

CATALOGUE



MAK PETROL AD Skopje

Headquartered in Skopje, ul. Mito Hadzivasilev Jasmin No.4, and listed in the Trade Register of the Trial Court Skopje I in Skopje, Treg. 2312/98

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

A request has been submitted to the Macedonian Stock Exchange AD Skopje for listing of the shares of MAKPETROL AD Skopje on the Official Market. The nominal value of one share of MAKPETROL AD Skopje amounts to 511,29 EUR. The request for listing refers to the following types of shares:

- 106.480 common shares with voting right.
- 5.902 preferred shares held by the Pension and Disability fund of the Republic of Macedonia. If sold, these shares will be converted into common shares.

Before its listing on the Official Market of the Macedonian Stock Exchange AD Skopje, the shares of MAKPETROL AD Skopje 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 authentically and no data has 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).

MAKPETROL AD Skopje's financial statements for 1999 were audited by “B i Lj, Boro i Ljupco” DOO Skopje; and for 2000, and 2001 by DELOITTE & TOUCHE DOOEL Skopje.

Patron of the listing of MAKPETROL AD Skopje is the brokerage house MAKOS-INVESTBROKER AD Skopje.

This catalogue should be considered neither as an offer for sale, nor invitation for purchasing stocks of MAKPETROL AD Skopje.

This catalogue should not be regarded as a recommendation for buying stocks of MAKPETROL AD Skopje, and all the interested investors are encouraged to make individual assessment of MAKPETROL AD Skopje's financial condition and operations.

Signature

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EXECUTIVE SUMMARY

About the company. Makpetrol is the biggest distributor of oil and oil derivatives in Macedonia and plays an important role in the Macedonian energy system.

The main activity of Makpetrol is trading with oil, oil derivatives and natural gas. The trade is conducted through a well-developed network of gas stations and warehouses that are disbursed on the whole territory of the country.

The company also takes part in the mixed goods, hospitality and tourism businesses. It owns many specialised shops, two hotels, and one motel.

Makpetrol was established in 1947 as a public company responsible for strategically supplying of Macedonia with crude oil and oil derivatives. It started with 85 employees and several gas stations. From its establishment until today, the company has undergone through several organisational transformations. All these transformation have been done according to the changes of the laws and regulations in certain years. In 1990, Makpetrol grew into a Corporation with mixed ownership. In 1998 the process of transformation into a completely private Corporation was finished.

Today, with its potentials, Makpetrol holds over 70% of the Macedonian market. The company has over 1900 employees. Its operating activities are realised through implementation of high technology, an electronic data processing system, own radio-communication system, ongoing training, etc.

In its operations, Makpetrol strives to achieve higher product and service quality, as well as secure a profit through increased customer loyalty.

Equity, shares, shareholders and voting rights. Makpetrol's equity amounts to 57.460.004,18 EUR and is divided into 112.382 shares. Of the total shares 106.480 are common shares and 5.902 are preferred shares. The nominal value of one share is 511,29 EUR.

The shares are fully convertible. A shareholder is every person that has been registered in the shareholders' book that is managed by the Central Securities Depository. Every shareholder that owns common shares has the right to a vote at the decision making process during the Assembly of the Corporation. The voting abides to the "one share-one vote" principle.

The corporation's total number of shareholders is 1898. The biggest shareholders are the employees with 54,67% of the shares, the managers with 12,6% of the shares; the PIOM – Pension Fund with 5,25% of the shares. The rest of the shares are held by other individuals and companies.

Dividends. The payment and amount of dividends for each share is decided by the Shareholders' Assembly, based on the suggestion by the Executive and Supervisory Board.

Except for 1999, Makpetrol has not paid any dividends to its shareholders during the last three years. The payment of dividends is in accordance to the net income growth, revenues height, the planned investments and other relevant factors.

Listing. A request has been submitted for listing of the common shares of Makpetrol AD on the Official Market of the Macedonian Stock Exchange AD Skopje. So far the shares of Makpetrol AD Skopje were traded on the Third Market of the Macedonian Exchange.

Patron of the listing. Patron of the listing is Makos-Investbroker AD Skopje.

Shareholders' book. The shareholder's book of Makpetrol AD Skopje is managed by the Central Securities Depository in an electronic form.

Short financial information. The financial information that is shown in the following table has been taken from the consolidated audit reports for 2000 and 2001 that were provided by the auditing house B i Lj, Boro i Ljupco and the consolidated audit reports for 1999 by Deloitte&Touche.

Income Statement

in 000 MKD

	2001	2000	1999
Total revenues	13.131.135	18.117.841	14.248.374
Total expenses	-13.542.870	-18.501.984	-14.309.898
Income/loss before tax	-411.735	-384.143	-61.524
MINORITY PARTICIPATION IN PROFIT/LOSS IN DAUGHTER COMPANIES	-1.030	9.896	26.475
Income tax	-1.312	-373	-10.996
Net Income/Loss	-414.077	-374.620	-46.045

RISK FACTORS

- Market and political factors. The evaluation of the market factors shows positive influence of the well-known brand name of the company. On the other hand, the monopolistic position of the "Okta" refinery on the oil derivatives market had a negative influence on Makpetrol's business in the last period. This condition affected the financials of the company, where it showed a loss at the end of the year in the last two years. The unfavorable influence of the external factors forced the Corporation to reconstruct its purchasing strategy, and instead of using dominant import of crude oil the company purchased mostly oil derivatives.
- The retail price is limited through a Government decision
- Unstable condition in the country and the region
- Significantly reduced business activity, especially in the industry
- Low living standards in the country

- Constant changing of the laws that regulate trading with oil and oil derivatives on the domestic market

HISTORICAL DEVELOPMENT OF THE CORPORATION

“Makpetrol” AD Skopje originates from the company “Jugopetrol” Skopje, which was established by the government of the National Republic of Macedonia in 1947 as a trading company for trading with oil and oil derivatives “Jugopetrol” Skopje. It was listed in the register for business organisations under the register paper No. 15, book I, page 51.

In 1970 the company transformed in to a trade organisation for trading with oil and oil derivatives “Jugopetrol” uvoz-izvoz (import-export) Skopje.

In 1972 the company merged with the company for auto-transport and freight forwarding “Mlaz-Bogdanci” from Bogdanci, and the following year with the trade company “Komerac” from Strumica.

