

CATALOGUE



AGROPLOD AD RESEN

Located in Resen, November 29th Street, listed in the Trade Register of the Trial Court Bitola in Bitola, Treg. 2948/98

Listing of shares of AGROPLOD AD Resen on the Official Market of the Macedonian Stock Exchange AD Skopje

The Macedonian Stock Exchange has received request for listing of stocks of AGROPLOD AD Resen on the Official Market. The nominal value of AGROPLOD AD Resen's share is 511,30 EURO. The request for listing refers to the following types of shares:

- 20.079 common shares with voting right
- 946 preferred shares of the Pension Fund of the Republic of Macedonia, which will be transformed into common shares with the sale.

Prior to the listing on the Official Market of the Macedonian Stock Exchange the shares of AGROPLOD AD Resen were traded on the Unofficial Market of the Macedonian Stock Exchange.

Patron of the Listing

MAKOS-INVESTBROKER AD Skopje

Mito Hadzivasilev Jasmin 20/2

Skopje

DISCLAIMER

The President of the Issuer's Board accepts responsibility for the contents of this catalogue:

"According to our beliefs, as well as our knowledge and available information, we declare that all the data published in this Catalogue present the assets and liabilities, income and loss, financial and operating condition of the issuer, rights provided with the securities completely and credibility and no data has been omitted, which could influence the completeness and authenticity of this Catalogue".

The Catalogue has been prepared in accordance with the Manual for listing of securities on the Macedonian Stock Exchange AD Skopje and the Law on Amendments to the Securities' Law (Official Gazette of the Republic of Macedonia N^o 37/2002).

Auditor of the financial statements of AGROPLOD AD Resen for the years 1999, 2000 and 2001 was the company for auditing, assessment and financial consulting B i Lj, Boro i Ljupco DOO Skopje.

Patron of the listing of AGROPLOD AD Resen is the brokerage house MAKOS-INVESTBROKER AD Skopje. This catalogue should be considered neither as an offer for sale, nor invitation for purchasing shares of AGROPLOD AD Resen. This catalogue should not be regarded as a recommendation for buying shares of AGROPLOD AD Resen, and all the interested investors are encouraged to make individual assessment of the AGROPLOD AD Resen's financial statement and operating.

Signature

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SHORT HISTORY

AGROPLOD AD Resen was established as an Enterprise for purchase and sale of agricultural products in 1967. Representative office in Skopje was established the same year and the following year, in 1968, the representative office in Zagreb.

In 1973 small administrative building was built, which created facilities for normal operation. The same year, poultry farm with the capacity of 136.000 chicken layers, was built.

In 1974 a factory for processing coffee, peanuts, spices and confectionery products was designed and the construction works were started. The production in the factory was started in 1975.

In 1975 on a surface of 30 hectares new orchard of apple trees was planted.

In 1976 a representative office in Belgrade was established and the same year a warehouse in Sarajevo.

In 1978 the production was extended to new capacities, such as:

- Production line for "Agrocrem" (milk cream with hazelnuts)
- Production line for snacks
- Production line for "Resana" biscuits
- Production line for roasted grains
- Production line for canned and marinated products.

In 1980 construction of new administrative building was started, and it was ended in 1981 when it started to operate.

In 1982 new poultry farm with the capacity of 84.000 chicken layers was built.

The same year representative office in Ljubljana was established.

In 1983 cold storage plant with a capacity of 5.000 tons was built, and the following year a new farm for fattening of neat cattle.

In 1987 the company AGROPLOD was integrated with the agricultural plant "Prespansko Jabolko" - Resen and the Company for tourism and catering "Prespaturist" - Resen.

In 1988 planting of 200 hectares of new fruit trees was started. The same year production line for candies "Bonny - top" was built and started to operate, as well as three new warehouses in Belgrade, Sarajevo and Skopje.

In 1989 the construction of bungalows and a shopping center in the tourist settlement Krani was started.

In 1990 the production line for children food and cereals was installed and started to operate.

In accordance with the amendments made to the legislation in our country, AGROPLOD has undergone several phases of transformation of its status and legal form.

During the whole period of operation this company was recognized by the name AGROPLOD, changing only the additional parts to this name.

I.e. at the beginning the company operated as an Enterprise, then as a working organization for production, processing and sale, import-export with C.O. Agroplod Resen.

In 1978 it was transformed into a working organization with OOZT, and in 1989 Agroplod was transformed into an Enterprise with social capital.

The process of privatization began along with the implementation of the Law for social capital, when the internal shares were issued with a purpose to source additional capital; with the Decision of June 1, 1991 the social enterprise Agroplod was transformed into a Joint stock company with joint ownership.

By the time when the Law for transformation of enterprises with social capital was passed, a Decision for finalization of the transformation was reached. All the activities in the process of privatization of AGROPLOD AD were performed in coordination with the Agency for privatization of enterprises with social capital and adjusted to the provisions of the Company Law.

ACTIVITY

Sole activity of AGROPLOD AD is food processing. In addition AGROPLOD AD is engaged in: fruit growing, cattle breeding, wholesaling and retailing, importing-exporting, catering and tourism.

AGROPLOD AD markets its products primarily on the domestic markets, but significant share is exported to the markets in the region.

