

*S*

*U*

*M*

*M*

*A*

*R*

*R*

*Y*

The following are the more significant financial indicators achieved in 2013, which are a measure of the success of the company:

- ❖ Generated **total revenues** in the amount of **15,641,538,509** denars.
- ❖ Incurred **total expenses** in the amount of **15,708,129,699** denars
- ❖ **Loss before taxation** in the amount of **66,591,190** denars.
- ❖ **Profit after taxes** in the amount of **65,972,659** denars.
- ❖ **Timely repayment of long-term loans** in the amount of **1,281,707,808** denars.

## Comprehensive Income Statement

		(000 MKD)	
		For the year ended on	
		December 31	
	Notes	2013	2012
Revenues from electricity sold	22	13,221,560	13,859,090
Other operational revenues	23	627,081	918,663
		<b>13,848,641</b>	<b>14,777,753</b>
Lignite production costs	24, 25, 26,27, 28	(6,535,531)	(5,814,234)
Amortization and depreciation	24	(1,654,815)	(1,514,952)
Expenses for employees	25	(1,646,029)	(1,577,716)
Maintenance and insurance costs	26	(365,254)	(467,811)
Raw material and expendables	27	(1,709,462)	(3,720,123)
Other operational revenues	28	(854,394)	(791,096)
Value adjustments and write-off of irrecoverable receivables	29	(986,788)	(578,340)
<b>Income from operations</b>		<b>96,368</b>	<b>313,481</b>
Revenues from financing activities	30	114,326	79,900
(Expenses) for financing activities	30	(277,285)	(250,586)
		(162,959)	(170,686)
<b>(Loss) / Profit before taxation</b>		<b>(66,591)</b>	<b>142,795</b>
Tax expense	31	(65,973)	(95,033)
<b>(Loss) / Profit for the financial year</b>		<b>(132,564)</b>	<b>47,762</b>
Other comprehensive income for the year		-	-
<b>Total comprehensive income for the year</b>		<b>(132,564)</b>	<b>47,762</b>

## Financial Position Statement

		(000 MKD)	
	Notes	on December 31	
		2013	2012
<b>Non-current assets</b>			
Land, plants and equipment	6	39,878,841	36,170,775
Intangible assets	6	465,722	470,814
Investments in subsidiaries	7	609,939	609,939
Financial assets available for sale	8	1,857	9,357
Long-term receivables	9	1,361,574	2,291,217
Long-term deposits	10	-	960
Other financial assets	11	13,471	13,454
		<b>42,331,404</b>	<b>39,566,516</b>
<b>Current assets</b>			
Inventories	12	2,797,696	2,738,717
Receivables from buyers and other receivables	13	4,260,486	4,622,932
Prepaid expenses	14	1,112,288	1,434,473
Short-term deposits in banks	15	20,171	3,000
Cash and cash equivalents	16	97,068	654,176
		<b>8,287,709</b>	<b>9,453,298</b>
<b>Total assets</b>		<b>50,619,113</b>	<b>49,019,814</b>
<b>Capital and reserves</b>			
Equity		31,738,878	31,738,878
Reserves		1,193,140	1,145,378
Other capital		1,429,601	1,429,662
Retained earnings		91,595	271,921
<b>Total capital and reserves</b>	17	<b>34,453,214</b>	<b>34,585,839</b>
<b>Non-current liabilities</b>			
Loans at interest	18	9,989,010	7,605,732
Provisions	19	673,361	589,151
Deferred assistance	20	30,848	33,426
		<b>10,693,219</b>	<b>8,228,309</b>
<b>Current liabilities</b>			
Loans at interest	18	1,399,516	1,467,918
Liabilities towards suppliers and other current liabilities	21	4,073,164	4,737,748
		<b>5,472,680</b>	<b>6,205,666</b>
<b>Total liabilities</b>		<b>16,165,899</b>	<b>14,433,975</b>
<b>Total capital and reserves and liabilities</b>		<b>50,619,113</b>	<b>49,019,814</b>