With the re-registration in 1974, the company transformed into a business organisation for trade with oil, oil derivatives and other goods, auto-transport and freight forwarding “Jugopetrol” Skopje. Within the framework of the business organisations as well as, according to the constitutional and legal framework at that time, two main entities were formed:

1. “Jugopetrol” Skopje OOZT for trade with oil, oil derivatives, and other goods
2. “Jugopetrol” Skopje OOZT for auto-transport and freight forwarding “Mlaz-Bogdanci”.

In 1976 RO “Jugopetrol” Skopje merged with the trade business organisation “Seca” for retail and wholesale trade with heating and construction materials – Skopje.

In 1977 the company’s statute changed, and the existing OOZT for trade with oil, oil derivatives, and other goods “Jugopetrol” Skopje was divided into the following four new OOZT:

- OOZT “Odrzuvanje” (Maintenance)– Skopje
- OOZT “Maloprodazba” (Retail) – Skopje
- OOZT “Golemprodazba” (Wholesale) – Skopje
- OOZT “Gradezni materijali” (Construction Materials) – Skopje

In the meantime, in 1977, part of RO “Tehnopol” Tetovo merged with RO “Jugopetrol” Skopje, through a purchase of buildings and taking over the employees.

In 1979, within the framework of RO “Jugopetrol” Skopje, two OOZT were formed which were called “Ekonomski inženiring” (Economical engineering) – Skopje and OOZT “Teas” – Skopje.

The following year the name of the company changed into Business Organisation for production, trade, transport and import and export of oil and oil derivatives “Makpetrol” Skopje. In addition, seven new organisations were formed within this organisation: OOZT “Vnatresna trgovija” (Internal trade); OOZT

“Nadvoresna trgovija” (External trade) , OOZT “Ekonomski inženiring” (Economical engineering); OOZT “Teas-Temko”; OOZT “Tema”; AOP and working community.

With the enforcement of the Company Law, new changes in the organisational structure came along. Namely, in the course of 1989 all OOZTs were abolished, and in September, the same year, “Mlaz” – Bogdanci spinned off from “Makpetrol” Skopje and was organised as a separate public company. Also, according to the above mentioned law, the Working organisation “Makpetrol” was organised as a public company for external and internal trade with full responsibility – Skopje.

According to the decision of the Workers’ council that was brought on December 10, 1990, starting January 1, 1991, the company was organised as Corporation with a mixed ownership. At the same date the Workers’ council brought a decision to issue internal shares. Through this change, from the previous organisational parts, the company formed four limited liability companies: DOO “Makeptrol-kompoziti”-Skopje; DOO “Makepetrol-Temko”-Skopje; DOO “Makpetrol-Teas”-Skopje; and DOO “Makpetrol-Tema”-Skopje. The initial capital for these companies was secured through the equity of the employees from the previous organisational units from which these companies grew. This was done so that the owners of the internal shares authorised “Makpetrol”, as a founder, to transfer their internal shares as initial capital in the referring companies.

In the course of 1995 a new program for finishing the privatisation of Makpetrol’s capital was accepted. This program was according to the buy-off by the managers method. The buy-off of the capital was supposed to be done within five years, but the privatisation was actually finished in 1998. Since then the Corporation functions as private.

The capital of the Corporation is valued at 57.460.004,18 EUR. A total of 112.382 shares have been issued with a nominal value of one share of 511,29 EUR. From them, 94,75% are in the hands of private shareholders, and the rest of the 5,25% is held by the PIOM-Pension and Disability Fund.

OPERATIONS

The main activity of AD “Makpetrol” Skopje is trading with oil, oil derivatives and natural gas. Over 80% of the company’s revenues come from these activities.

Aside from the main activity, Makpetrol has the licence to conduct a large number of other activities such as trade with mixed goods (which is done through the “Magic shops” stores), gas stations and warehouses, hospitality through two hotels and one motel, as well as representation of several world known companies from different sectors such as: Honda, Valvoline, Pioneer, Dell and Goodyear.

The different activities' share in the total revenues is as follows:

in 000 MKD

	2001		2000		1999	
	Amount	%	Amount	%	Amount	%
Trade with oil derivatives	10,405,498	86.66	15,018,219	88.79	10,979,880	83.00
Representative offices and distribution centers	256,504	2.14	366,964	2.17	460,070	3.48
Trade with other goods	1,344,685	11.20	1,529,227	9.04	1,788,060	13.52
Total	12,006,687	100.00	16,914,410	100.00	13,228,010	100.00

The biggest portion of Makpetrol's sales revenues comes from the domestic market. The realized sales in the past three years are shown in the following table:

in 000 MKD

	2001		2000		1999	
	Amount	%	Amount	%	Amount	%
Domestic market	11,558,431	96.27	16,248,456	96.06	12,974,935	98.09
Foreign market	448,256	3.73	665,954	3.94	253,075	1.91
Total	12,006,687	100.00	16,914,410	100.00	13,228,010	100.00

In 2001 the exports amounted to 448 million MKD and were 33% lower than in 2000. The export revenues structure in 2001 was mostly comprised of colored metals (39,75%), jet oil (31,92%), equipment and machines (11,80%), iron (4,16%) and tin (5,76%).

Oil derivatives and gas

Trade with oil derivatives takes into account trade with gas, oils, gas for heat energy and other.

The table below shows the sold oil derivatives in 2000 and 2001:

in tons				
Derivatives	2001		2000	
	Achieved	%	Achieved	%
MB-86	6,196	1.97	10,884	2.50
MB-98	46,882	14.93	70,213	16.15
BMB-95	18,727	5.96	24,161	5.56
Total Gas	71,805	22.86	105,258	24.21
D-1	27,630	8.80	31,234	7.18
D-2	38,373	12.22	66,359	15.26
EL	29,701	9.46	47,057	10.82
Total Diesel	95,704	30.47	144,650	33.27
Crude oil	20,134	6.41	61,521	14.15
Bitumen	4,800	1.53	5,231	1.20
Total black oil derivatives	24,934	7.94	66,752	15.35
Jet oil	20,515	6.53	34,698	7.98
TNG	9,587	3.05	12,830	2.95
Gas	12,082	3.85	10,421	2.40
Oils and antifreezes	2,118	0.67	2,212	0.51
Natural gas	77,323	24.62	57,938	13.33
TOTAL	314,068	100.00	434,759	100.00

More than one half of the trade is accomplished through the sale of fuel. The company offers regular, super and unleaded gas, as well as diesel fuel. The demand for the unleaded gas is increasing the most. The diesel fuels are enriched with additives for protection of the motors, especially during the winter period. The company has an organized delivery of heating fuel for the households.

