>	<b>Page</b>
Independent Auditors' Report	1
Income Statement	3
Statement of comprehensive income	4
Statement of financial position	5
Statement of cash flows	6
Statement of changes in equity	7
Notes to the Financial Statements	8 - 31

## Independent Auditors' Report

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To the Shareholders of  
Central Securities Depository AD Skopje

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### **Report for the financial statements**

We have audited the accompanying financial statements of Central Securities Depository AD Skopje (“the Company”) which comprise the Statement of financial position as of 31 December 2016, and the Income statement, the Statement of comprehensive income, the Statement of changes in equity and the Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, included on pages 3 to 31.

### *Management's Responsibility for the financial statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting standards adopted in the Republic of Macedonia, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from 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 the International Standards on Auditing<sup>1</sup>. 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 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 Company'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 Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

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<sup>1</sup> International Standards on Auditing (“ISA”) issued by the International Auditing and Assurance Standards Board (“IAASB”), effective from 15 December 2009, translated and published in the “Official Gazette” of the Republic of Macedonia no. 79 from 2010

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

#### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of Central Securities Depository AD Skopje as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with accounting standards adopted in the Republic of Macedonia.

#### *Other matters*

The financial statements of Central Securities Depository AD Skopje, as at and for the year ended 31 December 2015 were audited by another auditor, who expressed unmodified opinion on those statements on 12 April 2016.

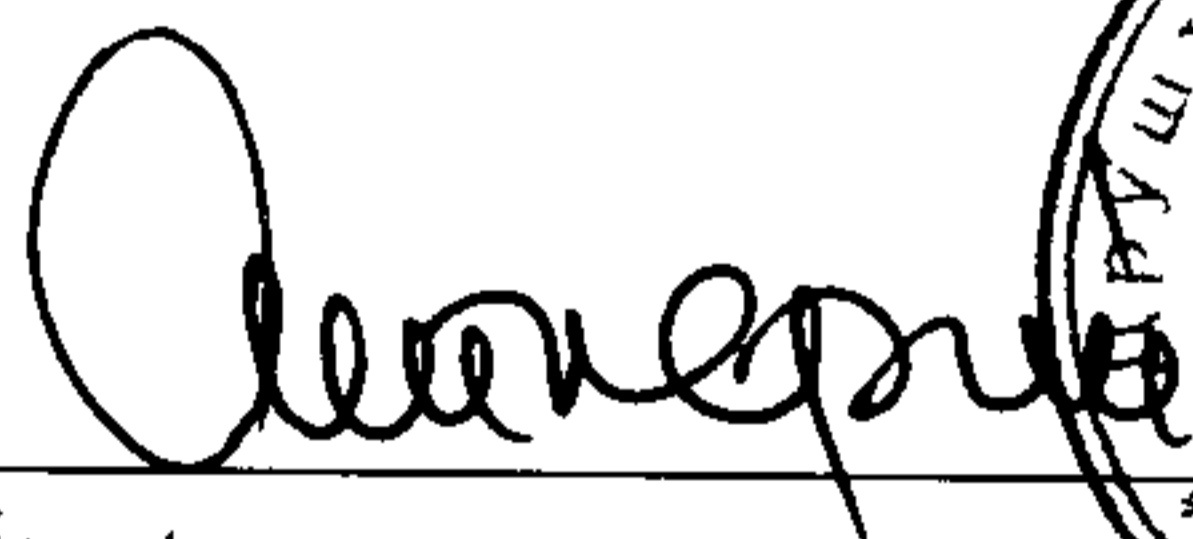
#### **Report on other legal and regulatory matters**

The management of the Company is also responsible for the preparation of the Annual report of the Company's performance for 2016 in accordance with Article 384 of the Law on Trade Companies. Our responsibility is to express an opinion on the consistency of the annual report with the historical financial data reported in the Annual account and the audited financial statements as of and for the year ended 31 December 2016, in accordance with the auditing standards adopted in Republic of Macedonia<sup>2</sup>, and in accordance with requirements of the Law on Audit.

In our opinion, the historical financial information presented in the annual report of the Company as of and for the year ended 31 December 2016 is consistent, in all material respects, with the information presented in the Annual account and the audited financial statements as of and for the year ended 31 December 2016.