The activities are performed through several organizational units (OU), organized as limited partnership companies.

OU "Food Industry"

The complex of OU "Food Industry" which represents the core of AGROPLOD AD is comprised of:

- Line for processing and packaging of coffee;
- Line for processing of peanuts;
- Line for production of milky creams (agrocrem) - liquid and solid, of various packaging sizes;
- Line for production of snacks;
- Line for production of "Resana" biscuits;

- Line for packaging various grain products;
- Line for production of sugar coated candies;
- Line for production of children food and cereals;
- Line for production of canned-marinated products.

About 70% of the products of OU "Food Industry" are sold in the Republic of Macedonia and 30% on foreign markets: FR Yugoslavia, Republic of Croatia, Slovenia, Bosnia and Herzegovina, Albania, Switzerland and USA.

In the last three years the following quantities of products have been realized:

Products	in tons							
	1999		2000		2001		As of August 2002	
	Realiz	%	Realiz	%	Realiz	%	Realiz	%
Cream products	828	32,37	804	29,40	860	32,66	404	27,56
Fried coffee	131	5,12	159	5,81	219	8,32	145	9,89
Biscuits	485	18,96	480	17,55	387	14,70	268	18,28
Peanuts	217	8,48	390	14,26	360	13,67	111	7,57
Spices								
Snacks	506	19,78	458	16,75	436	16,56	269	18,35
Candies	169	6,61	189	6,91	154	5,85	95	6,48
Cocoa in powder	39	1,52	29	1,06	37	1,41	28	1,91
Products in powder	1	0,04	2	0,07	4	0,15	10	0,68
Children food	85	3,32	109	3,99	92	3,49	61	4,16
Rise								
Other products	97	3,79	115	4,20	84	3,19	75	5,12
Total:	2.558	100,00	2.735	100,00	2.633	100,00	1.466	100,00

OU "Poultry Farm"

Organizational unit "Poultry Farm" breeds poultry for production of edible eggs. Within the unit operates a factory for production of fodder to meet company's needs.

The production of eggs is sold exclusively on the domestic market.

OU "Fruit Plantation with Refrigerated Warehouse"

Organizational unit "Fruit Plantation with Refrigerated Warehouse" produces different types of table apples. Within the unit operate all the necessary facilities for storing the production.

The produced apples are sold on the markets of FR Yugoslavia, Republic of Bulgaria and Republic of Albania.

The realized production of OU "Poultry Farm" and OU "Fruit Plantation with Refrigerated Warehouse" in the period 1999 to April 2002 is presented in the table below:

Products	1999	2000	2001	As of August 2002
	Realization	Realization	Realization	Realization
No of eggs in '000	26.455	20.005	17.904	1.425
Melange in tons	13	55	29	1
Fodder in tons	3.390	3.318	2.689	227
Apples in tons	1.700	800	2.300	/
Wheat in tons	911	683	407	598

OU "Catering and Tourism"

This organizational unit disposes of several buildings for catering and tourism for providing services of this kind such as:

- Hotel "Kitka" - Resen
- Hotel "Pretor" - Pretor
- Camping place "Krani" - Krani

OU "Marketing, Market Research, Wholesale and Retail"

This organizational unit provides services to all other organizational units within AGROPLOD AD. The unit conducts market research in the country and abroad regarding the products of interest for AGROPLOD AD. This unit incorporates the entire turnover in the process of purchasing and selling the own production and other commercial goods in the country.

OU "External Trading"

Organizational unit "External Trading" conducts the export of company's products and import of raw materials. Beside the own export-import department in Skopje, AGROPLOD AD possesses own limited partnership companies in Belgrade, Zagreb and Ljubljana.

MANAGEMENT

The management in AGROPLOD AD is organized as one-tier system. The statute of the company is adjusted to the Company Law.

The company is managed by:

- Shareholder's Assembly
- Board of Directors

Shareholder's Assembly

The Shareholder's Assembly is the highest body in the company. It was constituted on December 4, 1998 and is comprised of 833 shareholders.

Board of directors

The Board of Directors consists of 11 members, six of which are non-executive which are elected by the shareholders on a meeting of the Shareholder's Assembly with majority of votes and five executive members who are elected by the non-executive ones with majority of votes.

The members of the Boards of Directors have a mandate of six years.

The non-executive members appoint one of them to be President.

The executive members of the Board of Directors are Executive Directors who represent the company in the relations with third parties and are responsible to run the operations in compliance with the Statute and other managerial contracts. They propose and run the business policy of the company and decide about questions in the area of employment with the company.

Current members of the Board of Directors of AGROPLOD AD are the following:

Krume Jovanovski Executive member	BS in Economy, executive director in financial and material operating.
Kiril Ilievski Executive member	Engineer of Agriculture and Forestry, executive director in production.
Simo Tanevski Executive member	BS in Economy, executive director in external trading.
Ljubomir Jovanovski Executive member	BS in Economy, employed with the company as executive director for marketing, market research, wholesale and retail.
Aleksandar Torteovski Executive member	BS in Law, past the qualifying examination for judges, executive director of administrative-legal dpt.