Makpetrol has 20 storages for oil, oil derivatives and other goods, distributed throughout the territory of the Republic of Macedonia. These capacities enable continuous and unobstructed supply with fuel on the Macedonian market. The underground oil reservoirs with double walls are equipped with electronic systems. That guarantees the quality of the fuel and protects the environment. The company constantly is testing fuel specimens from the reservoirs in order to meet European standards for the quality of the fuels.

Makpetrol's service stations make up a network of 115 gas stations, most of which are located at the high frequency locations throughout the country. They are in a constant modernization process, in order to improve the quality of the products and customer services.

The table below shows the gas stations with the biggest retail sales for 2001 as well as their participation in the total retail sales (7.782.939.000 MKD).

In 000 MKD

Name of the gas station	Amount	%
Industriska	257,632	3.31
Partizanska	215,389	2.77
Ilindenska	183,322	2.36
LISICE	180,729	2.32
Butel	156.938	2.02

One Makpetrol's most specific activities is supplying the Macedonian airports in Skopje and Ohrid with kerosene – the dominant airplane and jet fuel. Makpetrol has its own installations equipped with all the necessary specialized equipment (underground reservoirs and special filling tanks) that match the strict technical rules that are recognized by the domestic and international organizations.

Makpetrol is the first energy company that started using gas as an alternative fuel such as: liquid oil gas and liquid natural gas. The use of the gas as an alternative, clean and ecological fuel attributes for its wider use.

The supply with the liquid oil gas is done through tank fillers that are located close to Skopje. Makpetrol strives to increase the demand for this product through direct delivery to the households and companies, as well as the possibility for installing the liquid oil gas equipment in the vehicles through the network of authorized services for all bigger towns.

Makpetrol creates a market for natural gas in Macedonia through investing in the gas corridor that runs from the Bulgarian border to Skopje. So far, the company has invested about 3,307 million MKD in the gas corridor, and is in the course of a 31 million MKD investment. This gas corridor is connected to the international gas corridor that runs through Russia, Ukraine, Romania and Bulgaria. The services of Makpetrol are used by the biggest industrial capacities in Macedonia such as: Toplifikacija (heating company), OHIS, Skopje Brewery, Evropa and other.

Representative offices and distribution centers

Makpetrol is an authorized representative to numerous world known companies from different industries such as: Honda, Valvoline, Goodyear and other. This activity is conducted through the sector for representations and distribution whose sales revenues by product in 2000 and 2001 are given in the following table:

in 000 MKD

Products	2001		2000	
	Achieved	%	Achieved	%
HONDA Spare parts	7,040	3.68	13,000	4.34
HONDA Motorbikes	3,835	2.01	10,886	3.64
GOODYEAR	64,848	33.91	97,500	32.57
Acoustics	34,242	17.91	41,294	13.80
HONDA Automobiles	24,573	12.85	53,874	18.00
VALVOLINE	56,673	29.64	82,769	27.65
TOTAL	191,211	100.00	299,323	100.00

Makpetrol is also the distributor of the world known computer brand Dell. From the sales of computers and computer accessories in 2001, it achieved 65.290.000 MKD or 3,50% less than the previous year.

Trade and Retail

Through its sector for mixed goods, Makpetrol conducts wholesale trade with metals and metal products (pipes, steel) from domestic production. Aside from that, it is developing food retail and wholesale through a chain of retail stores under the name "Magic". It has 12 "Magic" stores that function as supermarkets and stores that are within gas stations.

The revenues from the sale of mixed goods in 2000 and 2001 are shown in the following table:

in 000 MKD

Products	2001		2000	
	Achieved	%	Achieved	%
Food	304,844	22.67	435,424	28.47
Coloured metals	262,241	19.50	401,066	26.23
Equipment and machines	247,906	18.44	117,371	7.68
Tobacco	101,073	7.52	92,726	6.06
IRON	93,309	6.94	112,794	7.38
Tin	92,731	6.90	44,539	2.91
Alcoholic and non alcoholic beverages	69,222	5.15	69,859	4.57
Automobile parts and tools, pharmacies	30,381	2.26	35,067	2.29
Cosmetics	22,806	1.70	19,629	1.28
Beverages (food sector)	22,051	1.64	21,783	1.42
Other groups	98,120	7.30	178,969	11.70
Total	1,344,684	100.00	1,529,227	100.00

Services

Makpetrol offers hospitality and tourism services through its three facilities:

1. Hotel Makpetrol that is located in Mavrovo, on the slopes of Bistra
2. Hotel Makpetrol in Struga, on the coast of Ohrid Lake
3. Motel Romanovce that is located by the highway close to the North border

These services amount to 19% of the service revenues achieved in 2001. In the services, most of the revenues are realised from the external services such as: investments and maintenance, repairs of measurement units, software services, freight forwarding services and other. The service revenues in the last three years are shown in the following table:

in 000 MKD

	2001		2000		1999	
	Amount	%	Amount	%	Amount	%
From hospitality	6,905	18.99	23,167	25.36	31,135	31.60
Internal services	8,798	24.20	36,680	40.16	52,370	53.16
External services	20,658	56.81	31,498	34.48	15,018	15.24
Total	36,361	100.00	91,345	100.00	98,523	100.00

MANAGEMENT

The management of Makpetrol AD Skopje is organised according to the two-tier management system. The statute of the corporation is in accordance with the Law on trading companies.

The Management of Makpetrol AD Skopje is conducted through:

- Shareholders' Assembly
- Supervisory Board
- Managing Board

Shareholders' Assembly

Makpetrol's Shareholders' Assembly was constituted on May 22, 1999, after adjusting to the Law on trade companies. The Assembly is made up of 1.898 shareholders.

The Assembly has 33 representatives of the shareholders. They are delegated by the shareholders that hold about 75% of the total shares, in order to represent them in the Assembly of the Corporation.

Supervisory Board

The Supervisory Board is made up of 11 members that are elected by the shareholders at the Shareholders' Assembly with the majority of the votes.

The members of the Supervisory Board elect a president that leads the meetings of the Supervisory Board.

The Supervisory Board supervises the Managing Board of the Corporation, as well as other activities within the frameworks of its scope that is set by the Statute of the corporation.