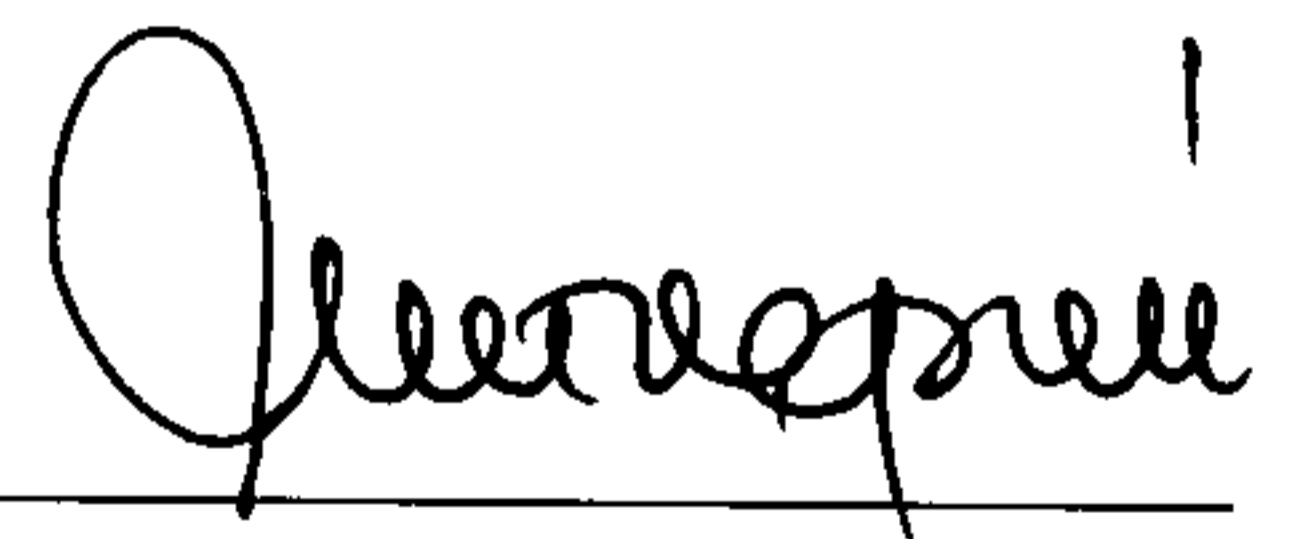
Skopje,  
21 March 2017

Grant Thornton DOO, Skopje



Director

Suzana Stavrik



Certified Auditor

Suzana Stavrik

<sup>2</sup> International Standards on Auditing ("ISA") issued by the International Auditing and Assurance Standards Board ("IAASB"), effective from 15 December 2009, translated and published in the "Official Gazette" of the Republic of Macedonia no. 79 from 2010.



**CENTRAL SECURITIES DEPOSITORY AD - Skopje**  
**INCOME STATEMENT for the year ended 31 December**

	Note	2016 (000) MKD	2015 (000) MKD
Revenues	8	30,276	27,592
Other operating income	9	4,019	407
Used materials	10	(163)	(176)
Employees expenses	11	(14,829)	(14,962)
Depreciation and amortization	21	(1,520)	(1,580)
Other operating expenses	12	(22,456)	(18,081)
<b>OPERATING PROFIT (LOSS)</b>		<b>(4,673)</b>	<b>(6,800)</b>
Income from investments	20	92	154
Finance income	13	1,086	1,421
Finance expenses	14	(56)	(62)
<b>PROFIT (LOSS) BEFORE TAXATION</b>		<b>(3,551)</b>	<b>(5,287)</b>
Income tax expense	15	-	-
<b>NET PROFIT (LOSS)</b>		<b>(3,551)</b>	<b>(5,287)</b>
<b>Basic earnings (loss) per share (In MKD)</b>	25	<b>(592)</b>	<b>(881)</b>

These financial statements were approved by the Board of Directors of the Central Securities Depository AD - Skopje on 28 February 2017 and signed on their behalf by:

Manager of department for financial affairs

Vesna Koleva

No. of license for certified accountant

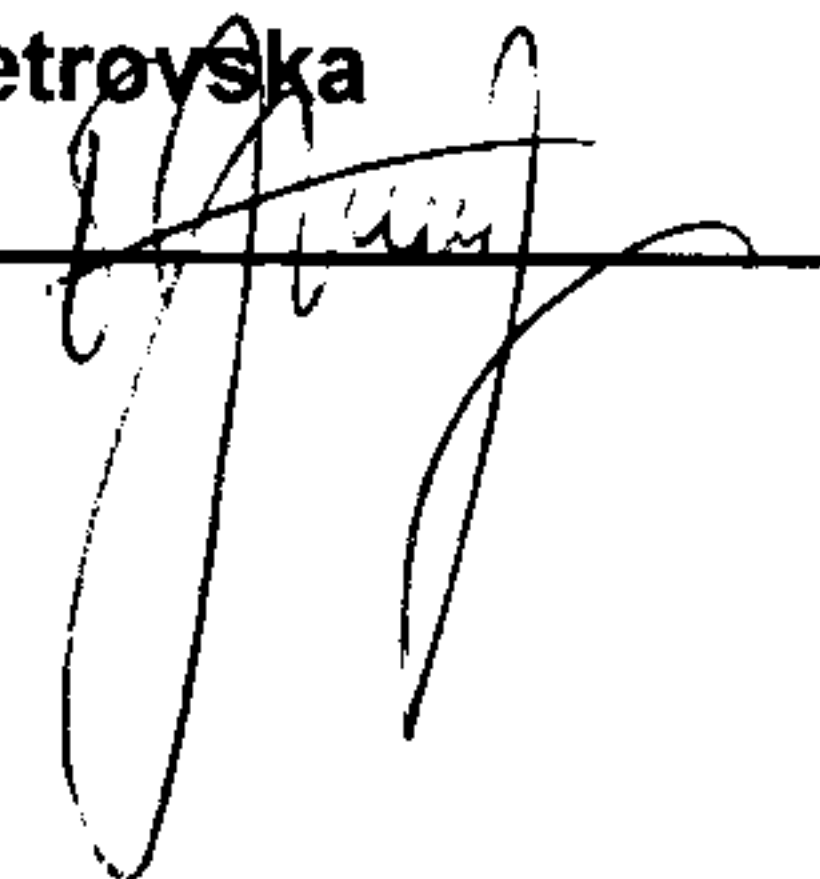
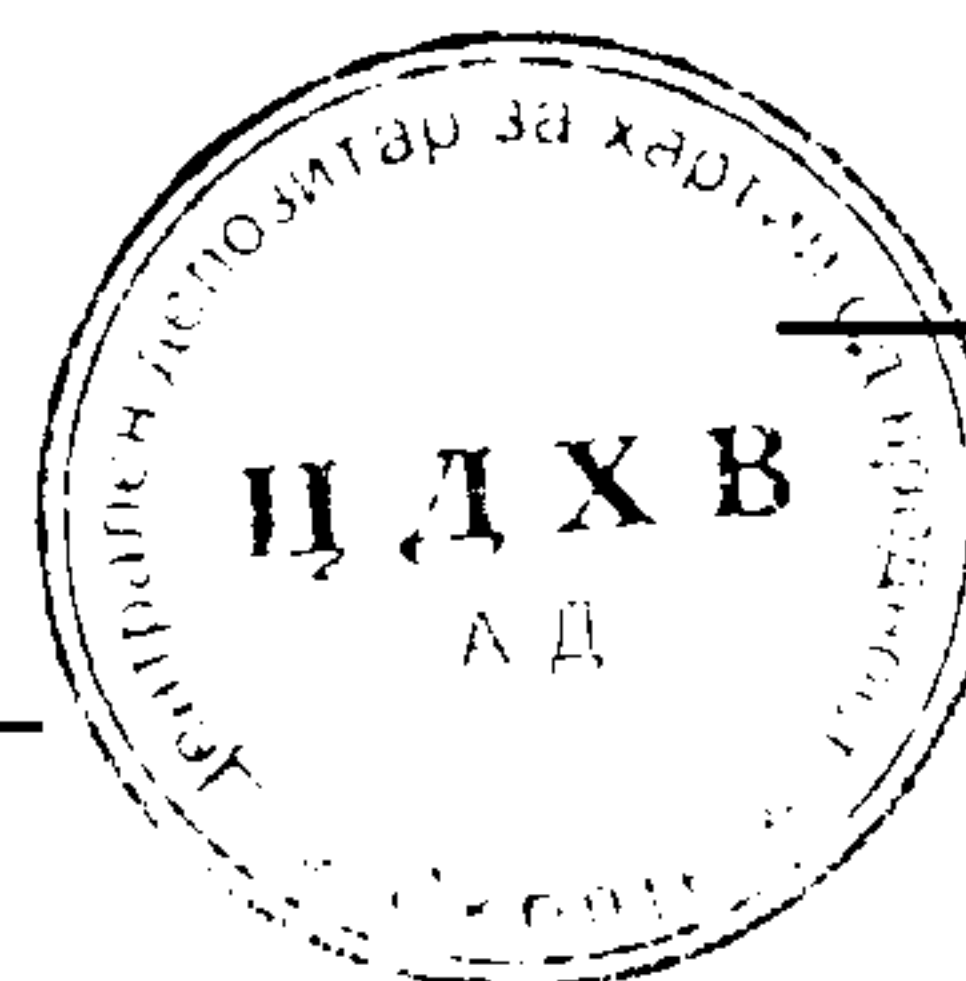
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Executive Manager