Dragan Tanevski President	BS in Economy, Non-executive Director of AGROPLOD AD Resen.
Slavica Stavrevska Non-executive member	BS in Law, Non-executive Director of administrative-legal department.
Elizabeta Donovska Non-executive member	BS in Economy, Non-executive Director and director in financial and material operating.
Hristo Stojcevski Non-executive member	BS in Economy, Non-executive Director and director in wholesale and retail.
Kirco Kungulovski Non-executive member	Engineer in Technology, Non-executive Director and director of OU "Food Industry".
Ljupco Hristovski Non-executive member	MS in tourism and catering, Non-executive Director and chief of OU "Catering and Tourism".

EMPLOYEES

AGROPLOD AD Resen had total of 642 employees on October 31, 2002. The work force qualifications are shown in the following table:

Qualification	Employees	%
NKV	204	31,78
PKV	9	1,40
KV	85	13,24
VKV	3	0,47
SSS	204	31,78
VShS	69	10,75
VSS	68	10,59
Total:	642	100,00

- NKV - Primary school completed
- PKV - Semi-qualified
- KV - Skilled
- VKV - Highly qualified
- SSS - Secondary school completed
- VShS - Two-year college
- VSS - University degree

In 2002 11 people were employed. The company strives for development and prosperity creating opportunities for employment of quality work force.

EQUITY

The equity of the company amounts to 10.750.118,00 EURO and it is composed of 21.025 shares with a nominal value of 511,30 EURO.

Of the total number of shares, 20.079 i.e. 95,50% are common shares with a voting right by the principle "one share, one vote", and 946 or 4,50% are priority shares owned by the Pension Fund which will be transformed into common shares after the sale.

The shares are entirely transferable.

The ownership right of the shares is transferred to a new owner with the registration at the Central Depository Securities, where the company keeps its shareholders' book.

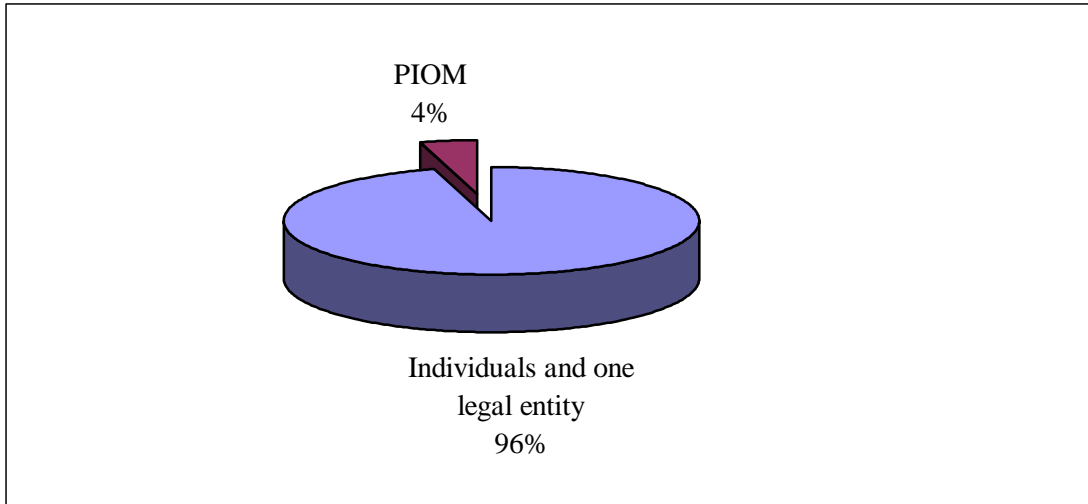
According to the Statute of AGROPLOD AD Resen the shareholders can sign a contract among themselves for a limited period of time up to five years, in which the performance of all or particular rights from the shares will be delegated to one or several representatives.

This right is partially used in AGROPLOD AD Resen, since 48,50% of the shares owned by smaller shareholders are transferred to shareholders participating in the management team.

OWNERSHIP STRUCTURE

On October 29, 2002 AGROPLOD AD Resen had a total of 833 shareholders. The structure of shareholders was the following:

Shareholders	Capital in EURO	No of shares	%
Individuals and one legal entity	10.266.396	20.079	95,50
PIOM - Pension Fund	483.722	946	4,50
Total:	10.750.118	21.025	100,00