Current members of the Supervisory Board are:

Stanko Veselinski President	Graduated electrical engineer employed at the Corporation as a deputy to the department for investments and maintenance
Sreten Akimovski Member	Graduated economist, employed in the Corporation as a Deputy General Manager for production
Vangel Arnautov Member	Masters degree in technology, employed in the Corporation as a Manger of the department for economic and legal issues
Zoran Krstevski Member	Graduated legal advisor, Manager of the department for organizational and systematic issues that are on hold

Miroslav Cadikovski Member	Graduated economist, employed in the Corporation as an Deputy Manager of the department for crude oil, oil derivatives and gas
Stevan Atanasovski Member	Graduated technologist, employed in the Corporation as manager of the department for crude oil, oil derivatives and fuel
Tomco Janev Member	Graduated technology and metallurgy engineer, employed in the Corporation as a manager of the department for mixed goods
Gjuro Jovanovski Member	Graduated economist, employed in the Corporation as an assistant manager of the department for finance and economics
Ankica Kokormanova Member	Graduated engineer, employed in the Corporation as an deputy manager in the electronic data processing department
Jovan Ginovski Member	Legal advisor, employed at the Corporation as an assistant manager for human resources, general issues and hospitality in the department for legal, human resources and business issues
Simeon Kostov Member	Graduated legal advisor, employed in the Corporation as an assistant manager in the department for legal, human resources, and business issues

Managing Board

The Managing Board is comprised of ten members that are named by the Supervisory Board. The members of the Managing Board choose their president within their framework. The president of the Management Board represents the Corporation in the relations with third parties and is responsible for human resources issues.

The president and the members of the Managing Board manage the business politics of the Corporation and decide on the most important issues of the operations of the Corporation. The Managing Board regularly informs the Supervisory Board of all the important issues concerning the strategy and business politics, as well as issues that influence the profitability of the Corporation.

Current members of the Managing Board are:

Andreja Josifovski	Graduated economist, President of the Managing Board of Makpetrol
Goran Sotirovski Member	Graduated economist, employed at the Corporation as a sales manager
Milan Sotirovski Member	Graduated economist, employed at the Corporation as a manager of the department for crude oil, oil derivatives, and gas
Ljubomir Keckarovski Member	Economist, manager of the department for mixed goods
Dusica Nikolovska Member	Graduated professor in Roman philology and Graduated economist, employed at the Corporation as a manager of the department for representations, distribution, and re-export issues
Donco Sejzov Member	Graduated electrical engineer, employed at the Corporation as a manager of the department for investments and maintenance
Sasha Lekik Member	Graduated economist, employed at the Corporation as a manager of the department for finance and economics
Jovan Trpovski Member	Graduated electrical engineer, employed at the Corporation as a manager of the department for electronic data processing.
Mirce Gavrovski Member	Graduated legal advisor, employed at the Corporation as a manager of the protection department
Zoran Jakimovski Member	Graduated legal advisor, employed at the Corporation as a manager of the department for legal, human resources and general issues

Short biography of the president of the Managing Board

Andreja Josifovski, graduated economist

He was born in 1952 in Skopje and earned his degree in economics at the University in Skopje. He started working as an independent chief of division for import of dark derivatives at "Jugopetrol" Skopje in 1978. During his work life he went through several levels in at "Makpetrol" working as: manager of the department for crude derivatives at OZT "Nadvoresna trgovija" (External trade) (1982); head of the sector for crude oil at OZT "Nadvoresna trgovija" (1988); assistant manager at the department for import-export of OP "Makpetrol" (1990); representative of "Makpetrol" in the company "Pemed" in London (1993); deputy general manager of "Makpetrol" (1995). From April 1995 up until today he has been in the position of a president of the Managing Board of "Makpetrol".

EMPLOYEES AND EMPLOYEE RELATIONS

On December 31, 2001 and June 30, 2002 Makpetrol had a total of 1910 employees whose qualification structure is as follows:

Qualification	Number of employees on		Number of employees on	
	31.12.2001	%	30.06.2002	%
NKV	33	1,73	31	1,62
KV	129	6,75	129	6,75
VKV	14	0,73	16	0,84
NSS	181	9,48	176	9,21
SSS	908	47,54	916	47,96
SSO	335	17,54	327	17,12
VIS	72	3,77	74	3,87
VSS	237	12,41	240	12,58
MR	1	0,05	1	0,05
Total	1910	100,00	1910	100,00

VSS – University Degree

VS – Two-year college

SSS – Secondary school completed

VK – Highly qualified

KV – Skilled

NK – Primary School completed

Makpetrol has an organized and a systematic approach when it comes to raising the expertise level of its employees through different forms of education. This process includes a large number of the employees from the different qualification levels.

Makpetrol has a Employees' Union that represents and protects the interest of the employees in front of the bodies of the Corporation when it comes to improvement of the working standards.

The rights and obligations of the employees are regulated through a Collective contract that is signed by the Employees' Union of the Corporation. The Collective contract sets the issues that relate to the working hours, annual leave, sick leave, protection and security while working, salaries, and other.

Makpetrol regularly pays its obligations for health and pension insurance for all its employees.

EQUITY

The equity of the corporation amounts to 57.460.004,18 EUR and is divided among 112.382 shares with a nominal value of 511,29 EUR per share.

From the total shares, 106.480 or 94,75% are common shares with a voting right according to the principle "one share-one vote", while 5.902 shares or 5,25% are preferred shares that are held by the Pension and Disability fund. When sold, the preferred shares will convert into common shares.

The shares are freely transferable.

The ownership rights of the shares are transferred to the new owner with the registration at the Central Securities Depository where the Corporation manages its shareholders' book.