Elena Jakimovska

Petrovska

**CENTRAL SECURITIES DEPOSITORY AD - Skopje**  
**STATEMENT OF COMPREHENSIVE INCOME for the year ended at 31 December**

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	<u>Note</u>	<u>2016</u> <u>(000) MKD</u>	<u>2015</u> <u>(000) MKD</u>
<b>Net profit (loss) for the period</b>		<b>(3,551)</b>	<b>(5,287)</b>
<b>Other comprehensive income:</b>			
Revaluation of PPE		-	-
Fair value movement of available-for-sale investments		(34)	(3)
Currency translation differences		-	-
<b>Total other comprehensive income</b>		<u><b>(34)</b></u>	<u><b>(3)</b></u>
<b>TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD</b>		<u><b>(3,585)</b></u>	<u><b>(5,290)</b></u>

**CENTRAL SECURITIES DEPOSITORY AD - Skopje**  
**STATEMENT OF FINANCIAL POSITION as at 31 December**

	Note	2016 (000) MKD	2015 (000) MKD
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	16	7,068	870
Bank deposits	17	54,735	56,034
Investments available for sale	20	-	1,633
Trade receivables	18	7,107	9,476
Income tax receivables		25	274
Other current assets and prepaid expenses	19	669	585
<b>Total current assets</b>		<b>69,604</b>	<b>68,872</b>
<b>Non-current assets</b>			
Investments available for sale	20	76	76
Property and equipment	21	18,481	19,175
Intangible assets	21	542	343
<b>Total non-current assets</b>		<b>19,099</b>	<b>19,594</b>
<b>TOTAL ASSETS</b>		<b>88,703</b>	<b>88,466</b>
<b>LIABILITIES AND EQUITY</b>			
<b>Current liabilities</b>			
Trade payables	22	1,533	1,279
Other short term liabilities and accrued expenses	23	4,778	1,210
<b>Total current liabilities</b>		<b>6,311</b>	<b>2,489</b>
<b>Non-current liabilities</b>			
Long-term borrowings		-	-
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>		<b>6,311</b>	<b>2,489</b>
Shareholders capital	24	48,306	48,306
Reserves		27,258	27,258
Revaluation reserves		-	34
Retained earnings		6,828	10,379
<b>TOTAL EQUITY</b>		<b>82,392</b>	<b>85,977</b>
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>88,703</b>	<b>88,466</b>

**CENTRAL SECURITIES DEPOSITORY AD - Skopje**  
**STATEMENT OF CASH FLOWS for the year ended 31 December**

	<u>Note</u>	<u>2016</u> <u>(000) MKD</u>	<u>2015</u> <u>(000) MKD</u>
<b>Cash flows from operating activities</b>			
<b>PROFIT (LOSS) BEFORE TAXATION</b>		<b>(3,551)</b>	<b>(5,287)</b>
<b>Adjustments for:</b>			
Depreciation of property and equipment	21	1,348	1,388
Amortization of intangible assets	21	172	192
Provision for bad and doubtful trade receivables	12	2,296	1,408
Income from investments	20	(92)	(154)
Interest income	13	(1,051)	(1,339)
Interest expenses	14	-	-
<b>Operating profit (loss) before changes in working capital</b>		<b>(878)</b>	<b>(3,792)</b>
Trade receivables		73	(3,269)
Other current assets and prepaid expenses		(183)	(108)
Trade payables		254	(116)
Other current liabilities and accrued expenses		3,592	57
<b>Net cash used in operations</b>		<b>2,858</b>	<b>(7,228)</b>
Interest paid		-	-
Income tax (paid) refunded		225	(144)
<b>Net cash flows from operating activities</b>		<b>3,083</b>	<b>(7,372)</b>
<b>Cash flows from investing activities</b>			
Bank deposits	17	1,299	3,241
Received interest	13	1,150	1,550
Sold (acquired) shares	20	1,691	3,969
Acquisition of equipment	21	(1,025)	(2,565)
<b>Net cash flows from investing activities</b>		<b>3,115</b>	<b>6,195</b>
<b>Cash flows from financing activities</b>			
Dividends paid		-	-
Bonuses paid		-	-
<b>Net cash flows from financing activities</b>		<b>-</b>	<b>-</b>
<b>Net increase/decrease in cash and cash equivalents</b>		<b>6,198</b>	<b>(1,177)</b>
<b>Cash and cash equivalents at 1 January</b>	<b>16</b>	<b>870</b>	<b>2,047</b>
<b>Cash and cash equivalents at 31 December</b>	<b>16</b>	<b>7,068</b>	<b>870</b>