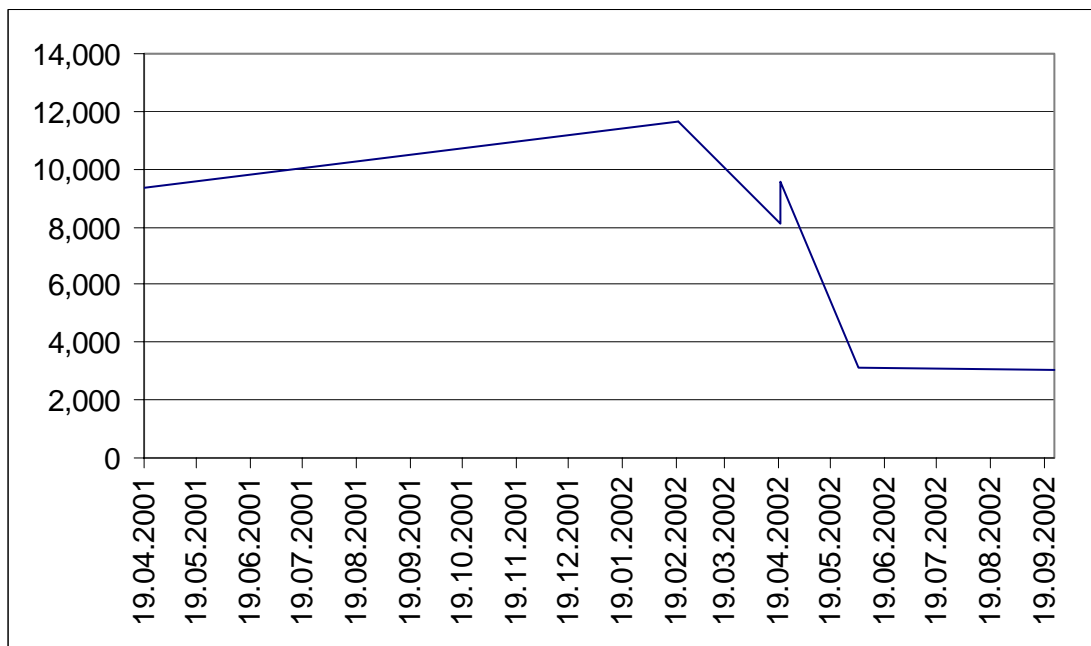


Of the total number of shares, the management i.e. the Board of Directors and directors of the other departments in AGROPLOD AD Resen own a total of 36,66%. There is no individual shareholder owning more than 10% of the total number of shares.

TRADING WITH SHARES

Trading with the shares of AGROPLOD AD Resen, until the listing on the official market, was done on the unofficial market; the highest price achieved per share was 11.632,00 denars, and the lowest - 3.034,00 denars.

The movement of prices of AGROPLOD AD Resen's shares on the Macedonian Stock Exchange was the following:



DIVIDENDS AND DIVIDEND POLITICS

In the last three years 1999, 2000 and 2001 as a result of deteriorated business climate, AGROPLOD AD Resen showed negative financial result and decided not to pay dividends to shareholders.

In the past, the management of AGROPLOD AD Resen has always implemented smart and stable dividend politics, and the profit was used to increase reserves and retained earnings.

In the period to come AGROPLOD AD Resen will adjust the dividend politics to the business and development politics, taking in consideration the net income growth, amount of revenues, planned investments and other relevant factors.

Right on dividend have all shareholders registered with AGROPLOD AD Resen's shareholders' book to the day when the decision was reached defining the share which will be paid to shareholders in the form of dividends.

The dividend is due for payment nine months after the end of the year.

PROCEDURES AT COURTS

Currently there are two lawsuits against AGROPLOD AD Resen at the competent courts amounting to a total of 12,3 million denars.

On the other hand the company has filed 19 lawsuits for collection of its receivables amounting to a total 3,8 million denars.

DEVELOPMENT STRATEGY OF THE CORPORATION

AGROPLOD AD Resen has set a business strategy directed towards achievements of the following strategic objectives:

1. Primary objective is improving the financial performance of the company.
2. Increasing the physical volume of production.
3. Increasing sales on the domestic and foreign markets.
4. Entering new potential markets.
5. Improving the quality of existing products with a goal to increase the range of products and add new ones.
6. Decreasing the costs in all segments on the operating process in order to achieve higher level of productivity.
7. Obtaining competitive advantage on the markets through better efficiency, higher quality, more competitive prices and higher responsibility to customers.

AGROPLOD AD Resen's development strategy is primarily focused on extension and development of the company's core activity - the food processing.

Through the organisational unit for marketing, AGROPLOD AD Resen conducts market research studies predominantly concerning the quality of products, competition and consumers wants. On the basis of this data, operative group for development implements programs and projects for new products complying the existing range and capacities, as well as new production lines and products.

The ideas defined with the development concept refer mainly to realisation of projects for production of quality, healthy and ecologically clean food, which would meet highest international criteria and standards.

FINANCIAL STATEMENTS - ATTACHMENTS

INCOME STATEMENT

For the period between January 1, 2002 and June 30, 2002

In thousands of MKD	<u>30.06.02</u>
Sales revenues	269.812
Other revenues	20.870
Change in inventory of final products and semifinals	-13.377
Own products used and capitalized in the company	0 230.925
Used raw and supplementary materials	-128.713
Expenses for the employees	-76.860
Depreciation	-19.210
Other expenses	-300.196
Operating loss	-16.749
Financial revenues	8.649
Financial expenses	-5.077
Loss before tax	-13.177
Income tax	
Net operating loss	-13.177
Extraordinary revenues	2.088
Net loss for the fiscal period	-11.089

**B i Lj,
Boro i Ljupco
d.o.o. - Skopje**

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AUDITING REPORT

To the shareholders of AGROPLOD AD Resen

1. By your order we have audited the Balance Sheet of AGROPLOD AD Resen on Decemer 31, 2001 and income statement for the period January 01, 2001 to December 31, 2001.

These financial statements presented on pages five and six are responsibility of AGROPLOD AD Resen's management. Our obligation is to give opinion about the financial statements based upon our audit.

2. We have done the audit in compliance with the International Auditing Standards and legislation of the Republic of Macedonia. These standards require that we plan and do the auditing with a purpose of obtaining fair certainty that the financial report do not incorporate significant false statements of material importance.