## Cash Flow Statement

	Note	For the year ended on	
		2013	2012
		000 MKD	000 MKD
<b>Operations</b>			
(Loss) / Profit before taxation		(66,591)	142,795
<i>Adjustments for:</i>			
Depreciation and amortization		2,249,127	2,031,023
Value adjustment of financial assets available for sale		7,500	-
Value adjustment of deposits		3,000	-
Value adjustment and write-off of irrecoverable receivables		976,288	578,340
Foreign exchange gains, net		46,376	3,128
Interest expenses		203,291	227,398
Shortages		2,042	943
Land re-cultivation provisions		93,064	93,047
Employee benefits provisions		-	20,000
Revenues from release of employee benefits provisions		(4,422)	-
Provisions for potential losses in litigations		47,389	83,611
Value of land, plants and equipment sold and removed from inventory, not written-off		4,421	5,260
Receivables from transfer of assets of the liquidated subsidiary ROIS dooel, Novaci		-	(229)
Receivables from write-off of liabilities (Receivables) from amortization of deferred assistance		(3,041)	(15,835)
		(2,315)	(4,631)
Receivables from assessment of land, plants and equipment, net		-	(105,521)
Receivables from participation in income of subsidiaries		(84,053)	(26,423)
<i>Operational income before changes in working capital</i>		<i>3,472,076</i>	<i>3,032,906</i>
<i>Changes in working capital</i>			
Inventories		(36,260)	(110,221)
Long-term receivables, receivables from buyers and other receivables		764,389	(185,078)
Liabilities to suppliers and other liabilities and provisions		(740,641)	580,344
		3,459,564	3,317,951
Interest paid		(247,474)	(206,970)
Income tax paid		(115,162)	(135,142)
		<b>3,096,928</b>	<b>2,975,839</b>

**Investments**

Purchase of land, plants and equipment and intangible assets, net of receivables	(5,981,650)	(6,225,741)
Collection of / (Investments in) deposits in banks	(19,211)	103,540
Repaid loans from domestic legal entities	(17)	(8)
Investments in subsidiaries	-	(7,037)
Receivables from participation in income of receivables	84,053	26,423
	<b>(5,916,825)</b>	<b>(6,102,823)</b>

	Note	For the year ended on December 31	
		2013	2012
		000 MKD	000 MKD
<b>Financial activities</b>			
Receivables from loans, net		2,300,242	1,976,360
Dividends paid		(37,453)	-
		<b>2,262,789</b>	<b>1,976,360</b>
<b>Net changes of cash</b>		<b>(557,108)</b>	<b>(1,150,624)</b>
Cash at beginning of year	16	654,176	1,804,800
<b>Cash at year end</b>	16	<b>97,068</b>	<b>654,176</b>

## Statement of changes in capital

	(000 MKD)				
	Equity	Reserves	Other capital	Retained earnings	Total capital
<b>As on 1 January 2013</b>	<b>31,738,878</b>	<b>1,145,378</b>	<b>1,429,662</b>	<b>271,921</b>	<b>34,585,839</b>
Allocation of 2012 profits	-	47,762	-	(47,762)	-
Other	-	-	(61)	-	(61)
<i>Transactions with owners</i>	-	47,762	(61)	(47,762)	(61)
(Loss) for the year	-	-	-	(132,564)	(132,564)
Other comprehensive income	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	(132,564)	(132,564)
<b>As on 31 December 2013</b>	<b>31,738,878</b>	<b>1,193,140</b>	<b>1,429,601</b>	<b>91,595</b>	<b>34,453,214</b>
<b>As on 1 January 2012</b>	<b>31,738,878</b>	<b>1,138,356</b>	<b>1,429,654</b>	<b>268,634</b>	<b>34,575,522</b>
Legal reserves set aside	-	7,022	-	(7,022)	-
Dividends	-	-	-	(37,453)	(37,453)
Other	-	-	8	-	8
<i>Transactions with owners</i>	-	7,022	8	(44,475)	(37,445)
Profit for the year	-	-	-	47,762	47,762
Other comprehensive income	-	-	-	-	-
<i>Total comprehensive income</i>	-	-	-	47,762	47,762
<b>As on 31 December 2012</b>	<b>31,738,878</b>	<b>1,145,378</b>	<b>1,429,662</b>	<b>271,921</b>	<b>34,585,839</b>

## NOTES TO THE FINANCIAL STATEMENTS

### REVENUES FROM SALE OF ELECTRICITY

	2013	2012
Revenues from sale of electricity to EVN Makedonija AD, Skopje	11,375,553	11,692,292
Revenues from sale of electricity to Mepso AD, Skopje	958,417	898,495
Revenues from sale of overnight surpluses	667,421	1,169,991
Revenues from sale of electricity, heating energy and heated water to qualified and end users	220,169	98,312
	<b>13,221,560</b>	<b>13,859,090</b>

### OTHER REVENUES

	2013	2012
Revenues from sale of other products and services	394,931	468,464
Revenues from participation in income of subsidiaries	84,053	26,423
Compensation against insured damages	50,827	116,059
Release of employee benefits provisions	4,422	-
Write-off of short-term liabilities	3,041	15,835
Revenues from amortization of deferred assistance	2,315	4,631
Revenues from rent	1,477	1,418
Penalties collected	279	106,716
Income from assessment of land, plants and equipment (Note 6)	-	105,624
Receivables from transfer of assets of the liquidated subsidiary ROIS dooel, Novaci	-	229
Receivables from discounts	-	23
Other	85,736	73,241
	<b>627,081</b>	<b>918,663</b>