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

	In (000) MKD					
	Share capital		Reserves	Revaluation reserves	Retained earnings	Total equity
	Number of ordinary shares	Amount				
<b>Balance as at 1 January 2015</b>	<b>6,000</b>	<b>48,306</b>	<b>27,258</b>	<b>37</b>	<b>15,666</b>	<b>91,267</b>
<b>Comprehensive income:</b>						
Profit (loss) for the year	-	-	-	-	(5,287)	(5,287)
Fair value movement of available-for-sale investments	-	-	-	(3)	-	(3)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(3)</b>	<b>(5,287)</b>	<b>(5,290)</b>
<b>Transactions with owners:</b>						
Paid-in share capital	-	-	-	-	-	-
Distribution for reserves	-	-	-	-	-	-
Distribution for dividends	-	-	-	-	-	-
<b>Balance as at 31 December 2015</b>	<b>6,000</b>	<b>48,306</b>	<b>27,258</b>	<b>34</b>	<b>10,379</b>	<b>85,977</b>
Profit (loss) for the year	-	-	-	-	(3,551)	(3,551)
Fair value movement of available-for-sale investments	-	-	-	(34)	-	(34)
<b>Total comprehensive income (loss)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34)</b>	<b>(3,551)</b>	<b>(3,585)</b>
<b>Transactions with owners:</b>						
Paid-in share capital	-	-	-	-	-	-
Distribution for reserves	-	-	-	-	-	-
Distribution for dividends	-	-	-	-	-	-
<b>Balance as at 31 December 2016</b>	<b>6,000</b>	<b>48,306</b>	<b>27,258</b>	<b>-</b>	<b>6,828</b>	<b>82,392</b>

## **1. Basic data and activity**

Central Securities Depository AD Skopje ("herein after "the Company") is founded as a company for clearing 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 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 1 January 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. 64.99 in accordance with the National Classification of Activities.

The total number of employees in the Central Securities Depository AD Skopje as at 31 December 2016 is 19 (2015: 20 employees).

## **2. Basis of preparation of the financial statements**

### **2.1. Basis of preparation**

The financial statements set on pages 3 to 31 are prepared in accordance with the International Financial Reporting Standards (IFRS) which are published in the Rulebook for accounting in Official gazette of the Republic of Macedonia No.159/2009 and become effective from 1 January 2010.

The financial statements have been prepared for the years ending 31 December 2016 and 2015. Current and comparative figures in the financial statements and in the notes to the financial statements are presented in thousands of Macedonian Denars (000 MKD), unless otherwise stated. Where necessary, the comparative figures have been adjusted to conform to the 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 available-for-sale investments which are recognized at fair value (Note 3.8).

**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 collectability, 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 near future. The management of the Company has no intention or need to liquidate or limit significantly the scope of its operations.

### **3. Basic accounting policies**

The basic 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 in the income statement according to the method of percentage of completion at the statement of financial position 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**

Finance income calculated during the year, is presented as income regardless of their collection. They are consisted of interest income and foreign exchange gains.

Finance income is recognized on a time proportion basis that reflects the effective yield on the assets.

#### **3.3. Finance expenses**

Finance expenses, are presented as expenses, regardless of their payment. They are consisted of interest expenses and foreign exchange losses.

Finance expenses are recognized on a time proportion basis that reflects the effective yield on the assets.



### **3. Basic accounting policies (Continued)**

#### **3.4. Exchange rate differences**

Business transactions in foreign currency are presented in MKD by applying the exchange rate of NBRM at the date of the transaction. All monetary assets and liabilities in foreign currencies are denominated into MKD at the middle foreign exchange rates of NBRM ruling at the statement of financial position date.

Foreign exchange gains and losses arising on the translation of receivables and liabilities in foreign currencies in denars are presented in profit and loss as finance income or expenses in the period in which they arose. The official exchange rates ruling at 31 December 2016 and 2015 are the following:

	31 December 2016	31 December 2015
1 EUR	61.4812 Denars	61.5947 Denars
1 GBP	71.8071 Denars	83.4617 Denars
1 USD	58.3258 Denars	56.3744 Denars

#### **3.5. Income tax (current and deferred)**

Income tax is consisted of current and deferred income tax. The income tax is presented in the Income Statement of the Company.

Income tax is calculated in accordance with the statutory regulations in Republic of Macedonia. According to Income Tax Law, current tax expense at 10% rate is paid to profit for the year which is determined as the difference between total revenues and total expenses for the period, increased with the non – recognized expenses for tax purposes adjusted for tax credit and less declared revenue. The current income tax is calculated by applying income tax rate enacted on the date of Statement of financial position at rate of 10% (2015: 10%).

Deferred tax expense is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets and liabilities are measured using income tax rates enacted at the statement of financial position date.

As at 31 December 2016 and 31 December 2015 the Company has no deferred income tax receivables and payables.

#### **3.6. Cash and cash equivalents**

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



### **3. Basic accounting policies (Continued)**

#### **3.7. Trade receivables**

Trade receivables arise from sales of 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 as expenses in the income statement for all receivables from companies that are in bankruptcy proceedings in the amount of 100% of their nominal value and write-off for all companies in the current year have been deleted the Central register of RM.