The auditing includes examination based on tests, evidences, which support the values and statements in the financial reports. The auditing also includes assessment of the implemented accounting principles and significant assessments made by the management, as well as evaluation of the entire construction of the financial reports.

We believe that our audit provides reasonable basis to support our opinion.

3. According to our opinion, the financial statement and the income statement represent fair and objective, in all materially significant views, the financial position of AGROPLOD AD Resen for the year ending on December 31, 2001, in compliance with legislative regulation of the Republic of Macedonia.

Skopje, April 10, 2001

Authorized auditors
Atanasovski Borislav

Auditing, assessment and
financial consulting
B i Lj, Boro i Ljupco
d.o.o. Skopje

AGROPLOD AD RESEN
INCOME STATEMENT

In thousands of MKD	Notes	<u>2001</u>	<u>2000</u>
Sales revenues	4	637.006	678.852
Other revenues	5	19.593	21.616
Change in inventory of final products and semifinals		-67.555	6.747
Own products used and capitalized in the company		201.284	204.954
Used raw and supplementary materials	6	-361.654	-397.043
Expenses for the employees		-149.608	-161.384
Depreciation		-43.111	-44.179
Other expenses	7	-397.257	-352.164
Operating loss		-161.302	-42.601
Financial revenues		3.660	7.048
Financial expenses		-27.573	-25.288
Loss before tax		-185.215	-60.841
Income tax			
Net operating loss		-185.215	-60.841
Extraordinary revenues		7.827	9.730
Net loss for the fiscal period		-177.388	-51.111

The notes presented on pages 9 to 19 are integral part of these financial reports

AGROPLOD AD RESEN

BALANCE SHEET

In thousands of MKD	Notes	<u>2001</u>	<u>2000</u>
ASSETS			
Capital assets	8	1.420.003	1.464.531
Capital investment	9	28.950	16.155
Long term rights		1.187	1.399
Capital assets total		1.450.140	1.482.085
Inventories	10	111.069	190.613
Prepaid expenses		2.401	414
Other receivables	11	9.497	10.694
Short term investments		154	56
Receivables from buyers	12	78.171	169.843
Receivables for advances		7.043	9.869
Cash and securities	13	31.030	30.277
Current assets total		239.365	411.766
Extraordinary business assets			
TOTAL ASSETS		1.689.505	1.893.851
LIABILITIES AND EQUITY			
Payables	14	54.828	81.788
Advances payable		14.387	2.083
Short term debt	15	26.939	30.549
Other short term liabilities	16	11.487	11.638
Accrued liabilities		393	134
Short term liabilities total		108.034	126.192
Long term debt	17	107.898	125.388
Share capital		1.591.429	1.582.950
Reserves		59.550	53.697
Social capital			
Loss		-177.388	-49.884
Revaluation reserve			55.508
Retained earnings			
Equity		1.473.591	1.642.271

The notes presented on pages 9 to 19 are integral part of these financial reports

AGROPLD AD Resen
STATEMENT OF CASH FLOWS

	2001
Net loss/income	-177.388
Corrected for:	
Depreciation	43.000
Receivables	91.672
Advances receivable	2.826
Short term investments	-98
Other receivables	1.247
Prepaid expenses	-1.987
Inventories	79.543
Payables	-26.960
Advances payable	12.304
Other short term liabilities	-151
Accrued payments	259
Net flow from operating activities	24.267
B. Cash inflow from investments	
Purchase of capital assets	-4.311
Long term rights	212
Capital assets out of use	5.782
Long term investments	-12.795
Net cash inflow/outflow from investment	-11.112
C. Cash flow from financial activities	
Completion of capitalization	8.374
Short term debt	-3.610
Long term debt	-17.490
Other increases of capital	334
Net cash inflow/outflow from financial activities	-12.392
INCREASE OF CASH	803
Cash at the year beginning	30.227
Cash at the year end	31.030

The notes presented on pages 9 to 19 are integral part of these financial reports

AGROPLOD AD Resen

STATEMENT OF CHANGES IN EQUITY

in thousands of MKD	Shareholders capital	Reserves	Retained earnings	Revaluation reserve	Total
01.01.2001	1,582,950	53,697	-49,884	55,508	1,642,271
Re-entering in accounts		55,737		-55,737	0
Loss covering		-49,884	49,884		0
Completion of capitalization	8,479				8,479
Loss in 2001			-177,388		-177,388
Other				229	229
Statement on 31.12.2001	1,591,429	59,550	-177,388		1,473,591

In thousands of MKD	Social capital	Sharehol. capital	Obligatory reserves	Retained earnings	Revaluat.	Total
Statement on 1.01.2000	1.086.329	487.423	32.074	1.227		1.607.053
Re-entering in accounts	(1.086.329)	1.086.329	-	-		-
General Consumption Fund	-	7.859	-	-		7.859
Discount on repaid shares	-	(18.369)	-	-	-	(18.369)
Payment of shares	-	41.163	-	-	-	41.163
Prespa Lake	-	(21.455)	-	-	-	(21.455)
Prespa Lake	-	-	21.623	-	-	21.623
Loss in 2000	-	-	-	(51.111)	-	(51.111)
Revaluation	-	-	-	-	55.508	55.508
Statement on 31.12.2000		1.582.950	53.697	(49.884)	55.508	1.642.271

