



Financial statements and independent auditor's report

Sileks Banka ad, Skopje

31 December 2007

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Independent Auditor's Report

To the Management and Shareholders of
Sileks Banka ad, Skopje

We have audited the accompanying financial statements of Sileks Banka ad, Skopje ("the Bank"), which comprise of the Balance sheet as at 31 December 2007, and the Statement of income, Statement of changes in equity and Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, included on pages 3 to 33.

The financial statements of the Bank as of and for the year ended 31 December 2006 were audited by another auditor whose report dated 19 April 2007 expressed a qualified opinion referring to the fair value of property, plant and equipment, property held for sale, investments properties and available-for-sale securities.

Management's responsibility for financial statements

The management is responsible for the preparation and fair presentation of these financial statements in accordance with the International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

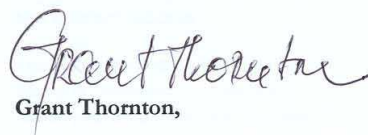
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Bank'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 Bank'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.

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 accompanying financial statements present fairly, in all material respects, the financial position of the Bank at 31 December 2007, and the results of its operations, changes in equity and cash flows for the year than ended, in accordance with International Financial Reporting Standards.



Grant Thornton,

Skopje,
11 April 2008

Statement of income

(000 mkd)

Year ended 31 December

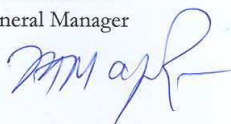
	Notes	2007	2006
Interest income		50,705	36,727
Interest (expense)		(16,688)	(19,974)
Net interest income	5	34,017	16,753
Fee and commission income		31,577	24,873
Fee and commission (expense)		(5,176)	(6,381)
Net fee and commission income	6	26,401	18,492
Dividend income	7	3,822	1,081
Other operating income	8	11,986	27,902
Operating income		76,226	64,228
Impairment (losses), net	9	(4,682)	(5,682)
Foreign exchange gains / (losses), net	10	2,643	(3,104)
Other operating (expense)	11	(82,446)	(53,032)
Operating (expense)		(84,485)	(61,818)
(Loss) / profit before tax		(8,259)	2,410
Income tax expense	12	-	(541)
Net (loss) / profit for the year		(8,259)	1,869

Balance sheet

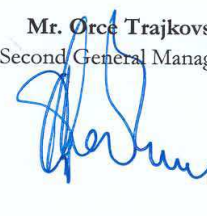
	Notes	(000 mkd)	
		2007	At 31 December 2006
Assets			
Cash and balances with the National Bank	13	582,990	182,687
Loans and advances to banks	14	134,668	100,833
Loans to customers	15	249,542	309,353
Available-for-sale securities	16	6,875	40,292
Property, plant and equipment	17	321,226	260,682
Intangible assets	17	12,362	10,422
Property held for sale	18	32,380	38,085
Investments properties	19	93,519	191,942
Interest receivables and other assets	20	12,654	15,561
Total assets		1,446,216	1,149,857
Liabilities			
Due to banks	21	79,552	51,636
Due to customers	22	776,687	513,681
Borrowings	23	10,590	6,161
Interest and other payables	24	11,016	15,745
		877,845	587,223
Equity			
Share capital	25	600,522	600,522
Reserves		23,391	7,526
Accumulated (loss)		(55,542)	(45,414)
Total equity		568,371	562,634
Total equity and liabilities		1,446,216	1,149,857
Commitments and contingencies	26	58,868	140,477

These financial statements were approved for issue by the Bank's Board of Directors on 28 February 2008 and signed on its behalf by:

Mrs. Zaklina Marik
First General Manager




Mr. Orce Trajkovski
Second General Manager



See accompanying Notes to the financial statements

Statement of changes in equity

	Share capital	Reserves	Accumulated (loss)	Total
At 01 January 2006	600,522	7,204	(46,961)	560,765
Profit for the year	-	-	1,869	1,869
Allocation of prior year earnings	-	322	(322)	-
At 31 December 2006	600,522	7,526	(45,414)	562,634
At 01 January 2007	600,522	7,526	(45,414)	562,634
(Loss) for the year	-	-	(8,259)	(8,259)
Effect from revaluation of property, plant and equipment	-	13,996	-	13,996
Allocation of prior year earnings	-	1,869	(1,869)	-
At 31 December 2007	600,522	23,391	(55,542)	568,371

Statement of cash flows

		(000 mkd)	
	Notes	Year ended 31 December 2007	2006
Operating			
Interest and commission received		91,848	66,166
Interest and commission paid		(21,481)	(25,014)
Cash paid to suppliers and employees		(53,371)	(55,814)
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<i>Cash flows from operating profits before changes in operating assets and liabilities</i>		16,996	(14,662)
<i>Changes in operating assets and liabilities</i>			
Loans and advances to banks		(36,437)	18,552
Loans to customers		55,166	(100,629)
Property held for sale		2,350	(2,692)
Investments properties		39,131	29,562
Other assets		255	9,854
Due to banks		27,916	(41,757)
Due to customers		263,006	182,702
Other liabilities		(5,416)	4,067
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		362,967	84,997
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Investing			
Purchase of equipment and other assets		(2,385)	(18,950)
Dividends received		921	370
Sale of available-for-sale securities, net		34,941	-
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		33,477	(18,580)
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Financing			
Increase in / (proceeds from) borrowings, net		4,429	(1,059)
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		4,429	(1,059)
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Change in impairment provision included in cash and balances with the National Bank		(570)	-
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Net change in cash and cash equivalents		400,303	65,358
Cash and cash equivalents at the beginning	13	182,687	117,329
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Cash and cash equivalents at the end	13	582,990	182,687
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