Besides the 100% provision for receivables from companies that are in bankruptcy or liquidation and write-off of the empty companies, annually recognized provision for all outstanding receivables in accordance with their age structure. 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 from 2 years to 3 years, 50% from the nominal value for all receivables that are due from 1 year to 2 years and 0% for all receivables that are due up to 1 year.

#### **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 of the Republic of Macedonia and which the Company is intended to hold them to maturity for interest earned.

Initially, investments are stated at cost, for the amount of cash and cash equivalents paid for their acquisition. Subsequently, investments available-for-sale are stated at their fair value that is their last market value at the date of the statement of financial position for all securities which have active market, except for those for which active market does not exist 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.

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.

**CENTRAL SECURITIES DEPOSITORY AD - Skopje**  
**NOTES TO THE FINANCIAL STATEMENTS**

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**3. Basic accounting policies (Continued)**

**3.9. Property, plant and equipment (PPE)**

*(1) 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 statement of financial position as part of the equity which until 2001 were allocated in proportion to the shareholders' capital, statutory reserves and retained earnings.

Maintenance and repairs are charged to expenses 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.

*(2) Depreciation*

Depreciation is charged on a straight-line basis over the estimated useful life. 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 2016 compare to 2015 are as follows:

	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Property	2.5%	2.5%	40 years	40 years
Vehicles	25%	25%	4 years	4 years
Computers	25%	25%	4 years	4 years
Fire station	10%	0%	10 years	-
Office furniture	20%	20%	5 years	5 years

### **3. Basic accounting policies (Continued)**

#### **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.

Intangible assets should be amortized over the best estimate of their useful life. The basic amortization rate used in 2016 for the intangible assets is 20% per year (2015: 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.

#### **3.12. 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. Basic accounting policies (Continued)**

#### **3.13. Equity**

##### *(1) 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.

##### *(2) 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-selling (public or private offer) as well as by non-trading transfers (gifts, 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.

##### *(3) Legal reserves*

Legal reserves are formed from profit based on legal provisions and schedule of revaluation reserves, and can be used to cover the loss. Under the local statutory legislation, the Company is required to set aside 5% of its year net profit in the reserves until the level of this reserve reaches 10% 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.

##### *(4) Revaluation reserve*

Revaluation reserves arise from revaluation of the property, plant and equipment as well as from intangible assets as set forth in note 3.8. 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 (Continued)**

#### **3.14. Employee benefits**

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

##### *(1) 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.

##### *(2) 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 Government and Private Funds. 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. Basic accounting policies (Continued)**

**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 assets are recognized only when the realization of income is virtually certain.

#### **4. 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 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, except for the bank deposits in foreign currency.

###### ***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. The Company owns only shares in opened investment funds.

##### **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 statement of financial position 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.

**CENTRAL SECURITIES DEPOSITORY AD - Skopje**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**4. Risk management (Continued)**

**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 2016 is 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 statement of financial position.

**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 which as at 31 December 2016 and 2015 is as it follows:

	<b>2016</b>	<b>2015</b>
	<b>(000 MKD)</b>	<b>(000 MKD)</b>
Debt	-	-
Cash and cash equivalents	(7,068)	(870)
<b>Net debt (cash)</b>	<b>(7,068)</b>	<b>(870)</b>
<b>Equity</b>	<b>82,392</b>	<b>85,977</b>
<b>Net debt to equity ration</b>	<b>0.00%</b>	<b>0.00%</b>

**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 2016 and 2015, are as follows:

**CENTRAL SECURITIES DEPOSITORY AD - Skopje**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**6. Financial instruments (Continued)**

**6.2. Foreign currency risk (Continued)**

	<b>Assets</b>		<b>Liabilities</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
EUR	10,820	11,116	-	-
Other	11	13	-	-
<b>Total</b>	<b>10,831</b>	<b>11,129</b>	<b>-</b>	<b>-</b>

The Company is 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 statement of financial position date. A positive number below indicates an increase in profit and equity and negative number below indicates a decrease.

	<b>10% increase</b>		<b>10% decrease</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
EUR	1,082	1,112	(1,082)	(1,112)
Other	1	1	(1)	(1)
<b>Net</b>	<b>1,083</b>	<b>1,113</b>	<b>(1,083)</b>	<b>(1,113)</b>



**CENTRAL SECURITIES DEPOSITORY AD - Skopje**  
**NOTES TO THE FINANCIAL STATEMENTS**

**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:

	<b>31 December</b>	
	<b>2016</b>	<b>2015</b>
<b>Financial assets</b>		
<i>Non-interest bearing:</i>		
- Cash and cash equivalents	12	18
- Trade receivables	7,107	9,476
- Other receivables	301	859
- Investments	76	1,709
	<b>7,496</b>	<b>12,062</b>
<i>Interest bearing with variable interest rate:</i>		
- Cash and cash equivalents	7,056	852
- Bank deposits	54,735	56,034
	<b>61,791</b>	<b>56,886</b>
	<b>69,287</b>	<b>68,948</b>
<b>Financial liabilities</b>		
<i>Non-interest bearing:</i>		
- Trade payables	1,533	1,279
- Other current liabilities	918	1,210
	<b>2,451</b>	<b>2,489</b>
	<b>2,451</b>	<b>2,489</b>

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 statement of financial position date. A positive number below indicates an increase in profit and equity and negative number below indicates a decrease.