OWNERSHIP STRUCTURE

On August 31, 2002, the Corporation had 1.898 shareholders whose structure is as follows:

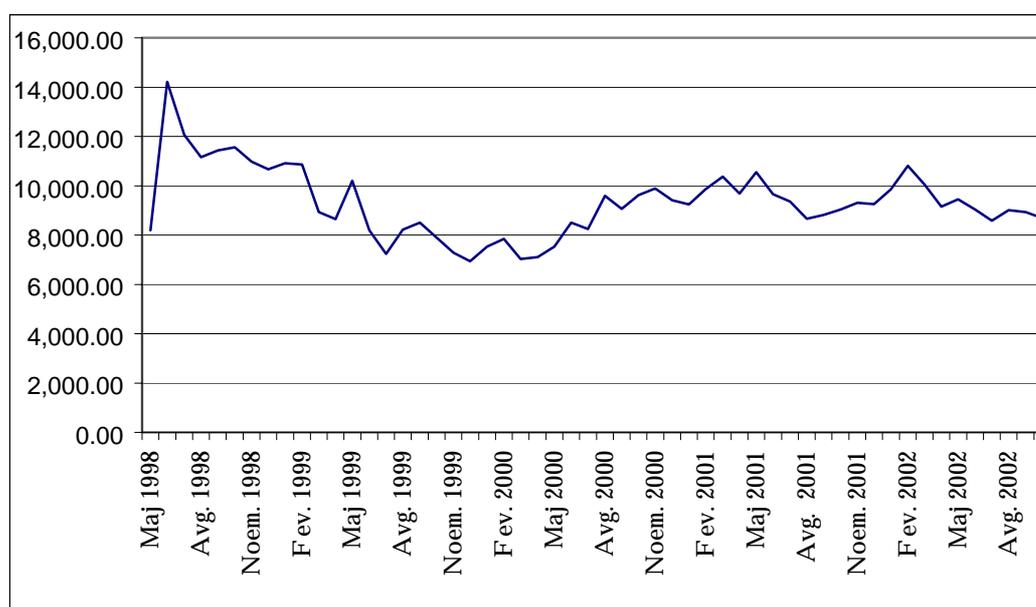
Types of shareholders	Total shareholder s	Common shares	Preferred shares	Total	Participation %
Employees	1.278	61.442		61.442	54,67
External persons	279	15.194		15.194	13,52
Retired employees	257	12.868		12.868	11,45
Former employees	55	2.637		2.637	2,35
Managers	21	14.166		14.166	12,61
Foreigners	7	173		173	0,15
PIOM – Pension Fund 1			5.902	5.902	5,25
TOTAL	1.898	106.480	5.902	112.382	100,00

TRADING WITH SHARES

Makpetrol's shares were traded for the first time in May 1988 at the Macedonian Stock Exchange. The price of the shares at that time was 6.301,000. This is the lowest price that Makpetrol's shares have had. The same year, in June, the company marked its highest stock price, which was 15.900,00 MKD.

In the last six months (the period between May and October 2002) a total of 3.695 of Makpetrol's shares were traded with an average price of 9.015,27 MKD. The last closing price of Makpetrol for October 2002 amounted to 9.153,00 MKD.

The price movement of Makpetrol's shares, as of October 31, 2002, can be seen in the following graph:



Before its listing on the Official Market of the Macedonian Stock Exchange, the shares of Makpetrol were traded at the Unofficial Market under the ticker name MPT.

Makpetrol's shares are one of the five most liquid shares on the Macedonian Stock Exchange that are part of the official index (MBI).

DIVIDENDS AND DIVIDENT POLITICS

According to the decision of the Shareholders' Assembly of Makpetrol, in 1999 a dividend was paid to the common and preferred shareholders that amounted to 104.683.833,00 MKD. The paid dividend was 3% of the nominal value of the common and priority shares.

For 2000 and 2001 Makpetrol did not pay a dividend to its shareholders because of the loss that it incurred for the last two years.

The right to a dividend have all the shareholders that have been registered in the shareholders' book of Makpetrol up to the day that the decision for payment of the dividend was made, even though the Statute allows for the Shareholders' Assembly to decide not to distribute the net income to the shareholders, but to use it for other purposes.

According to the Law, the dividend is paid no later than nine months after the end of the business year.

The dividend politics of Makpetrol in the forthcoming period will be in accordance to its business and development politics. It will take into consideration the growth of the net income, the height of the profit, the planned investments and the other relevant factors.

LAWSUITS

During the last three years, 1999, 2000, and 2001, Makpetrol had filed 492 lawsuits against other parties, most of them concerning delivered but unpaid goods and services. The receivables that come out of these lawsuits amount to 1.424.803.000,00 MKD.

During the same period, Makpetrol has had 42 lawsuits filed against it, whose value amount to 452.572.000,00 MKD.

DEVELOPMENT STRATEGY OF THE CORPORATION

The development strategy of Makpetrol in the forthcoming period will be directed towards the following points:

- 1. Conducting a business politics.** The business politics will be adjusted to the market trends. There will be a separate politics for each product, depending on the character, purpose, the market needs and placement. The starting point for conducting these politics will be the achievement of revenues from all aspects (quality, functionality, efficiency, and price) for each product separately.

The functionality and the improvement of the design for achieving the revenues as well as the correct management with the quality will be promoted in the basic components of the business activities.

All segments of the business politics primarily will be directed towards the improvement and adaptation to the main activity – trading with oil and oil derivatives on the market. This will be achieved through:

- Modernization and unification of all gas pumps and their adaptation to world standard
- Equipping part of the gas pumps in the cities with vehicle service stations
- Automation of the pouring of the derivatives
- Automation of the payment system – with credit cards
- High quality store layouts
- Enrichment of the offer at the gas pumps by opening shops that carry mixed goods, supermarkets, specialized shops for car accessories, car-salons, and other.

In the forthcoming period the company will continue its politics of taking the distribution rights from world famous companies and placing them on the domestic market with high prices, in exclusive facilities/rooms.

The company expect that the project for gasification of the country “Gama 800” will improve its functioning in the sense of getting closer to the projected usage.

In the forthcoming period the company plans to diversify its business activities. It expects increased revenues and profitability. The company expects to:

- Supply the market with higher quality and more profitable fuels
- Build a laboratory for determining the quality of the derivatives
- Build a filling station for motor oils, in cooperation with world known producers such as Shell, Castrol, BP, ESSO and others.
- Establish a rent-a-car division that will offer Honda vehicles.

In the forthcoming period the company will pay special attention to the ecological aspects of the supply of oil and oil derivatives. With this it will increase the presence of the derivatives that do not pollute the living environment (unleaded gasoline).

2. Conducting the price politics. The price politics will be tied to to the character of the product, starting from the assumption of minimal margin on order to achieve the maximum sales. The company will insist for the price of oil derivatives to be based on the price movements in the global markets, as well as to have corrections of the margin based on the increased expenses for trading with oil derivatives.

3. Improvement of sales. The improvement of sales will be achieved by rising the quality of the revenue generation process and establishing new types of sales, through catalogue, demonstrations at fairs, delivery of oil to the households using own transportation means, through modem communication, continuous education of the employees, etc.

