

**Construction Company
GRANIT AD Skopje**

**INDEPENDENT AUDITOR'S REPORT
AND
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDING
31 DECEMBER 2021**

Skopje, April 2022

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 2021, 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 2021, 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 2021. 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 2021.

Skopje, ____ April 2022

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	2021 (000) MKD	2020 (000) MKD
	<u> </u>	<u> </u>	<u> </u>
Revenues from construction works	8	4,535,882	3,933,933
Other operating income	9	347,842	408,819
Changes in inventories of finished goods and work in progress		44,766	52,625
Raw materials used	10	(1,012,235)	(976,625)
Employees expenses	11	(799,335)	(785,286)
Depreciation		(276,722)	(292,167)
Expenses for subcontractors		(2,132,270)	(1,774,443)
Other operating expenses	12	<u>(600,005)</u>	<u>(567,315)</u>
OPERATING PROFIT (LOSS)		107,923	(459)
Financing income	13	7,932	14,541
Income (loss) from investments	14	69,650	64,821
Financing expenses	15	<u>(4,171)</u>	<u>(13,687)</u>
PROFIT BEFORE TAXATION		181,334	65,216
Income tax expense	18	(2,421)	-
NET PROFIT FOR THE PERIOD		<u>178,913</u>	<u>65,216</u>
Basic earnings per share (In MKD)	16	<u>65</u>	<u>24</u>

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

<u>Note</u>	<u>2021</u> <u>(000) MKD</u>	<u>2020</u> <u>(000) MKD</u>
Net profit for the year	178,913	65,216
Other comprehensive income:		
Revaluation of PPE	-	-
Fair value movement of available-for-sale investments	489,024	74,019
Currency translation differences	-	-
Total other comprehensive income	489,024	74,019
TOTAL COMPREHENSIVE INCOME	667,937	139,235

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

	Note	2021 (000) MKD	2020 (000) MKD
ASSETS			
Cash and cash equivalents	19	50,655	37,841
Investments for trading at fair value	26	35,666	136,623
Trade receivables	20	2,344,994	1,591,069
Receivables for advances	21	195,197	206,465
Short-term loans	22	8,149	11,880
Other short term assets and prepayments	23	65,818	90,452
Inventories	24	1,478,932	1,496,900
Total current assets		4,179,411	3,571,230
Investments in subsidiaries and associates	25	18,915	18,915
Investments available for sale	26	1,318,920	829,896
Long-term loans	27	226,765	273,393
Intangible assets	28	20,576	21,549
Property, plant and equipment	29	2,324,982	2,463,490
Total non-current assets		3,910,158	3,607,243
TOTAL ASSETS		8,089,569	7,178,473
LIABILITIES AND EQUITY			
Trade payables	30	1,588,071	1,231,144
Payables for advances	31	393,432	555,426
Short-term borrowings		60,000	-
Current portion of long-term borrowings	32	38,445	31
Other short-term liabilities and accruals	33	226,651	245,590
Total current liabilities		2,306,599	2,032,191
Long-term borrowings	34	42,930	-
Provision for litigation claims	36c	-	-
Total non current liabilities		42,930	-
Total liabilities		2,349,529	2,032,191
Shareholders capital		932,367	932,367
Treasury shares		(148,097)	(148,097)
Share premium		51,895	51,895
Legal reserves		1,458,558	1,421,342
Revaluation reserves		904,743	415,719
Retained earnings		2,540,574	2,473,056
TOTAL EQUITY		5,740,040	5,146,282
TOTAL LIABILITIES AND EQUITY		8,089,569	7,178,473

Skopje, 17 March 2022

**For the Steering Committee
President**

Straso Milkovski

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

	Note	2021 (000) MKD	2020 (000) MKD
Cash flows from operating activities			
PROFIT (LOSS) BEFORE TAXES		181,334	65,216
Adjusted for:			
Depreciation	29	267,752	284,013
Amortization of intangible assets	28	8,970	8,153
Provision and write off of receivables	12	10,056	21,897
Provision on inventories		27,855	4,245
Income from reconciliation of shares in investment funds		(1,430)	(2,286)
Interest income (expenses), net	13;15	(5,115)	(10,880)
Dividend income		(119,250)	(88,374)
(Income) / Provision for litigation claims, net	9;12	-	(10,807)
Income from write-off of payables		(1,226)	(100,313)
Carrying amount of disposed assets		86	649
Gain / (loss) from disposal of PPE	9	(8,484)	24,207
Profit (loss) before changes in current assets		360,548	195,720
Trade receivables		(763,981)	(120,484)
Receivables for advances		11,268	(21,108)
Other short term assets and prepayments		32,551	133,944
Inventories		(9,887)	(45,148)
Trade payables		381,523	70,416
Payables for advances		(161,994)	(271,840)
Other short-term liabilities and accruals		(21,263)	46,098
Net cash used in operations		(171,235)	(12,402)
Interest paid		(2,307)	(3,568)
Income tax paid		17,323	(19,187)
Net cash flows from operating activities		(156,219)	(35,157)
Cash flows from investing activities			
(Acquisition) / disposal of shares		102,387	110,453
Acquisition of investments available for sale		-	-
Acquired/disposed investments		-	-
Received dividends		68,219	68,125
Received / (paid) interest and loans		57,781	18,574
Acquisition of intangible assets	28	(7,997)	(9,394)
Acquisition of PPE	29	(168,202)	(134,256)
Proceeds from disposed PPE	29	47,356	71,098
Net cash flows from investment activities		99,544	124,600

(Continued)

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

	Note	2021 (000) MKD	2020 (000) MKD
Cash flows from financing activities			
Proceeds (repayment) of long-term borrowings	34	81,344	-
Proceeds (repayment) of short-term borrowings	34	60,000	-
Acquired treasury shares		-	-
Dividends paid		(45,851)	(88,869)
Rewards paid		(26,004)	(25,997)
Net cash flows from financing activities		69,489	(114,866)
Net increase (decrease) of cash and cash equivalents		12,814	(25,423)
Cash and cash equivalents at the beginning of the year	19	37,841	63,264
Cash and cash equivalents at the end of the year	19	50,655	37,841

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	Revaluation on reserve	Retained earnings	Total equity
	Number of shares	Amount	Number of shares	Amount						
In (000) MKD										
a) 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:										
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

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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	Revaluati on reserve	Retained earnings	Total equity
	Number of shares	Amount	Number of shares	Amount						
In (000) MKD										
b) Changes in 2021										
Balance as at 01.01.2021	3,071,377	932,367	(301,173)	(148,097)	51,895	1,359,178	62,164	415,719	2,473,056	5,146,282
Comprehensive income:										
Profit for the period	-	-	-	-	-	-	-	-	178,913	178,913
Fair value movement of available-for-sale investments	-	-	-	-	-	-	-	489,024	-	489,024
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	489,024	178,913	667,937
Transactions with owners:										
Share issue	-	-	-	-	-	-	-	-	-	-
Acquired treasury shares	-	-	-	-	-	-	-	-	-	-
Distribution for reserves	-	-	-	-	-	37,216	-	-	(37,216)	-
Dividends	-	-	-	-	-	-	-	-	(46,179)	(46,179)
Rewards to management	-	-	-	-	-	-	-	-	(28,000)	(28,000)
Transfer of reinvested earnings to accumulated earnings and other	-	-	-	-	-	-	-	-	-	-
Balance as at 31.12.2021	3,071,377	932,367	(301,173)	(148,097)	51,895	1,396,394	62,164	904,743	2,540,574	5,740,040

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