	<b>Increase of 10%</b>		<b>Decrease of 10%</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
Bank deposits	95	105	(95)	(105)
Borrowings	-	-	-	-
<b>Net</b>	<b>95</b>	<b>105</b>	<b>(95)</b>	<b>(105)</b>



**CENTRAL SECURITIES DEPOSITORY AD - Skopje**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**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 2016 is as it follows:

	In (000) MKD		
	<u>Gross amount</u>	<u>Provision</u>	<u>Recoverable amount</u>
Undue receivables	5,315	-	5,315
Due receivables			
- in 2016	909	-	909
- in 2015	1,313	(657)	656
- in 2014	909	(682)	227
- before 2014	21,558	(21,558)	-
	<u>30,004</u>	<u>(22,897)</u>	<u>7,107</u>

The trade receivables structure according their aging analysis as at 31 December 2015 is as it follows:

	In (000) MKD		
	<u>Gross amount</u>	<u>Provision</u>	<u>Recoverable amount</u>
Undue receivables	3,386	-	3,386
Due receivables			
- in 2015	4,812	-	4,812
- in 2014	1,755	(877)	878
- in 2013	1,600	(1,200)	400
- before 2013	22,401	(22,401)	-
	<u>33,954</u>	<u>(24,478)</u>	<u>9,476</u>

**CENTRAL SECURITIES DEPOSITORY AD - Skopje**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**6. Financial instruments (Continued)**

**6.5. Liquidity risk**

The following table details the Company's remaining contractual maturity for its financial assets and liabilities as at 31 December 2016:

	<b>Less than 1 month</b>	<b>1 to 3 month</b>	<b>3 to 12 month</b>	<b>Over 12 months</b>	<b>Total</b>
Cash	7,068	-	-	-	7,068
Bank deposits	4,000	10,423	40,312	-	54,735
Trade receivables	7,107	-	-	-	7,107
Other receivables	301	-	-	-	301
Investments	-	-	-	76	76
	<b>18,476</b>	<b>10,423</b>	<b>40,312</b>	<b>76</b>	<b>69,287</b>
Trade payables	1,287	246	-	-	1,533
Other payables	918	-	-	-	918
	<b>2,205</b>	<b>246</b>	<b>-</b>	<b>-</b>	<b>2,451</b>

The following table details the Company's remaining contractual maturity for its financial assets and liabilities as at 31 December 2015:

	<b>Less than 1 month</b>	<b>1 to 3 month</b>	<b>3 to 12 month</b>	<b>Over 12 months</b>	<b>Total</b>
Cash	870	-	-	-	870
Bank deposits	4,000	10,439	41,595	-	56,034
Trade receivables	9,476	-	-	-	9,476
Other receivables	585	-	-	274	859
Investments	-	-	1,633	76	1,709
	<b>14,931</b>	<b>10,439</b>	<b>43,228</b>	<b>350</b>	<b>68,948</b>
Trade payables	1,279	-	-	-	1,279
Other payables	1,210	-	-	-	1,210
	<b>2,489</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,489</b>

**7. Segment reporting**

Due to its activities and size, the Company is not obliged to present segment reporting, neither as operating nor geographical segments.

CENTRAL SECURITIES DEPOSITORY AD - Skopje  
 NOTES TO THE FINANCIAL STATEMENTS

---

**8. REVENUES**

	<b>2016</b>	<b>2015</b>
	<b>(000) MKD</b>	<b>(000) MKD</b>
<b>Revenues from:</b>		
Broker companies annual membership fee	1,001	1,064
Revenue from admission to membership of brokerage houses	660	-
Broker companies transactions fee	6,946	6,205
Shareholding companies access fee	128	224
Shareholding companies book-keeping fee	8,768	10,345
Other companies and citizens transaction fees	9,328	6,098
Services to Government of the Republic of Macedonia	1,765	1,752
Other fee revenues	1,680	1,904
<b>Total revenues</b>	<b>30,276</b>	<b>27,592</b>

**9. OTHER OPERATING INCOME**

	<b>2016</b>	<b>2015</b>
	<b>(000) MKD</b>	<b>(000) MKD</b>
Income from collected bad and doubtful receivables (Note 18)	196	180
Income from provision of bad receivables	-	-
Income from damages	-	-
Income from donations (Note 12)	3,689	-
Other income	134	227
<b>Total other operating income</b>	<b>4,019</b>	<b>407</b>

During 2016 there were activities related to grant donation from European Bank for Reconstruction and Development with the purpose of establishing a distribution system in the Company. Therefore, earned revenues from donations are in the amount of 3,689 thousand MKD and related expenses for the same amount.

**10. USED MATERIALS**

	<b>2016</b>	<b>2015</b>
	<b>(000) MKD</b>	<b>(000) MKD</b>
Used materials	103	119
Used spare parts	30	29
Small inventory write-off	30	12
Spare parts expenses	-	16
<b>Total used materials</b>	<b>163</b>	<b>176</b>

CENTRAL SECURITIES DEPOSITORY AD - Skopje  
 NOTES TO THE FINANCIAL STATEMENTS

---

**11. EMPLOYEES EXPENSES**

	<b>2016</b>	<b>2015</b>
	<b>(000) MKD</b>	<b>(000) MKD</b>
Net-wages of employees	9,695	10,162
Contributions from wages	3,914	3,882
Wage personal income tax	886	761
Other employees-related expenses	334	157
<b>Total employees expenses</b>	<b>14,829</b>	<b>14,962</b>

**12. OTHER OPERATING EXPENSES**

	<b>2016</b>	<b>2015</b>
	<b>(000) MKD</b>	<b>(000) MKD</b>
Expenses for Securities Exchange Commission	10,843	10,972
Post, telephone and internet services	957	790
Allowances for business trips and travel costs	199	201
Impairment provision for receivables from companies in bankruptcy (Note 18)	2,708	816
Impairment provision for bad and doubtful receivables (Note 18)	(412)	592
Reimbursement of expenses to members of the Board of Directors	583	600
Public utility expenses	1,043	1,190
Marketing, representation and donation expenses	270	182
Expenses for NBRM	995	970
Insurance expenses	23	95
Expenses for donation (Note 9)	3,689	-
Other expenses	1,558	1,673
<b>Total operating expenses</b>	<b>22,456</b>	<b>18,081</b>

