

**Construction Company
GRANIT AD Skopje**

**INDEPENDENT AUDITOR'S REPORT
AND
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDING
31 DECEMBER 2020**

Skopje, April 2021

These reports are translation from the official ones issued in Macedonian language

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**INDEPENDENT AUDITOR'S REPORT
TO THE
SHAREHOLDERS OF
Construction Company
GRANIT AD - Skopje**

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of Construction Company GRANIT AD - Skopje (The Company), which comprise Statement of Financial Position as at 31 December 2020, and the Income Statement, Statement of Comprehensive Income, Statement of changes in equity and Cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Separate Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting standards which are accepted in the Republic of Macedonia and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Audit Law and the International Standards on Auditing which are accepted and published in the Official gazette of the Republic of Macedonia (79/2010). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITOR'S REPORT (Continued)
TO THE
SHAREHOLDERS OF
Construction Company
GRANIT AD - Skopje

Opinion

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of Construction Company GRANIT AD - Skopje as of 31 December 2020, and of its financial performance and its cash flows for the period then ended in accordance with the accounting standards which are accepted in the Republic of Macedonia.

Report on Other Legal or Regulatory Requirements

The management of the Company is also responsible for preparation of the annual business report according to the article 384 from the Law on trade companies. Our responsibility, according to the Audit Law, is to report whether the annual business report is consistent with the annual accounts and the financial statements for the year ended 31 December 2020. Our job regarding the annual business report is conducted according to the ISA 720 and is restricted to reporting whether the historical financial information presented in the annual business report are consistent to the annual accounts and the audited financial statements.

The annual business report is consistent, in all material aspects, with the annual account and the audited separate financial statements of Construction Company GRANIT AD - Skopje as of 31 December 2020.

Skopje, 20 April 2021

Certified Auditor

Milena Jovanova Dimoska

Manager and Certified Auditor

Antonio Veljanov

Construction Company GRANIT AD - Skopje
INCOME STATEMENT for the year ended at 31 December

	Note	2020 (000) MKD	2019 (000) MKD
Revenues from construction works	8	3,933,933	4,727,791
Other operating income	9	408,819	619,031
Changes in inventories of finished goods and work in progress		52,625	30,373
Raw materials used	10	(976,625)	(978,476)
Employees expenses	11	(785,286)	(756,542)
Depreciation		(292,167)	(294,148)
Expenses for subcontractors		(1,774,443)	(2,203,001)
Other operating expenses	12	(567,315)	(975,931)
OPERATING PROFIT (LOSS)		(459)	169,097
Financing income	13	14,541	8,164
Income (loss) from investments	14	64,821	50,327
Financing expenses	15	(13,687)	(10,528)
PROFIT BEFORE TAXATION		65,216	217,060
Income tax expense	18	-	(25,741)
NET PROFIT FOR THE PERIOD		65,216	191,319
Basic earnings per share (In MKD)	16	24	69

Skopje, 15 March 2021

**For the Steering Committee
President**

Straso Milkovski

	Note	2020 (000) MKD	2019 (000) MKD
Net profit for the year		65,216	191,319
Other comprehensive income:			
Revaluation of PPE		-	-
Fair value movement of available-for-sale investments		74,019	181,693
Currency translation differences		-	-
Total other comprehensive income		74,019	181,693
TOTAL COMPREHENSIVE INCOME		139,235	373,012

Construction Company GRANIT AD - Skopje
STATEMENT OF FINANCIAL POSITION as at 31 December

	Note	2020 (000) MKD	2019 (000) MKD
ASSETS			
Cash and cash equivalents	19	37,841	63,264
Investments for trading at fair value	26	136,623	244,790
Trade receivables	20	1,591,069	1,492,482
Receivables for advances	21	206,465	185,357
Short-term loans	22	11,880	16,006
Other short term assets and prepayments	23	90,452	675,356
Inventories	24	1,496,900	1,455,997
Total current assets		3,571,230	4,133,252
Investments in subsidiaries and associates	25	18,915	18,915
Investments available for sale	26	829,896	755,877
Long-term loans	27	273,393	273,393
Intangible assets	28	21,549	20,308
Property, plant and equipment	29	2,463,490	2,709,201
Total non-current assets		3,607,243	3,777,694
TOTAL ASSETS		7,178,473	7,910,946
LIABILITIES AND EQUITY			
Trade payables	30	1,231,144	1,757,596
Payables for advances	31	555,426	827,266
Short-term borrowings		-	-
Current portion of long-term borrowings	32	31	31
Other short-term liabilities and accruals	33	245,590	192,027
Total current liabilities		2,032,191	2,776,920
Long-term borrowings	34	-	-
Provision for litigation claims	36c	-	10,807
Total non current liabilities		-	10,807
Total liabilities		2,032,191	2,787,727
Shareholders capital		932,367	932,367
Treasury shares		(148,097)	(148,097)
Share premium		51,895	51,895
Legal reserves		1,421,342	2,184,114
Revaluation reserves		415,719	341,700
Retained earnings		2,473,056	1,761,240
TOTAL EQUITY		5,146,282	5,123,219
TOTAL LIABILITIES AND EQUITY		7,178,473	7,910,946

Construction Company GRANIT AD - Skopje
CASH FLOW STATEMENT for the year ended at 31 December

