

**Construction Company
GRANIT AD Skopje**

**INDEPENDENT AUDITOR'S REPORT
AND
CONSOLIDATED 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 ASSEMBLY OF Construction Company GRANIT AD - Skopje

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Construction Company GRANIT AD - Skopje ("the Company"), which comprise Consolidated Statement of Financial Position as at 31 December 2021, and the Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of changes in equity and Consolidated Cash flow statement for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated 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 North 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 International Standards on Auditing which are accepted and published in the Official gazette of the Republic of North 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 judgement, 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 ASSEMBLY OF
Construction Company GRANIT AD - Skopje**

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the 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 North 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 consolidated annual accounts and the consolidated 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 consolidated financial statements.

The annual business report is consistent, in all material aspects, with the consolidated annual account and the audited consolidated financial statements of the 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
CONSOLIDATED INCOME STATEMENT for the year ended at 31 December

	Note	2021 (000) MKD	2020 (000) MKD
Revenues from construction works	8	4,605,985	4,005,615
Other operating income	9	290,463	373,859
Changes in inventories of finished goods and work in progress		44,766	52,625
Raw materials used	10	(1,005,912)	(952,946)
Employees expenses	11	(847,636)	(831,303)
Depreciation		(277,023)	(292,806)
Expenses for sub-contractors		(2,201,119)	(1,800,954)
Other operating expenses	12	(540,916)	(558,057)
OPERATING PROFIT (LOSS)		68,608	(3,967)
Financing income	13	7,632	14,746
Income (loss) from investments	13a	69,650	64,821
Financing expenses	14	(4,275)	(12,546)
PROFIT BEFORE TAXATION		141,615	63,054
Income tax expense	17	(5,808)	(6,127)
NET PROFIT FOR THE PERIOD		135,807	56,927
Net profit (loss) for:			
Shareholders of the Parent Company		135,807	56,927
Minority shareholders in the subsidiaries		-	-
		135,807	56,927
Basic earnings per share (In MKD)	15	49	21

Construction Company GRANIT AD - Skopje
CONSOLIDATED 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 period		135,807	56,927
Other comprehensive income:			
PPE revaluation		-	-
Revaluation of investments available for sale to their fair value		489,024	74,019
Foreign exchange differences from foreign currencies translations		(360)	4,477
Total other comprehensive income		<u>488,664</u>	<u>78,496</u>
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		<u>624,471</u>	<u>135,423</u>

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

	Note	2021 (000) MKD	2020 (000) MKD
ASSETS			
Cash and cash equivalents	18	84,482	77,918
Investments at fair value through profit and loss	25	35,666	136,623
Trade receivables	19	2,329,904	1,583,544
Receivables for advances	20	155,600	174,993
Short-term loans	21	8,149	11,880
Other short term assets and prepayments	22	18,966	69,567
Inventories	23	1,485,764	1,503,946
Total current assets		4,118,531	3,558,471
Investments in associates	24	14,042	14,042
Investments available for sale	25	1,318,920	829,896
Long-term loans	26	226,765	273,393
Intangible assets	27	20,576	21,549
Property, plant and equipment	28	2,326,379	2,464,855
Total non-current assets		3,906,682	3,603,735
TOTAL ASSETS		8,025,213	7,162,206
LIABILITIES AND EQUITY			
Trade payables	29	1,155,798	779,783
Payables for advances and deposits	30	393,530	555,524
Short-term borrowings	31	60,000	-
Current portion of long-term borrowings	32	38,445	31
Other short-term liabilities and accruals	33	237,767	280,477
Total current liabilities		1,885,540	1,615,815
Long-term borrowings	34	42,930	-
Provision for litigation claims	35c	-	-
Total non current liabilities		42,930	-
Shareholders capital		932,367	932,367
Treasury shares		(148,097)	(148,097)
Share premium		51,895	51,895
Legal reserves		1,459,909	1,422,693
Revaluation and other reserves		906,552	417,827
Retained earnings		2,894,117	2,869,706
Total		6,096,743	5,546,391
Non-controlling interest		-	-
Total equity		6,096,743	5,546,391
TOTAL LIABILITIES AND EQUITY		8,025,213	7,162,206