## AMORTIZATION

	2013	2012
Depreciation	2,121,727	1,914,499
Amortization	127,400	116,524
<b>Expenses for the year</b>	<b>2,249,127</b>	<b>2,031,023</b>
Less: lignite production costs	(594,312)	(516,071)
	<b>1,654,815</b>	<b>1,514,952</b>

## LABOR COST

	2013	2012
Net wages, personal income tax and contributions	3,170,384	2,898,158
Other mandatory compensations for employees	224,992	168,095
Employee benefits provisions	-	20,000
	3,395,376	3,086,253
Les: lignite production costs	(1,749,347)	(1,508,537)
	<b>1,646,029</b>	<b>1,577,716</b>

## MAINTENANCE AND INSURANCE COSTS

	2013	2012
Maintenance costs	3,268,382	2,666,037
Insurance costs	212,309	208,304
	<b>3,480,691</b>	<b>2,874,341</b>
Les: lignite production costs	(3,115,437)	(2,406,530)
	<b>365,254</b>	<b>467,811</b>

## RAW MATERIAL AND EXPENDABLES

	2013	2012
Spare parts	797,233	901,105
Crude oil	779,273	878,187
Natural gas	305,851	285,071
Raw material	175,114	246,750
Water	112,358	111,873
Liquid fuel	110,638	133,116
Purchase cost of electricity sold	88,475	1,908,931
Lubricants and oils	11,980	20,900
Electricity consumed	11,728	12,153
Sundry consumed	11,297	30,367
Central heating costs	4,228	14,969
	<b>2,408,175</b>	<b>4,543,422</b>
Less: lignite production costs	(698,713)	(823,299)
	<b>1,709,462</b>	<b>3,720,123</b>

## OTHER OPERATIONAL COSTS

	2013	2012
System services for provision of capacity	186,518	185,087
Transportation services	125,562	38,109
Other production services	116,744	117,437
Sponsorships and donations	110,990	76,699
Land re-cultivation provisions	93,064	93,047
Service agreements expenses	89,697	230,517
Water charge	73,978	72,897
Additionally paid taxes as per PRO inspection report	51,526	-
Provisions for litigations	47,389	83,611
Marketing	33,830	8,754
Utilities	30,604	31,311
Bank fees	22,753	25,196
Mediation services for sales of electricity surpluses	18,815	102,850
Telephone and postal expenses	12,565	13,044
Entertainment	12,941	12,692
Ongoing protection at work expenses	11,194	10,179
Electricity distribution expenses	10,040	14,258
Legal expenses	9,372	8,015
Interest on tax as per PRO inspection report	9,213	-
Membership fees	6,886	9,998
Value of land, plants and equipment sold and removed from inventory, not written-off	4,421	5,260
Professional training	3,491	1,550
Shortages	2,042	943
Taxes and contributions not dependent on results	235	324
Incorrectly reported value added tax in previous years	-	16,850
Loss from assessment of land, plants and equipment (Note 6)	-	103
Other expenses	148,246	192,162
	<b>1,232,116</b>	<b>1,350,893</b>
Less: lignite production costs	(377,722)	(559,797)
	<b>854,394</b>	<b>791,096</b>

## FINANCIAL REVENUES AND EXPENSES

	2013	2012
<b>Revenues from financial activities</b>		
Revenues from interest	86,708	59,840
Revenues from foreign exchange gains	27,618	20,060
	<b>114,326</b>	<b>79,900</b>
<b>Financial expenses</b>		
Interest expenses	(177,748)	(213,961)
Foreign exchange losses	(73,994)	(23,188)
Penalty interest expenses	(25,543)	(13,437)
	<b>(277,285)</b>	<b>(250,586)</b>
<b>Financial result, net</b>	<b>(162,959)</b>	<b>(170,686)</b>

## CASH AND CASH EQUIVALENTS

	2013	2012
Denar accounts in banks	86,069	267,701
Foreign currency accounts in banks	10,913	186,510
Earmarked cash	-	199,846
Cash on hand	86	119
	<b>97,068</b>	<b>654,176</b>

## CAPITAL AND RESERVES

### a. Share capital

The share capital of the Company amounts to 31,738,878 thousand denars and is divided into 31,738,878 ordinary shares with a nominal value of 1,000 denars per share.