4. Promotional activities. The promotion politics is one of the most important elements of marketing as well as the overall business politics. Consequently, the company will use all available means of communication on the market in order to create a demand for the existing product lines. While conducting this politics, the

company will use all media: local radio and TV stations, daily newspapers and magazines, and other. The Corporation has signed contracts with several radio and television stations as well as daily newspapers and media for using add space. In order to achieve the maximum efficiency of the economic propaganda, the company will conduct regular market researches and testing of the sales volume.

Public relations are an important element for creating a positive image for the buyers, institutions, suppliers, etc. For that purpose the company plans to give regular information to the public through holding press conferences for signed deals with foreign partners, organizing lotteries, and other types of publicity.

DEPENDENT COMPANIES/UNITS

Makpetrol AD is the biggest segment of the Makpetrol AD Groupation that aside from the mother Corporation covers several dependent companies in the Republic of Macedonia as well as abroad. These companies are shown in the following table:

Company	Headquarters	Activity	% of ownership by Makpetrol AD
Telma DOO	Nikola Parapunov bb, Skopje	Television	100%
Makpetrol-Temko AD	Novoselski pat bb, Skopje	Production of chemical rockets and other chemical products for modification of the weather conditions	74,93%
Makpetrol-Tema AD	Blagoja Stefkovski bb, Skopje	Production of hands for pouring of oil and oil derivatives as well as other mechanical parts	52,19%
Makpetrol-Teas AD	Kosta Novakovik bb, Skopje	Electronics and telecommunications	51,82%
Makpetrol-Sampion AD	Partizanski odredi 21/12/4, Skopje	Trade	100%
Petroimpeh Ltd Cuprus	Cuprus	Trade with oil and oil derivatives	50%
Petromak Ltd Seuchelles	Seuchelles	Trade with oil and oil derivatives	100%
Makpetrol Thessaloniki Ltd	Greece	Trade with oil and oil derivatives	100%

Petroimpeh Ltd Cuprus conducts its business through go Pemed Ltd, Seuchelles and Pemed Moscow.

ENVIRONMENT PROTECTION

Within the framework of the regulations that deal with this matter, Makpetrol's facilities have to fulfill the prescribed measures for protection of the environment, the measures for fire and explosion safety, as well as the necessary sanitary measures. Without the fulfillment of these requirements, none of the company's facilities can conduct its oil and oil derivatives trading business

FINANCIAL STATEMENTS

Income Statement 01.01 - 30.06. 2002

in 000 MKD

REVENUES

Service revenues	14,812
Price differences	599,302
Additional price differences	166,078
Revenues from interest payments	153,745
Positive exchange rate differences	56,455
Paid receivables that have been written off	22,297
Other revenues	8,536
Revenues from inventory count surpluses	9,601

Total revenues **1,030,826**

Purchasing value 5,584,377

TOTAL **6,615,203**

EXPENSES

Salaries	337,793
Depreciation	75,336
Depreciation of the gas corridor	144,484
Expenses	260,802
Negative exchange rate differences	35,132
Write-off on receivables	277,359
Other expenses	9,424
Interest	56,620
Capital loss	
Taxes on financial transactions	70,768
Shortages	15,472
Loss of time at customs	

Total expenses **1,283,190**

Purchasing value 5,584,377

TOTAL **6,867,567**

Difference between revenues and expenses **-252,364**

AUDIT REPORT FORM THE INDEPENDENT AUDITORS

To the shareholders of MAKPETROL AD - Skopje

1. As per your request, we conducted an audit of the attached balance sheet of the Makpetrol AD – Skopje Groupation prepared on 31.12.2001; the Balance Sheet for the period between 1.01.2001 to 31.12.2001, as well as the report for the changes of the equity and cash flows.

These financial statements, shown on pages 5 through 9 represent the responsibility of the management of the MAKPETROL AD – Skopje Groupation. It is our responsibility to express our opinion about these financial statements based on our audit.

2. We conducted our audit according to the International Auditing Standards and the legal framework of the Republic of Macedonia. These standards require from us to plan and conduct the audit in order to get a reasonable assurance that the financial statements do not show significantly wrong material information.

The audit includes examination, based on tests, proofs that cover the presented amounts and the information from the financial statements. The audit also includes evaluation of the used accounting principles and significant estimates done by the management, as well as evaluation of the total picture of the financial statements.

We believe that our audit provides a reasonable basis for our opinion.

3. As described in Note 3 in the attached financial statements, the Groupation accounts is assets using their purchasing price at the moment that they were purchased re-valORIZED with the changes of the general producer price index and correction of the value of the day of the supply up until December 31, 2001. This presentation, according to our opinion, is not in accordance with the MCC. The MCC requires the capital assets to be presented according to their purchasing price which is decreased by the correction of the value, or by their estimated value as an objective value of the day of the estimate. The company was not able to secure the necessary data for presenting the capital assets for the current period in accordance with the MCC. Therefore, we could not be assured about the value of the capital assets as of December 31, 2001.

4. According to our opinion, aside from the effect of the eventual correction that would have been necessary if we were in the position to be satisfied from the valuation of the capital assets, that can have an affect on the financial result, the financial statements realistically and objectively present the financial situation of the MAKPETROL AD – Skopje Groupation for the fiscal year ending on December 31, 2001 and the results from its operations for the year that ends on that date, according to the International Accounting Standards.

Skopje, April 20, 2002

Authorized auditor

Atanasovski Borislav

B I Q, Boro i Ljupco
d.o.o. - Skopje

Audit, valuation and
financial consulting

MAKPETROL AD - SKOPJE GROUPATION

CONSOLIDATED INCOME STATEMENT

In thousands of MKD	<u>2001</u>	<u>2000</u>
Domestic sales revenues	12.007.756	16.905.248
International sales revenues	<u>462.108</u>	<u>716.834</u>
Total operating revenues	12.469.864	17.622.082
Purchasing value of goods sold	-11.150.692	-16.133.244
Other operating expenses	-1.412.201	-1.831.465
Depreciation	<u>-440.118</u>	<u>-171.798</u>
Total operating expenses	-13.003.011	-18.136.507
Loss from operations	-533.147	-514.425
Interest revenue	278.713	227.177
Positive exchange rate differences		
Other revenues	382.558	268.582
Interest expense	-63.616	-50.162
Negative exchange rate differences	-53.679	-76.418
Correction of the value of the suspicious and disputed receivables	-179.969	-148.407
Other expenses	<u>242.595</u>	<u>-90.490</u>
Loss before tax	-411.735	384.143
Minority participation in the profit/loss in subsidiaries daughter companies	-1.030	9.896
Income tax	-1.312	-373
Loss	-414.077	-374.620