CENTRAL SECURITIES DEPOSITORY AD - Skopje  
 NOTES TO THE FINANCIAL STATEMENTS

13. FINANCE INCOME

	2016 <u>(000) MKD</u>	2015 <u>(000) MKD</u>
Foreign exchange gains	35	82
Interest income received on bank deposits	1,009	1,337
Other finance income	42	2
<b>Total finance income</b>	<b><u>1,086</u></b>	<b><u>1,421</u></b>

14. FINANCE EXPENSES

	2016 <u>(000) MKD</u>	2015 <u>(000) MKD</u>
Interest expense	-	-
Foreign exchange losses	56	62
<b>Total finance expenses</b>	<b><u>56</u></b>	<b><u>62</u></b>

15. INCOME TAX EXPENSE

	2016 <u>(000) MKD</u>	2015 <u>(000) MKD</u>
<b>Profit (Loss) before taxation</b>	<b>(3,551)</b>	<b>(5,287)</b>
Profit (Loss) tax incentives	-	-
<b>Non-recognized expenses:</b>		
Impairment loss on receivables	274	615
Write-off of receivables	601	-
Reimbursement of members of governing bodies	20	36
Expenses for reimbursement of employees	12	-
Representation and sponsorships	243	164
Managerial insurance	-	75
Other	40	4
<b>Income tax base</b>	<b><u>(2,361)</u></b>	<b><u>4,393</u></b>
<b>Calculated income tax</b>	<b>-</b>	<b>-</b>
<b>Other relief (tax credit)</b>	<b>-</b>	<b>-</b>
Income tax in income statement	-	-
<b>Profit (Loss) before taxation</b>	<b><u>(3,551)</u></b>	<b><u>(5,287)</u></b>
<b>Effective tax rate</b>	<b><u>0.00%</u></b>	<b><u>0.00%</u></b>

Income tax is calculated in accordance with the statutory regulations in Republic of Macedonia. According to the changes in regulation for income tax, the basis for calculating the income tax of 10% is a financial result in the income statement adjusted for non-deductible expenses and less recognized income with related parties (2015: the same). The current income tax is calculated and paid in accordance with the Macedonian Law on Income Tax at rate of 10% (2015: 10%).



**CENTRAL SECURITIES DEPOSITORY AD - Skopje**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**16. CASH AND CASH EQUIVALENTS**

	<b>2016</b>	<b>2015</b>
	<b>(000) MKD</b>	<b>(000) MKD</b>
Cash at bank accounts	6,830	663
Letters of credit in foreign currency	41	7
Cash in hand - denars	1	5
Cash in hand - foreign currency	11	13
Foreign currency cash at bank accounts	185	182
<b>Total cash and cash equivalents</b>	<b>7,068</b>	<b>870</b>

**17. BANK DEPOSITS**

	<b>2016</b>	<b>2015</b>
	<b>(000) MKD</b>	<b>(000) MKD</b>
<b>Deposits in:</b>		
Halk Bank AD Skopje	5,000	6,000
Sparkasse Bank AD Skopje	7,212	7,495
Ohridska Bank AD Skopje	5,000	5,000
TTK Bank AD Skopje	2,000	2,000
UNI Bank AD Skopje	2,000	2,000
Komercijalna Bank AD Skopje	9,000	9,000
Stopanska Bank AD Skopje	9,000	9,000
NLB Bank AD Skopje	2,000	2,000
Eurostandard Bank AD Skopje	13,523	13,539
<b>Total bank deposits</b>	<b>54,735</b>	<b>56,034</b>

The bank deposits are time deposits with maturity periods from six to thirteen months, with 1% to 2.6% annual interest rate (2015: from three to twelve months, with 0.6% to 3.8% annual interest rate).

**CENTRAL SECURITIES DEPOSITORY AD - Skopje**  
**NOTES TO THE FINANCIAL STATEMENTS**

---

**18. TRADE RECEIVABLES**

	2016 (000) MKD	2015 (00) MKD
Broker companies receivables	879	1,188
Shareholders companies receivables	26,873	30,486
Receivables from the Government	2,252	2,280
<b>Total gross trade receivables</b>	<b>30,004</b>	<b>33,954</b>
Impairment provision for broker companies receivables	-	-
Impairment provision for shareholders companies receivables	(22,897)	(24,478)
<b>Total net trade receivables</b>	<b>7,107</b>	<b>9,476</b>

**Changes in impairment provision for bad and doubtful receivables:**

<b>Balance as at 1 January</b>	<b>24,478</b>	<b>23,206</b>
Impairment provision for receivables from companies in bankruptcy	2,107	816
Write-off of receivables from erased companies	601	-
Impairment provision for receivables from other companies	-	592
Collected bad and doubtful receivables	(196)	(136)
Released provisions for receivables	(412)	-
Written off bad and doubtful receivables	(3,681)	-
<b>Balance as at 31 December</b>	<b>22,897</b>	<b>24,478</b>

Total impairment provision of receivables in the amount of 22,897 thousand MKD consists of impairment provision for companies in bankruptcy in the amount of 16,077 thousand MKD and impairment provision of receivables in the amount of 6,820 thousand MKD for companies that are in default and for which is recognized provision according accounting policy described in Note 3.7. Receivables from companies which are erased from Central register of RM in the amount of 3,681 thousand MKD are written off.

**19. OTHER CURRENT ASSETS AND PREPAID EXPENSES**

	2016 (000) MKD	2015 (01) MKD
Receivables from employees	-	-
Interest receivables	276	375
Other prepaid expenses	247	64
Foreclosed assets acquired from bankruptcy	146	146
<b>Total current assets and prepaid expenses</b>	<b>669</b>	<b>585</b>

**20. INVESTMENTS AVAILABLE FOR SALE**

Income from investments presented in the Income statement and Statement of cash flows arise from sale of investments in shares in open cash funds in 2016 in the amount of 92 thousand EUR (2015: 154 thousand MKD). As at 31 December 2016, the Company has no investments in shares in open cash funds (2015: 1,633 thousand of MKD). In addition, the Company has investment in amount of 76 thousand MKD in ANNA (European Association of Numerical Agencies). This investment is measured at cost.