The changes on the reserve accounts in the course of 2012 and 2011 were as follows:

	Mandatory reserves	Other reserves	Revaluation reserves	Total
1 January 2013	<b>122,986</b>	-	<b>1,022,392</b>	<b>1,145,378</b>
Mandatory reserves set aside	2,388	-	-	2,388
Investment reserves set aside	-	45,374	-	45,374
<b>31 December 2013</b>	<b>125,374</b>	<b>45,374</b>	<b>1,022,392</b>	<b>1,193,140</b>
1 January 2012	115,964	-	1,022,392	1,138,356
Reserves set aside in the course of the year	7,022	-	-	7,022
<b>31 December 2012</b>	<b>122,986</b>	-	<b>1,022,392</b>	<b>1,145,378</b>

### b. Mandatory reserves

The Company has mandatory reserves in the form of a general reserve fund, established pursuant to the provisions in the Law on Trading Companies. The reserves are set aside as long as they reach an amount equal to one fifth of the basic capital. Until such time as the legally prescribed minimum is reached, these reserves may only be used to cover losses; once they exceed the minimum prescribed, any surplus may - upon a previous decision of the Annual Meeting of Shareholders - also be used to complete the amount defined as dividends to be paid.

### c. Revaluation reserves

In accordance with the Macedonian accounting regulations of previous years, the revaluation of land, plants and equipment is calculated on the basis of published indices of prices of industrial products. These ratios were used to increase the recorded balances of land, plants and equipment, and the effect of such increases affected the creation of revaluation reserves.

### d. Other capital

The Company has special reserves that may be used for coverage of losses and for other purposes, such as: employee risk insurance; retirement and severance payments above the amounts set; charity; death of employees or family members of employees; severe consequences of natural disasters; longer sick leaves and severe handicaps or serious diseases; funeral costs; professional development and sponsorships. The manner of creation, investment, organization and utilization, the amount of the funds, as well as the plan and program of using the special reserves are decided upon by the Annual Meeting of Shareholders of the Company, in a separate act.

## RECEIVABLES FROM BUYERS AND OTHER RECEIVABLES

	2013	2012
<b>Receivables from buyers</b>		
Domestic buyers	3,173,567	3,111,091
Short-term portion of receivables from public institutions per agreements	698,003	239,337
Foreign buyers	4,311	432,609
	<u>3,875,881</u>	<u>3,783,037</u>
Less: provisions for impairment	(139,838)	(130,968)
	<b>3,736,043</b>	<b>3,652,069</b>
Receivables from subsidiaries	100,630	256,707
Less: provisions for impairment	-	-
	<u>100,630</u>	<u>256,707</u>
Receivables from interest	1,115,286	1,046,811
Less: provisions for impairment	(1,041,709)	(557,521)
	<u>73,577</u>	<u>489,290</u>
<b>Other current receivables</b>		
Non-harmonized receivables from internal relations (transactions between organizational units)	20,871	-
Receivables against IBRD loan	108,621	137,187
Receivables against loans extended to other domestic legal entities	8,784	8,797
Receivables from employees	7,827	7,767
Receivables against income tax	36,601	29,999
Receivables against value added tax	151,757	24,827
Receivables from insurance companies	24,331	24,845
	<u>358,792</u>	<u>233,422</u>
Less: provisions for impairment	(8,556)	(8,556)
	<u>350,236</u>	<u>224,866</u>
	<b>4,260,486</b>	<b>4,622,932</b>

## LIABILITIES TOWARDS SUPPLIERS AND OTHER LIABILITIES

	2013	2012
<b>Liabilities to suppliers</b>		
- Domestic	2,920,544	3,117,902
- Foreign	73,671	436,329
	<u>2,994,215</u>	<u>3,554,231</u>
<b>Other liabilities</b>		
Liabilities to subsidiaries	451,042	357,883
Liabilities for wages	162,736	163,480
Liabilities for contributions and taxes on wages	91,353	90,683
Other liabilities to employees	67,600	42,479
Liabilities for interest in operations	26,355	38,826
Liabilities against leasing agreements	194	1,276
Liabilities against collective agreement	5	178
Advances from buyers	-	3,528
Liabilities against VAT	-	100,076

Liabilities for dividends	-	37,453
Other liabilities	32,164	62,399
	<b>831,449</b>	<b>898,261</b>
<b>Expenses calculated in advance</b>		
Expenses for an L/C for purchase of equipment, calculated in advance	130,009	181,701
Other expenses calculated in advance	40,129	82,924
Calculated installments for IBRD loan	191	6,610
Not invoiced costs for electricity purchased	-	14,021
	<b>170,329</b>	<b>285,256</b>
<b>Deferred revenues</b>		
Deferred revenues against assumed claims (Note 9)	77,171	-
	<b>77,171</b>	<b>-</b>
	<b>4,073,164</b>	<b>4,737,748</b>