The notes presented on pages 9 to 19 are integral part of these financial reports

AGROPLOD AD Resen

NOTES TO FINANCIAL STATEMENTS

1. GENERAL

1.1 The company for production, processing and sale, import-export AGROPLOD AD Resen is established and operates in the Republic of Macedonia. Sole activities of the Company are:

- Production of milling products
- Production of starch and starchy products
- Production of biscuits
- Production of cocoa, chocolates, candies and confectionery products
- Production, processing and preserving poultry meat
- Processing of tea and coffee
- Growing fruit trees and vineyards
- Breeding poultry

1.2 Equity of the Company consists of 20.750 shares. The nominal value of a share amounts to DEM 1.000.

1.3 Company's headquarters are located in Resen 29.November Street No 6.

2. FUNDAMENT FOR PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Financial statements of AGROPLOD AD Resen are in all material views prepared in accordance with the legislative regulation of the Republic of Macedonia, including certain reclassifications for the purpose of adjusting with the reporting requirements of the International Accounting Standards.

2.2 Financial statements are prepared on assumption for indefinite continuity of the company's operating activity.

2.3 Financial statements are prepared by implementing the concept of purchasing value, modified for revaluation of the capital assets and depreciation in case there is increase in prices of the industrial produces in the Republic of Macedonia, according to data published by the Statistical Office of the Republic of Macedonia.

2.4 Financial statements are presented in thousands of denars, unless other are reported.

AGROPLOD AD Resen

NOTES TO FINANCIAL STATEMENTS

3. PRINCIPLES OF ACCOUNTING POLITICS

The principles of accounting politics implemented by the preparation of financial statements for 2001 are presented below.

3.1 Income record politics

Realization resulting in debtor-creditor relation, for which suitable document was issued, is presented in invoice value. Incomes from sales on credit are registered entirely in favor of the total income in the period when the delivery of goods was executed.

3.2 Capital assets

Capital assets and intangible assets are being revaluated periodically during the year (by the preparation of periodical statement) and with the statement at the year-end implementing the official realization ratios based on the rate of price increase of the industrial products. Subjects to revaluation are the purchasing value, i.e. revaluated value as well as the adjustments of the capital assets' value and current depreciation. With the effect of capital assets' revaluation, revaluation reserve is approved creating fund from the company's equity.

Capital assets purchased during the year are being revaluated on the basis of an average ratio calculated in the month of its purchase, or construction until the year-end.

Purchases of capital assets during the year are registered with their purchasing value. The purchasing value of capital assets consists of their invoice value increased for all the additional costs occurred until they are put into operation.

The positive difference occurring by the sale of the capital assets is being registered in favor of the capital earnings, whereas the negative one is paid from the capital loss. Extraordinary and other expenses are charged for the residual value from depreciation of the sold and capital assets out of use.

AGROPLOD AD Resen

NOTES TO FINANCIAL STATEMENTS

Depreciation of the capital assets is calculated with rate not lower than those prescribed with Nomenclature for depreciation of assets. Buying or revaluated value of capital assets is being depreciated for equal annual amounts during the 45 time of use. Depreciation is not calculated on land, forests and investments in preparation.

The prescribed depreciation rates for capital assets owned by AGROPLOD AD Resen are the following:

Buildings	1 - 2%
Equipment	5 - 13%
Transportation vehicles	16%

3.3 Intangible assets

Intangible assets consist of expenditures for project documentation and other.

3.4 Inventories

Inventories of unfinished production, semifinal products and final products are registered with their costs or net selling value, depending on the fact which one is lower. Costs of the unfinished production, semifinal products and final products consist of all direct costs for factory and production overhead.

Accessory equipment is depreciated with a rate of 20% as they are put into operation.

3.5 Receivables

Receivables are presented with their nominal value reduced for bad debts. Additional adjustment is done on receivables assumed to be hard to collect.

3.6 Income from sales

Income from sales is recognized when there is an expectation that future economic benefit will flow in and these can be realistically measured. Income from sales is presented in invoice value.

AGROPLD AD Resen

NOTES TO FINANCIAL STATEMENTS

3.7 Capital investments

Capital investments include investment in shares of banks or other companies. Investments are being assessed by the lower value between the buying and the market one.

3.8 Cash

Cash consists of denars with the cashier, cash on giro account with the commercial banks, other cash and treasury bills.

3.9 Calculation of foreign currency and accounting treatment of exchange rates changes

Receivables and payable in foreign currency are presented in equivalent to Macedonian denar at official average exchange rate published by the National Bank of the Republic of Macedonia on the day the balance sheet refers to. Positive and negative exchange rate differences resulting from presentation of the receivables, payables and loans in foreign currency, as well as exchange rates differences created during the year on the basis of the sale and purchased of goods are presented in the income statement as part of the item other revenues or expenses.

3.9 Taxes and contribution

Income before tax calculated according to the Accounting Law and provisions of the Income Tax Law are being corrected for certain revenues, expenses and investments. Income tax rate in the Republic of Macedonia amounts to 15%. If the value of calculated taxes and contributions is higher than the calculated income, the difference is expressed as loss.