21. PROPERTY, EQUIPMENT AND INTANGIBLE ASSETS

	Property (000) MKD	Equipment (000) MKD	Intangible assets (000) MKD	Total (000) MKD
<b>Cost or revaluation</b>				
Balance as at 1st January 2015	25,732	43,564	61,485	130,781
Additions	898	1,638	29	2,565
Other decrease	-	-	-	-
<b>Balance as at 31st December 2015</b>	<b>26,630</b>	<b>45,202</b>	<b>61,514</b>	<b>133,346</b>
<b>Cost or revaluation</b>				
Balance as at 1st January 2016	26,630	45,202	61,514	133,346
Additions	-	654	371	1,025
Other decrease	-	-	-	-
<b>Balance as at 31st December 2016</b>	<b>26,630</b>	<b>45,856</b>	<b>61,885</b>	<b>134,371</b>
<b>Accumulated depreciation/amortization</b>				
Balance as at 1st January 2015	8,724	42,545	60,979	112,248
Depreciation/amortization	653	735	192	1,580
Other decrease	-	-	-	-
<b>Balance as at 31st December 2015</b>	<b>9,377</b>	<b>43,280</b>	<b>61,171</b>	<b>113,828</b>
<b>Accumulated depreciation/amortization</b>				
Balance as at 1st January 2016	9,377	43,280	61,171	113,828
Depreciation/amortization	666	682	172	1,520
Other decrease	-	-	-	-
<b>Balance as at 31st December 2016</b>	<b>10,043</b>	<b>43,962</b>	<b>61,343</b>	<b>115,348</b>
<b>Carrying amount as at:</b>				
31 December 2016	16,587	1,894	542	19,023
31 December 2015	17,253	1,922	343	19,518

The property is used for the regular business activities of the Depository. The Company is in procedure of obtaining property deed for its properties.

The intangibles are comprised of computer software used for the regular business activities of the Depository.

The Company has no encumbrances over its property and equipment.

22. TRADE PAYABLES

	2016 (000) MKD	2015 (00) MKD
Payables against Securities Exchange Commission	904	914
Other domestic trade payables	383	365
Other foreign trade payables	246	-
<b>Total trade payables</b>	<b>1,533</b>	<b>1,279</b>

**23. OTHER SHORT-TERM LIABILITIES AND ACCRUED EXPENSES**

	<b>2016</b>	<b>2015</b>
	<b>(000) MKD</b>	<b>(000) MKD</b>
Payables for net wages and contributions from wages	-	-
Payables for wage taxes and contributions	-	-
Payables for income tax	-	24
Payables for value added tax (VAT)	916	1,184
Received advances	3,860	-
Other payables	2	2
<b>Total other short-term liabilities and accrued expenses</b>	<b>4,778</b>	<b>1,210</b>

Total other short-term liabilities and accrued expenses as of 31 December 2016 in amount of 4,778 thousand MKD, are mainly consisted of received advances from "Balkan Petroleum Holding Limited" for start of procedure for acquisition. The amount of 3,860 thousand MKD is recorded as cash inflow in domestic bank accounts (Note 16). The purpose of the received advance is providing the Depository of future potential procedural costs related with depository activities undertaken according the Law for takeover of joint stock companies.

**24. SHAREHOLDERS CAPITAL**

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

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

	<b>2016</b>	<b>2015</b>
	<b>%</b>	<b>%</b>
Sparkasse Bank AD Skopje	19.98%	5.95%
Fersped Broker AD Skopje	0.00%	15.00%
Komercijalna Bank AD Skopje	15.00%	15.00%
Eurostandard Bank AD Skopje	14.83%	14.83%
NLB Bank AD Skopje	9.03%	9.03%
TTK Bank AD Skopje	7.12%	5.57%
Stopanska Bank AD Skopje	7.03%	7.03%
Halk Bank AD Skopje	5.03%	5.03%

The common shares are authorized, issued and fully paid. The owners of the shares have right To dividend when declared and right to vote in the Shareholders Assembly.

As at 31 December 2016, the shares of the Company are owned by 19 shareholders (2015: 20 shareholders).



**25. EARNINGS PER SHARE**

Calculation of the basic earnings per share is as it follows:

a) basic earnings per share

	<b>2016</b>	<b>2015</b>
	<b>(000) MKD</b>	<b>(000) MKD</b>
Net profit (loss) attributable to shareholders of ordinary shares	(3,551)	(5,287)
Dividends on non-redeemable priority shares	-	-
<b>Net profit (loss) attributable to shareholders of ordinary shares</b>	<b>(3,551)</b>	<b>(5,287)</b>
	<b>number of shares</b>	
	<b>2016</b>	<b>2015</b>
<i>Weighted average number of ordinary shares</i>		
<b>Ordinary shares issued at January 1</b>	<b>6,000</b>	<b>6,000</b>
Convertible preference shares into ordinary shares	-	-
<b>Weighted average number of ordinary share at December 31</b>	<b>6,000</b>	<b>6,000</b>
<b>Basic earnings (loss) per share (in MKD)</b>	<b>(592)</b>	<b>(881)</b>

**26. CONTINGENCIES**

The Company is sued in several lawsuits arising from the ordinary operations of the Company. The total amount of claims against the Company as at 31 December 2016 amounts to 37,687 thousand MKD (2015: 37,687 thousand MKD). These amounts do not include the penalty interest. Management of the Company believes that there are no significant future obligations arising from these lawsuits.

The Company has no given guarantees to other entities or mortgages on its property.

**27. EVENTS AFTER THE REPORTING DATE**

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