MAKPETROL AD – Skopje GROUPATION

CONSOLIDATED BALANCE SHEET

In thousands of MKD

2001

2000

ASSETS

Current assets

Cash and cash equivalents	225.208	390.397
Accounts receivable	816.873	921.583
Other short term receivables	217.733	367.893
Calculated revenues for expenses paid in advance	160.327	220.188
Short-term loans	155.564	62.528
Inventory	743.816	804.763
Total current assets	2.319.521	2.767.352

Long-term assets

Capital assets	4.986.737	5.163.932
Advances for capital assets	74.527	62.596
Long term investments	323.232	306.899
Long term loans	141.610	24.031
Total long-term assets	5.526.106	5.557.458

TOTAL ASSETS

7.845.627

8.324.810

LIABILITIES AND EQUITY

Current liabilities

Accounts payable	870.888	1.444.413
Received advance payments	379.845	463.042
Short-term loans	1.183.583	812.512
Other current liabilities	521.935	234.871
Total current liabilities	2.956.251	2.954.838

Long-term liabilities

Long term credits	582.150	729.196
Other long-term liabilities	984.384	984.384
Total long-term liabilities	1.566.534	1.713.580

Minority participation

20.471

26.510

Shareholder's capital

2.950.528

2.950.528

Reserves

2.101.686

2.032.375

Accumulated loss

-1.749.843

-1.353.021

Total equity

3.302.371

3.629.882

TOTAL LIABILITIES AND EQUITY

7.845.627

8.324.810

MAKPETROL AD – Skopje GROUPATION
CONSOLIDATED STATEMENTS FOR CHANGES OF THE EQUITY

In thousands of MKD	Shareholders' capital	Legal reserves	Undistributed profit	Total
Position 01.01.2001	2.950.528	2.032.375	-1.353.021	3.629.882
Revenues from previous years		12.506		12.506
Composites		-80	17.255	17.175
Make up to the financing expenses on the account of rev. Reserves.		-6.081		-6.081
Loss for 2001			-414.077	-414.077
Re-valorisation		63.432		63.432
Other		-466		-466
Position on 31.12.2001	2.950.528	2.101.686	-1.749.843	3.302.371
In thousands of MKD	Shareholders' capital	Reserves	Accumulated profit	Total
Position on 01.01.2000	2.950.528	1.704.494	(935.701)	3.719.321
Paid dividend	-	-	(99.186)	(99.186)
Loss coverage	-	-	53.353	53.353
Loss for 2000	-	-	(374.620)	(374.620)
According to the minutes of the management	-	-	(8.550)	(8.550)
Profit from previous years	-	-	11.683	11.683
Re-valorisation	-	328.284	-	328.284
Other changes	-	(403)	-	(403)
Position on 31.12.2000	2.950.528	2.032.375	(1.353.021)	3.629.882

MAKPETROL AD – Skopje GROUPATION
CONSOLIDATED CASH FLOW STATEMENTS

In thousands of denars	<u>2001</u>	<u>2000</u>
A. Cash flow from operations		
Net loss/income	-414.077	-374.620
Corrected for:		
Depreciation	440.100	161.794
Re-valorisation of the depreciation		9.289
Dividends		-99.186
Minutes from the mangement		-8.551
Profit from the previous years	12.506	11.683
Compensation for expenses from the re-valorisation of the reserves	-6.081	
Composites	17.175	
Other changes of the equity	-466	403
Accounts receivable	104.710	-349.968
Calculated revenues and expenses paid in advance	59.861	179.318
Short-term loans	-93.036	-5.257
Other receivables	150.160	-196.370
Inventory	60.947	127.436
Accounts payable	-573.525	535.072
Liabilities from advance payments	-83.197	-15.867
Other short-term loans	<u>287.063</u>	<u>161.175</u>
Net cash flow from operations	-37.860	136.351
B. Cash flow from investing		
Purchase of capital assets	-238.213	-236.634
Expensing capital assets	38.741	560.837
Advances for capital assets	-11.931	11.169
Long-term investments	-16.333	43.224
Long-term loans	<u>-117.579</u>	<u>1.673</u>
Net cash inflow/outflow from investing	-345.315	380.269
V. Cash flow from financial activities		
Long-term liabilities	-147.046	-440.571
Liabilities for short-term credits	371.071	113.064
Other long term liabilities		-57.952
Minority interest	<u>-6.039</u>	<u>47.539</u>
Net cash outflow from financial activities	217.986	-337.920
DECREASED/INCREASED CASH	-165.189	178.700
Cash at the beginning of the year	390.397	211.697
Cash at the end of the year	225.208	390.397

AUDIT FROM THE INDEPENDENT AUDITORS

TO THE MANAGING BOARD AND THE SHAREHOLDERS OF MAKPETROL A.D., SKOPJE

We conducted an audit of the attached consolidated Balance Sheets of Makpetrol A.D. Skopje (Groupation) on December 31, 1999 and 1998, as well as of the consolidated Income Statements, the Reports for the changes of the equity as well as the Cash Flow statements for the year ends. These consolidated financial statements, shown on pages 4 to 7, are a responsibility of the Groupation's management. It is our duty to give an opinion about these consolidated financial statements based on the conducted audits.

We conducted the audits according to the International Auditing Standards. These standards require of us to plan and conduct the audit in a way that would allow us to get a reasonable assurance that the financial statements do not have wrong information that would have a significant influence. The audit includes check, through testing of the information sources based on the recorded amounts in the financial statements. Also, the audit includes valuation of the used accounting principles and important estimates by the management, as well as an evaluation of the overall presentation of the financial statements. We believe that the audits that we conducted give a reasonable basis for our opinion.

As it is described in Note 2 of the attached consolidated financial statements, the Groupation records its capital assets according to their purchasing price at the moment that they were purchased, re-valored using the general producer price index and the change of the value on the day of the purchase until December 31 1999 and 1998. This reporting, according to our opinion, is not in accordance with the International Accounting Standards (IAS), that require for the capital assets to be shown according to their purchasing price which is decreased by the change of the value, or according to their valuation as an objective value on the day that the valuation has been conducted.

The Groupation was not able to secure the necessary data for reporting the capital assets according to the IAS for the current period, and therefore we were not ascertained in the according value of the capital assets on December 31, 1999 and 1998.