4. SALES REVENUES

AGROPLD AD Resen

NOTES TO FINANCIAL STATEMENTS

5. OTHER REVENUES OF OPERATING ACTIVITY

In thousands of MKD	<u>2001</u>	<u>2000</u>
Revenues from wages	5.066	8.419
Revenues from investments	1.294	2.339
Revenues from subsidies	1.026	
Revenues from return of liabilities	6.939	1.647
Revenues from sales of capital assets	1.730	5.218
Revenues from previous years	1.807	967
Other reveues from sales	<u>1.731</u>	<u>3.026</u>
Total	<u>19.593</u>	<u>21.616</u>

6. USED MATERIALS AND ACCESSORY EQUIPMENT

In thousands of MKD	<u>2001</u>	<u>2000</u>
Materials	281.826	311.101
Writing off the accessory equipment	73.690	79.123
Used spare parts	<u>6.138</u>	<u>6.819</u>
Total	<u>361.654</u>	<u>397.043</u>

7. OTHER EXPENSES OF OPERATING ACTIVITY

In thosands od MKD	<u>2001</u>	<u>2000</u>
Maintenance services	1.097	
Expences for the employees	16.513	23.567
Expenses for power supply	30.053	33.351
Insurance premium	16.750	14.183
Purchasing value of goods	185.164	195.059
Transportation costs	5.413	6.270
Capital loss		22.145
Writing off receivables	85.315	328
Banking services	1.039	<u>1.315</u>
Other	<u>55.913</u>	55946
Total	<u>397.257</u>	<u>352.164</u>

AGROPLOD AD Resen

NOTES TO FINANCIAL STATEMENTS

8. CAPITAL ASSETS

Revaluated purchasing value of capital assets and the adjustment of their value on December 31, 2001 is following:

in thousands of MKD	Land buildings and forests	Equipment	Long- term plants	Live- stock	Other assets	Assets in preparat.	TOTAL
Buying value							
Statement on 01.01.2001	1.875.437	287.121	9.655	20.361	17.881	21.087	2.231.542
General Consumption Fund							0
Direct purchases		200				4.011	4.211
Transfer of investments	2.486	1.461				-3.947	0
Putting out of use	-1.045	-886		-7.389			-9.320
Revaluation							0
Statement on 31.12.2001	1.876.878	287.896	9.655	12.972	17.881	21.151	2.226.433
Adjustment of value							
Statement on 01.01.2001	578714	175.871	4.700	2.107	5.619		767.011
Depreciation	19943	17.268		4.889	799		42.899
Putting out of use	-433	-1.011		-2.054			-3.498
Statement on 31.12.2001	598.224	192.128	4.700	4.942	6.418		806.412
PRESENT VALUE							
DECEMBER 31, 2001	1.278.654	95.768	4.955	8.030	11.463	21.151	1.420.021

in thousands of MKD	Land buildings and forests	Equipment	Long- term plants	Live- stock	Other assets	Assets in preparat.	TOTAL
Buying value							
Statement on 01.01.2000	1.780.652	262.564	8.936	27.841	6.260	18.746	2.104.999
General Consumption Fund					10.354		10.354
Direct purchases	1.107	438				45.912	47.457
Transfer of investments	229	17.755		27.115		-45.099	0
Putting out of use		-7.123		-34.595			-41.718
Revaluation	93.449	13.487	719		1.267	1.528	110.450
Statement on 31.12.2000	1.875.437	287.121	8.936	20.361	16.614	21.087	2.231.542
Adjustment of value							
Statement on 01.01.2000	517848	160.494	3.909	5.916	5.130		693.297
Depreciation	18861	16.427	447	7.516	97		43.348
Putting out of use	-562	-7.123		-11.325			-19.010
Re-entering	560	-560			16		16
Revaluation	42007	6.633	344		376		49.360
Statement on 31.12.2000	578.714	175.871	4.700	2.107	5.619		767.011
PRESENT VALUE							
DECEMBER 31, 2000	1.296.723	111.250	4.236	18.254	10.995	21.087	1.464.531

AGROPLOD AD Resen

NOTES TO FINANCIAL STATEMENTS

9. LONG-TERM INVESTMENTS

In thousands of MKD	<u>2001</u>	<u>2000</u>
8.1 Investments in representative offices		
Agroplod - Zagreb	132	132
Agroplod - Belgrade	368	368
Agroplod - Ljubljana	<u>712</u>	<u>525</u>
Total investments in representative offices	1.212	1.025
8.2 Investments in banks		
Ohridska banka AD - Ohrid	23.888	11.446
Kreditna banka AD - Bitola	308	308
Makedonska banka AD - Skopje	997	848
Total investments in banks	25.193	12.602
8.3 Investments in companies		
Ezerka	164	164
Nokateks	171	171
Crvena zvezda Stip	182	182
Zivinoprom	480	480
Prespateks	1.439	1.439
Other	109	92
Total investment in companies	2.545	2.528
TOTAL LONG-TERM INVESTMENTS	28.950	16.155