	Note	2020 (000) MKD	2019 (000) MKD
Cash flows from operating activities			
PROFIT (LOSS) BEFORE TAXES		65,216	217,060
Adjusted for:			
Depreciation	29	284,013	287,483
Amortization of intangible assets	28	8,153	7,215
Provision on bad receivables	12	21,897	101,396
Provision on bad inventories		4,245	11,154
Income from reconciliation of shares in investment funds		(2,286)	(2,573)
Interest income (expenses), net	13;15	(10,880)	(2,641)
Dividend income		(88,374)	(223,816)
(Income) / Provision for litigation claims, net	9;12	(10,807)	(26,231)
Income from write-off payables		(100,313)	-
Carrying amount of disposed assets		649	587
Gain from disposal of PPE	9	24,207	(27,841)
Profit (loss) before changes in current assets		195,720	341,793
Trade receivables		(120,484)	(88,446)
Receivables for advances		(21,108)	142,687
Other short term assets and prepayments		133,944	(113,608)
Inventories		(45,148)	(75,273)
Trade payables		70,416	530,358
Payables for advances		(271,840)	(193,320)
Other short -term liabilities and accruals		46,098	(21,089)
Net cash used in operations		(12,402)	523,102
Interest paid		(3,568)	(5,523)
Income tax paid		(19,187)	(73)
Net cash flows from operating activities		(35,157)	517,506
Cash flows from investing activities			
(Acquisition) / disposal of shares		110,453	(125,386)
Acquisition of investments available for sale		-	-
Acquired/disposed investments		-	-
Received dividends		68,125	208,177
Received / (paid) interest and loans		18,574	(63,893)
Acquisition of intangible assets	28	(9,394)	(9,120)
Acquisition of PPE	29	(134,256)	(375,905)
Proceeds from disposed PPE	29	71,098	58,748
Net cash flows from investment activities		124,600	(307,379)

(Continued)

	Note	2020 (000) MKD	2019 (000) MKD
Cash flows from financing activities			
Proceeds (repayment) of long-term borrowings	34	-	(234,075)
Proceeds (repayment) of short-term borrowings		-	(63,927)
Acquired treasury shares		-	-
Dividends paid		(88,869)	(79,432)
Rewards paid		(25,997)	-
Net cash flows from financing activities		(114,866)	(377,434)
Net increase (decrease) of cash and cash equivalents		(25,423)	(167,307)
Cash and cash equivalents at the beginning of the year	19	63,264	230,571
Cash and cash equivalents at the end of the year	19	37,841	63,264

Construction Company GRANIT AD - Skopje
STATEMENT OF CHANGES IN EQUITY for the year ended at 31 December

	Ordinary shares		Treasury shares		Share premium	Reserves (legal and from reinvested income)	Reserves for treasury shares	Revaluati on reserve	Retained earnings	Total equity
	Number of shares	Amount	Number of shares	Amount						
In (000) MKD										
a) Changes in 2019										
Balance as at 01.01.2019	3,071,377	932,367	(301,173)	(148,097)	51,895	1,992,193	62,164	160,007	1,808,784	4,859,313
Comprehensive income:										
Profit for the period	-	-	-	-	-	-	-	-	191,319	191,319
Fair value movement of available-for-sale investments	-	-	-	-	-	-	-	181,693	-	181,693
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	181,693	191,319	373,012
Transactions with owners:										
Share issue	-	-	-	-	-	-	-	-	-	-
Acquired treasury shares	-	-	-	-	-	-	-	-	-	-
Distribution for reserves	-	-	-	-	-	129,757	-	-	(129,757)	-
Dividends	-	-	-	-	-	-	-	-	(83,106)	(83,106)
Rewards to management	-	-	-	-	-	-	-	-	(26,000)	(26,000)
Balance as at 31.12.2019	3,071,377	932,367	(301,173)	(148,097)	51,895	2,121,950	62,164	341,700	1,761,240	5,123,219

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Construction Company GRANIT AD - Skopje
STATEMENT OF CHANGES IN EQUITY for the year ended at 31 December (Continued)

	Ordinary shares		Treasury shares		Share premium	Reserves (legal and from reinvested income)	Reserves for treasury shares	Revaluation on reserve	Retained earnings	Total equity
	Number of shares	Amount	Number of shares	Amount						
In (000) MKD										
b) Changes in 2020										
Balance as at 01.01.2020	3,071,377	932,367	(301,173)	(148,097)	51,895	2,121,950	62,164	341,700	1,761,240	5,123,219
Comprehensive income:										
Profit for the period	-	-	-	-	-	-	-	-	65,216	65,216
Fair value movement of available-for-sale investments	-	-	-	-	-	-	-	74,019	-	74,019
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	74,019	65,216	139,235
Transactions with owners:										
Share issue	-	-	-	-	-	-	-	-	-	-
Acquired treasury shares	-	-	-	-	-	-	-	-	-	-
Distribution for reserves	-	-	-	-	-	161,319	-	-	(161,319)	-
Dividends	-	-	-	-	-	-	-	-	(92,331)	(92,331)
Rewards to management	-	-	-	-	-	-	-	-	(30,000)	(30,000)
Transfer of reinvested earnings to accumulated earnings and other	-	-	-	-	-	(924,091)	-	-	930,250	6,159
Balance as at 31.12.2020	3,071,377	932,367	(301,173)	(148,097)	51,895	1,359,178	62,164	415,719	2,473,056	5,146,282

Notes comprise an integral part of the Financial Statements
Auditors report is on pages 1 and 2