Skopje, 31 March 2022

For the Steering Committee
President

Straso Milkovski

Construction Company GRANIT AD - Skopje

CONSOLIDATED 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 TAXATION		141,615	63,054
Adjusted for:			
Depreciation of PPE	28	268,098	284,512
Amortization of intangible assets	27	8,925	8,294
Provision of receivables	12	10,057	22,096
Interest income (expenses), net	13;15	(5,131)	(10,920)
Dividend income		(68,220)	(62,535)
Relief of provision for litigation claims	12	-	(10,808)
Provision on inventories		27,855	4,245
Income from write-off payables	9	(1,226)	(100,313)
Carrying amount of disposed fixed assets	28	86	535
Gain/loss from disposal of PPE	9;12	(8,484)	24,207
Profit (loss) before changes in current assets		373,575	222,367
Trade receivables		(756,777)	(94,733)
Receivables for advances		19,393	10,791
Other short term assets and prepayments		33,138	136,203
Inventories		(9,673)	(44,861)
Trade payables		377,241	22,810
Payables for advances		(161,994)	(272,494)
Other short -term liabilities and accruals		(45,993)	10,565
Net cash used in operations		(171,090)	(9,352)
Interest paid		(2,307)	(3,583)
Income tax paid		12,675	(21,649)
Net cash flows from operating activities		(160,722)	(34,584)
Cash flows from investment activities			
Cash inflows (outflows) from investements, net	25	100,957	108,168
Received interest	13	7,438	14,503
Received dividends	13a	68,220	62,535
Collected (given) loans	26	50,359	4,127
Acquisition of intangible assets	27	(7,952)	(9,535)
Acquisition of PPE	28	(168,439)	(134,256)
Proceeds from disposed PPE	28	47,215	71,098
Net cash flows from investment activities		97,798	116,640
Cash flows from financing activities			
Proceeds (repayment) of long-term borrowings		81,344	-
Proceeds (repayment) of short-term borrowings		60,000	-
Dividends paid		(45,852)	(88,869)
Rewards paid		(26,004)	(25,998)
Net cash flows from financing activities		69,488	(114,867)
Net increase (decrease) of cash and cash equivalents		6,564	(32,811)
Cash and cash equivalents at the beginning of the year	18	77,918	110,729
Cash and cash equivalents at the end of the year	18	84,482	77,918

Notes comprise an integral part of the Consolidated Financial Statements

Auditors report is on pages 1 and 2

Construction Company GRANIT AD - Skopje
CONSOLIDATED 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 and other reserves	Retained earnings	Non-controlling interest	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	2,123,301	62,164	339,331	2,166,179	-	5,527,140
Comprehensive income:											
Profit for the year	-	-	-	-	-	-	-	56,927	-	-	56,927
Revaluation of investments available for sale to their fair value	-	-	-	-	-	-	74,019	-	-	-	74,019
Foreign exchange differences from foreign currencies translations	-	-	-	-	-	-	4,477	-	-	-	4,477
Total comprehensive income	-	-	-	-	-	-	78,496	56,927	-	-	135,423
Transactions with owners:											
Shares issued	-	-	-	-	-	-	-	-	-	-	-
Distribution for reserves	-	-	-	-	-	161,319	-	-	(161,319)	-	-
Distribution for dividends	-	-	-	-	-	-	-	-	(92,331)	-	(92,331)
Distribution for rewards	-	-	-	-	-	-	-	-	(30,000)	-	(30,000)
Other	-	-	-	-	-	(924,091)	-	-	930,250	-	6,159
Balance as at 31.12.2019	3,071,377	932,367	(301,173)	(148,097)	51,895	2,284,620	62,164	417,827	1,939,456	-	5,546,391

(Continued)

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

Construction Company GRANIT AD - Skopje
CONSOLIDATED 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 and other reserves	Retained earnings	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	1,360,529	62,164	417,827	2,869,706	-	5,546,391
Comprehensive income:											
Profit for the year	-	-	-	-	-	-	-	-	135,807	-	135,807
Revaluation of investments available for sale to their fair value	-	-	-	-	-	-	-	489,024	-	-	489,024
Foreign exchange differences from foreign currencies translations	-	-	-	-	-	-	-	(360)	-	-	(360)
Total comprehensive income	-	-	-	-	-	-	-	488,664	135,807	-	624,471
Transactions with owners:											
Shares issued	-	-	-	-	-	-	-	-	-	-	-
Distribution for reserves	-	-	-	-	-	37,216	-	-	(37,216)	-	-
Distribution for dividends	-	-	-	-	-	-	-	-	(46,180)	-	(46,180)
Distribution for rewards	-	-	-	-	-	-	-	-	(28,000)	-	(28,000)
Transfer of reinvested earnings to accumulated earnings and other	-	-	-	-	-	-	-	61	-	-	61
Balance as at 31.12.2021	3,071,377	932,367	(301,173)	(148,097)	51,895	1,397,745	62,164	906,552	2,894,117	-	6,096,743

Notes comprise an integral part of the Consolidated Financial Statements
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