

**Construction Company
GRANIT AD Skopje**

**INDEPENDENT AUDITOR'S REPORT
AND
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDING
31 DECEMBER 2022**

Skopje, April 2023

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 2022, 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 2022, 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 2022. 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 2022.

Skopje, 28 April 2023

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	2022 (000) MKD	2021 (000) MKD
	<u>Note</u>	<u>(000) MKD</u>	<u>(000) MKD</u>
Revenues from construction works	8	4,561,759	4,535,882
Other operating income	9	385,668	347,842
Changes in inventories of finished goods and work in progress		(298,334)	44,766
Raw materials used	10	(1,067,879)	(1,012,235)
Employees expenses	11	(806,352)	(799,335)
Depreciation		(282,141)	(276,722)
Expenses for subcontractors		(1,996,437)	(2,132,270)
Other operating expenses	12	<u>(431,086)</u>	<u>(600,005)</u>
OPERATING PROFIT (LOSS)		65,198	107,923
Financing income	13	7,564	7,932
Income (loss) from investments	14	70,634	69,650
Financing expenses	15	<u>(10,509)</u>	<u>(4,171)</u>
PROFIT BEFORE TAXATION		132,887	181,334
Income tax expense	18	-	(2,421)
NET PROFIT FOR THE PERIOD		<u>132,887</u>	<u>178,913</u>
Basic earnings per share (In MKD)	16	<u>48</u>	<u>65</u>

Skopje, 14 March 2023

**For the Steering Committee
President**

Straso Milkovski

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

<u>Note</u>	<u>2022</u> <u>(000) MKD</u>	<u>2021</u> <u>(000) MKD</u>
Net profit for the year	132,887	178,913
Other comprehensive income:		
Revaluation of PPE	-	-
Fair value movement of available-for-sale investments	11,370	489,024
Currency translation differences	-	-
Total other comprehensive income	<u>11,370</u>	<u>489,024</u>
TOTAL COMPREHENSIVE INCOME	<u>144,257</u>	<u>667,937</u>

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

	Note	2022 (000) MKD	2021 (000) MKD
ASSETS			
Cash and cash equivalents	19	9,297	50,655
Investments for trading at fair value	26	66,806	35,666
Trade receivables	20	2,145,762	2,344,994
Receivables for advances	21	660,102	195,197
Short-term loans	22	6,918	8,149
Other short term assets and prepayments	23	93,600	65,818
Inventories	24	1,153,166	1,478,932
Total current assets		4,135,651	4,179,411
Investments in subsidiaries and associates	25	8,107	18,915
Investments available for sale	26	1,330,290	1,318,920
Long-term loans	27	224,400	226,765
Intangible assets	28	24,564	20,576
Property, plant and equipment	29	2,246,673	2,324,982
Total non-current assets		3,834,034	3,910,158
TOTAL ASSETS		7,969,685	8,089,569
LIABILITIES AND EQUITY			
Trade payables	30	1,149,043	1,588,071
Payables for advances	31	456,478	393,432
Short-term borrowings		98,699	60,000
Current portion of long-term borrowings	32	106,799	38,445
Other short-term liabilities and accruals	33	257,235	226,651
Total current liabilities		2,068,254	2,306,599
Long-term borrowings	34	116,861	42,930
Provision for litigation claims	36c	-	-
Total non current liabilities		116,861	42,930
Total liabilities		2,185,115	2,349,529
Shareholders capital		932,367	932,367
Treasury shares		(148,097)	(148,097)
Share premium		51,895	51,895
Legal reserves		1,637,471	1,458,558
Revaluation reserves		916,113	904,743
Retained earnings		2,394,821	2,540,574
Total equity		5,784,570	5,740,040
TOTAL LIABILITIES AND EQUITY		7,969,685	8,089,569

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

	Note	2022 (000) MKD	2021 (000) MKD
Cash flows from operating activities			
PROFIT (LOSS) BEFORE TAXES		132,887	181,334
Adjusted for:			
Depreciation	29	272,992	267,752
Amortization of intangible assets	28	9,149	8,970
Provision on bad receivables and investments in associates	12	15,903	10,056
Provision for inventory reconciliation		4,250	27,855
Income from reconciliation of shares in investment funds		(140)	(1,430)
Interest income (expenses), net	13;15	620	(5,115)
Dividend income		(145,928)	(119,250)
Income from write-off payables		-	(1,226)
Carrying amount of disposed fixed assets		92	86
Capital (Gain)/loss from disposal of PPE	9	(27,756)	(8,484)
Profit (loss) before changes in current assets		262,069	360,548
Trade receivables		194,137	(763,981)
Receivables for advances		(464,905)	11,268
Other short term assets and prepayments		(3,088)	32,551
Inventories		321,516	(9,887)
Trade payables		(389,672)	381,523
Payables for advances		63,046	(161,994)
Other short -term liabilities and accruals		84,656	(21,263)
Net cash used in operations		67,759	(171,235)
Interest paid		(7,502)	(2,307)
Income tax paid		(302)	17,323
Net cash flows from operating activities		59,955	(156,219)
Cash flows from investing activities			
(Acquisition) / disposal of shares		(31,000)	102,387
Acquisition of investments available for sale		-	-
Acquired/disposed investments		-	-
Received dividends		72,180	68,219
Received / (paid) interest and loans		10,478	57,781
Acquisition of intangible assets	28	(13,137)	(7,997)
Acquisition of PPE	29	(200,585)	(168,202)
Proceeds from disposed PPE	29	33,566	47,356
Net cash flows from investment activities		(128,498)	99,544

(Continued)

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

	Note	2022 (000) MKD	2021 (000) MKD
Cash flows from financing activities			
Proceeds (repayment) of long-term borrowings	34	142,285	81,344
Proceeds (repayment) of short-term borrowings		38,699	60,000
Acquired treasury shares		-	-
Dividends paid		(96,063)	(45,851)
Rewards paid		(57,736)	(26,004)
Net cash flows from financing activities		27,185	69,489
Net increase (decrease) of cash and cash equivalents		(41,358)	12,814
Cash and cash equivalents at the beginning of the year	19	50,655	37,841
Cash and cash equivalents at the end of the year	19	9,297	50,655

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

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 2022										
Balance as at 01.01.2022	3,071,377	932,367	(301,173)	(148,097)	51,895	1,396,394	62,164	904,743	2,540,574	5,740,040
Comprehensive income:										
Profit for the period	-	-	-	-	-	-	-	-	132,887	132,887
Fair value movement of available-for-sale investments	-	-	-	-	-	-	-	11,370	-	11,370
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	11,370	132,887	144,257
Transactions with owners:										
Share issue	-	-	-	-	-	-	-	-	-	-
Acquired treasury shares	-	-	-	-	-	-	-	-	-	-
Distribution for reserves	-	-	-	-	-	178,913	-	-	(178,913)	-
Dividends	-	-	-	-	-	-	-	-	(99,727)	(99,727)
Rewards to management	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Balance as at 31.12.2022	3,071,377	932,367	(301,173)	(148,097)	51,895	1,575,307	62,164	916,113	2,394,821	5,784,570

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