According to our opinion, except for the effect of the eventual corrections, that would be necessary if we were satisfied with the valuation of the capital assets, as it is described in the previous paragraph, the attached consolidated financial statements realistically report, in all material aspects the financial situation of the Groupation on December 31, 1999 and 1998, as well as the operating results, the

changes of the equity and the cash flows for the years that end on those dates, in accordance with the International Accounting Standards.

Deloitte & Touche
April 20, 2000

MAKPETROL A.D., SKOPJE

CONSOLIDATED BALANCE SHEETS

On December 31, 1999 and 1998

In thousands of MKD

	1999	1998
ASSETS		
Current assets		
Cash and bank deposits	211.697	266.128
Accounts receivable, net	571.615	409.014
Other receivables, net	171.523	83.936
Calculated revenues and expenses paid in advance	399.506	132.104
Short-term liabilities, net	57.271	206.224
Inventory	932.199	1.167.306
Total current assets	2.343.811	2.264.712
Long-term assets		
Capital assets, net	5.278.377	4.837.171
Advances for capital assets	73.765	143.600
Long-term investments, net	350.123	227.233
Long-term loans, reduced by the current maturity	25.704	32.235
Total long-term assets	5.727.969	5.240.239
Total assets	8.071.780	7.504.951
LIABILITIES AND EQUITY		
LIABILITIES		
Current liabilities		
Accounts payable	909.341	739.037
Calculated expenses and revenues received in advance	478.909	715.708
Short-term liabilities - credits	699.448	255.227
Other current liabilities	73.696	273.107
Total current liabilities	2.161.394	1.983.079
Long-term liabilities		
Long-term liabilities - credits	787.148	743.909
Other long-term liabilities	1.424.955	1.224.661
Total long-term liabilities	2.212.103	1.968.570
Total liabilities	4.373.497	3.951.649
Minority participation	(21.038)	(8.903)
EQUITY		
Shareholders' equity	2.950.528	2.950.528
Reserves	1.704.494	1.501.333
Accumulated loss	(935.701)	(889.656)
Total equity	3.719.321	3.562.205
Total liabilities and equity	8.071.780	7.504.951

MAKPETROL A.D., SKOPJE

CONSOLIDATED INCOME STATEMENTS
For the year ends on December 31, 1999 and 1998
(in thousands of MKD)

	<u>1999</u>	<u>1998</u>
Domestic sales revenues	13.250.948	9.482.948
International sales revenues	607.098	439.333
Total sales revenues	13.858.046	9.922.281
Purchasing value of goods sold	(12.037.948)	(8.246.093)
Other operating expenses	(1.778.855)	(1.797.205)
Depreciation	(154.662)	(148.065)
Total operating expenses	(13.971.465)	(10.191.363)
Operating loss	(113.419)	(269.082)
Interest revenues	264.321	172.114
Net positive exchange rate differences	3.529	467
Other revenues	122.478	114.325
Interest expenses	(38.928)	(14.018)
Correction of the value of the suspicious and disputable receivables	(169.214)	(151.185)
Correction of the value of the obsolete inventory	(26.816)	
Other expenses	(103.475)	(57.148)
Loss before tax	(61.524)	(204.527)
Minority participation on loss of daughter companies	26.475	13.958
Income tax	(10.996)	(12.976)
Loss	(46.045)	(203.545)

MAKPETROL A.D., SKOPJE

CONSOLIDATED REPORTS FOR CHANGES OF THE SHAREHOLDERS' EQUITY
For the years ending on December 31, 1999 and 1998
(in thousands of MKD)

	<u>Shareholders' equity</u>	<u>Retained earnings</u>	<u>Accumulated loss</u>	<u>Total equity</u>
Position on January 1, 1999	2.950.528	1.501.333	(889.656)	3.562.205
Loss according to the Income Statement	-	-	(46.045)	(46.045)
Re-valorisation	-	203.161	-	203.161
Position, December 31 1999	<u>2.950.528</u>	<u>1.704.494</u>	<u>-935.701</u>	<u>3.719.321</u>
Position on January 1, 1998	2.950.528	1.495.673	(604.322)	3.841.879
Loss according to the Income Statement	-	-	(203.545)	(203.545)
Re-valorisation	-	7.144	-	7.144
Dividends paid	-	-	(80.796)	(80.796)
Other changes	-	(1.484)	(993)	(2.477)
Position, December 31, 1998	<u>2.950.528</u>	<u>1.501.333</u>	<u>(889.656)</u>	<u>3.562.205</u>

MAKPETROL A.D., SKOPJE
CONSOLIDATED CASH FLOW STATEMENTS
**For the years that end on December 31, 1999 and 1998
(in thousands of MKD)**

	<u>1999</u>	<u>1998</u>
Cash flow from operations		
Cash inflows from customers	13.771.405	10.301.839
Cash outflows to suppliers and employees	<u>(14.128.417)</u>	<u>(9.775.022)</u>
Cash Flow from operations	(357.012)	526.817
Interest paid	(39.939)	(14.018)
Income tax paid	<u>(10.996)</u>	<u>(12.976)</u>
Net Cash Flow (used for)/from operations	<u>(407.947)</u>	<u>499.823</u>
Cash Flow from investing		
Capital assets purchases	(392.796)	(272.704)
Cash inflow from sale of capital assets	(48.093)	420
Cash flow for investing and approved loans	32.594	(95.974)
Interest received	<u>264.321</u>	<u>172.114</u>
Net cash flow from investing	<u>(143.974)</u>	<u>(368.258)</u>
Cash Flow from financial activities		
Cash received/(payment of) based on liabilities from loans	487.460	(236.975)
Cash inflow from letters of credit	5.015	13.542
Dividends paid	-	(80.796)
Net Cash inflow/outflow from financial activities	<u>492.475</u>	<u>(132.115)</u>
Net cash and cash equivalents reduction	(59.446)	(550)
Cash and cash equivalents at the beginning of the period	<u>255.514</u>	<u>256.064</u>
Cash and cash equivalents at the end of the period	<u>196.068</u>	<u>255.514</u>
Adjustment/harmonisation of the Balance Sheet and The Cash Flow Statement		
Cash and bank deposits according to the Balance Sheet	211.697	266.128
Decreased for deposits at banks that are intended for letters of credit	<u>(15.629)</u>	<u>(10.614)</u>
Cash and cash equivalents according to the Cash Flow Statement	<u>196.068</u>	<u>255.514</u>