10. INVENTORIES

In thousands of MKD	<u>2001</u>	<u>2000</u>
Raw materials	25.135	32.745
Spare parts	15.523	14.473
Accessory equipment	33.021	33.289
Production		32.561
Final products	24.920	59.912
Goods on stock	<u>27.010</u>	<u>29.224</u>
	125.609	202.204
Minus - adjustment of value	-14.540	-11.591
Total	<u>111.069</u>	<u>190.613</u>

AGROPLOD AD Resen

NOTES TO FINANCIAL STATEMENTS

11. OTHER RECEIVABLES

In thousands of MKD	<u>2001</u>	<u>2000</u>
Receivables from employees	1.965	2.168
VAT	486	1.674
Excises	117	116
Interest receivables from buyers	<u>6.929</u>	<u>6.786</u>
Total	<u>9.497</u>	<u>10.744</u>

12. RECEIVABLES

In thousands of MKD	<u>2001</u>	<u>2000</u>
Receivables from domestic buyers	135.432	150.563
Receivables from foreign buyers	<u>69.644</u>	<u>63.879</u>
	205.076	214.442
Minus - adjustment of value	-126905	-44599
Total	<u>78.171</u>	<u>169.843</u>

13. CASH AND SECURITIES

In thousands of MKD	<u>2001</u>	<u>2000</u>
Gyro account	12.044	14.296
Denars at cashier	198	271
Foreign exchange at cashier	33	1.329
Foreign exchange accounts	18.453	13.999
Checks	297	
Other cash	<u>5</u>	<u>332</u>
Total	<u>31.030</u>	<u>30.227</u>

AGROPLOD AD Resen

NOTES TO FINANCIAL STATEMENTS

14. PAYABLES

In thousands of MKD	<u>2001</u>	<u>2000</u>
Payables in the country	31.367	58.221
Payable abroad	8.748	21.655
Payables for uninvoiced goods	<u>14.713</u>	<u>1.912</u>
Total	<u>54.828</u>	<u>81.788</u>

15. SHORT-TERM FINANCIAL LIABILITIES

In thousands of MKD	<u>2001</u>	<u>2000</u>
QBE Macedonia	9.191	10.762
Ohridska banka AD - Ohrid	5.861	3.700
Municipality of Resen	1.312	1.312
Ministry of Development	6.336	10.535
Stopanska banka AD - Bitola	4.000	4.000
Ministry of Science	<u>240</u>	<u>240</u>
Total	<u>26.940</u>	<u>30.549</u>

16. OTHER CURRENT LIABILITIES

In thousands of MKD	<u>2001</u>	<u>2000</u>
Liabilities for dividends	1.830	1.830
Liabilities for taxes and contributions	1.228	1.069
Various short-term liabilities	<u>8.429</u>	<u>8.739</u>
Total	<u>11.487</u>	<u>11.638</u>

AGROPLOD AD Resen

NOTES TO FINANCIAL STATEMENTS

17. LONG-TERM DEBT

In thousands of MKD	<u>2001</u>	<u>2000</u>
Stopanska banka AD - Skopje	16.212	26.405
Agency for rehabilitation of banks	54.877	48.744
Ministry of Development/PHARE	<u>36.809</u>	<u>50.239</u>
Total	<u>107.898</u>	<u>125.388</u>

18. FOREIGN EXCHANGE RATES AND REVALUATION RATES

Official foreign exchange rates used to present the items and the balance sheet in the financial reports denominated into foreign currency on December 31 are the following:

In denars	<u>2001</u>	<u>2000</u>
USD	69.1716	65.3281
DEM	31.1688	31.0803
FRF	9.2934	9.2670
EUR	60.9610	60.7878
CHF	41.1092	39.9080

Increase/decrease in the price index used for revaluation of capital assets and equity

	7,9%
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19. FINANCIAL INSTRUMENTS

Foreign exchange risk

Through its operating the company performs international transactions resulting from purchase of materials, equipment and goods. These purchases are expressed in foreign currency. Part of the debt of the company is denominated into foreign currency. Therefore, the company is exposed to risk connected to possible fluctuations of the foreign currencies. The company does not use suitable financial instruments to reduce this risk, because such instruments are not available in the Republic of Macedonia.

AGROPLOD AD Resen

NOTES TO FINANCIAL STATEMENTS

Interest rates risk

Interest rates risk represents risk where the amount of loan debt of the company can be changed as a result of changes in interest rates on the market. Debt from loans is primarily being paid back with fixed interest rates, which does not expose the company to possible interest rate risk.

20. EVENTS WHICH HAPPENED AFTER THE DATE OF THE BALANCE SHEET

During the months of November and December 2001, representatives from Direction for Public Revenues visited the company. On the date of issuing these financial reports, the results of the control have not been published yet. The final outcome of the control can not be assessed at the moment.

INCOME STATEMENT

In thousands of MKD	Notes	<u>30.06.2002</u>
Sales revenues	4	269.812
Other revenues	5	20.870
Change in inventory of final products and semifinals		-13.377
Own products used and capitalized in the company		0 230.925
Used raw and supplementary materials	6	-128.713
Costs for the employees		-76.860
Depreciation		-19.210
Other expenses	7	-300.196
Operating loss		-16.749
Financial revenues		8.649
Financial expenses		-5.077
Loss before tax		-13.177
Income tax		
Net operating loss		-13.177
Extraordinary revenues		2.088
Net loss for the fiscal period		-11.089