

**Construction Company
GRANIT AD Skopje**

**INDEPENDENT AUDITOR'S REPORT
AND
SEPARATE FINANCIAL STATEMENTS
FOR THE YEAR ENDING
31 DECEMBER 2023**

Skopje, April 2024

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

Contents	Page
Independent Auditor's Report	1-2
Separate Financial Statements	
Income Statement	3
Statement of comprehensive income	4
Statement of financial position	5
Cash flow statement	6-7
Statement of changes in equity	8-9



MOORE STEPHENS LTD

Sv. Kiril i Metodij, 1000 Skopje
Republic of North Macedonia
Tel.: +389 (2) 32 14 706
E-mail: moore@moore.mk
www.moore.mk
www.moore-global.com

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 2023, 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 2023, 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 2023. 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 2023.

Skopje, 19 April 2024

Certified Auditor

Antonio Veljanov

Manager and Certified Auditor

Antonio Veljanov

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

	Note	2023 (000) MKD	2022 (000) MKD
Revenues from construction works	8	4,966,183	4,561,759
Other operating income	9	233,638	385,668
Changes in inventories of finished goods and work in progress		(83,455)	(298,334)
Raw materials used	10	(1,087,884)	(1,067,879)
Employees expenses	11	(867,151)	(806,352)
Depreciation		(289,319)	(282,141)
Expenses for subcontractors		(2,295,749)	(1,996,437)
Other operating expenses	12	<u>(469,512)</u>	<u>(431,086)</u>
OPERATING PROFIT (LOSS)		106,751	65,198
Financing income	13	6,454	7,564
Income (loss) from investments	14	58,107	70,634
Financing expenses	15	<u>(18,786)</u>	<u>(10,509)</u>
PROFIT BEFORE TAXATION		152,526	132,887
Income tax expense	18	-	-
NET PROFIT FOR THE PERIOD		<u>152,526</u>	<u>132,887</u>
Basic earnings per share (In MKD)	16	<u>55</u>	<u>48</u>

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

Note	2023 (000) MKD	2022 (000) MKD
Net profit for the year	152,526	132,887
Other comprehensive income:		
Revaluation of PPE	-	-
Fair value movement of available-for-sale investments	284,250	11,370
Currency translation differences	-	-
Total other comprehensive income	284,250	11,370
TOTAL COMPREHENSIVE INCOME	436,776	144,257

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

	Note	2023 (000) MKD	2022 (000) MKD
ASSETS			
Cash and cash equivalents	19	5,761	9,297
Investments for trading at fair value	26	102,563	66,806
Trade receivables	20	2,392,412	2,145,762
Receivables for advances	21	361,703	660,102
Short-term loans	22	6,962	6,918
Other short term assets and prepayments	23	43,309	93,600
Inventories	24	1,009,556	1,153,166
Total current assets		3,922,266	4,135,651
Investments in subsidiaries and associates	25	8,107	8,107
Investments available for sale	26	1,620,140	1,330,290
Long-term loans	27	201,734	224,400
Intangible assets	28	27,551	24,564
Property, plant and equipment	29	2,387,760	2,246,673
Total non-current assets		4,245,292	3,834,034
TOTAL ASSETS		8,167,558	7,969,685
LIABILITIES AND EQUITY			
Trade payables	30	1,486,946	1,149,043
Payables for advances	31	75,274	456,478
Short-term borrowings		211,702	98,699
Current portion of long-term borrowings	32	54,068	106,799
Other short-term liabilities and accruals	33	187,948	257,235
Total current liabilities		2,015,938	2,068,254
Long-term borrowings	34	30,001	116,861
Provision for litigation claims	36c	-	-
Total non current liabilities		30,001	116,861
Total liabilities		2,045,939	2,185,115
Shareholders capital		932,367	932,367
Treasury shares		(148,097)	(148,097)
Share premium		51,895	51,895
Legal reserves		1,770,358	1,637,471
Revaluation reserves		1,200,363	916,113
Retained earnings		2,314,733	2,394,821
Total equity		6,121,619	5,784,570
TOTAL LIABILITIES AND EQUITY		8,167,558	7,969,685

Skopje, 26 February 2024

**For the Steering Committee
President**

Straso Milkovski

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

	Note	2023 (000) MKD	2022 (000) MKD
Cash flows from operating activities			
PROFIT (LOSS) BEFORE TAXES		152,526	132,887
Adjusted for:			
Depreciation	29	279,323	272,992
Amortization of intangible assets	28	9,996	9,149
Provision on bad receivables and investments in associates	12	27,981	15,903
Provision for inventory reconciliation		871	4,250
Income from reconciliation of shares in investment funds		(1,257)	(140)
Interest income (expenses), net	13;15	10,860	620
Dividend income		(84,704)	(145,928)
Income from write-off payables		(5,600)	-
Carrying amount of disposed fixed assets		498	92
Capital (Gain)/loss from disposal of PPE	9	(51,915)	(27,756)
Profit (loss) before changes in current assets		338,579	262,069
Trade receivables		(274,631)	194,137
Receivables for advances		298,399	(464,905)
Other short term assets and prepayments		3,176	(3,088)
Inventories		142,739	321,516
Trade payables		411,695	(389,672)
Payables for advances		(381,204)	63,046
Other short -term liabilities and accruals		(73,106)	84,656
Net cash used in operations		465,647	67,759
Interest paid		(17,244)	(7,502)
Income tax paid		(455)	(302)
Net cash flows from operating activities		447,948	59,955
Cash flows from investing activities			
(Acquisition) / disposal of shares in investments founds		(34,500)	(31,000)
Acquisition of investments available for sale		-	-
Acquired/disposed investments		-	-
Received dividends		58,482	72,180
Received / (paid) interest and loans		29,006	10,478
Acquisition of intangible assets	28	(12,983)	(13,137)
Acquisition of PPE	29	(457,422)	(200,585)
Proceeds from disposed PPE	29	88,429	33,566
Net cash flows from investment activities		(328,988)	(128,498)

(Continued)

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

	Note	2023 (000) MKD	2022 (000) MKD
Cash flows from financing activities			
Proceeds (repayment) of long-term borrowings	34	(139,591)	142,285
Proceeds (repayment) of short-term borrowings		113,003	38,699
Acquired treasury shares		-	-
Dividends paid		(95,908)	(96,063)
Rewards paid		-	(57,736)
Net cash flows from financing activities		(122,496)	27,185
Net increase (decrease) of cash and cash equivalents		(3,536)	(41,358)
Cash and cash equivalents at the beginning of the year	19	9,297	50,655
Cash and cash equivalents at the end of the year	19	5,761	9,297

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 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

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 reserve	Retained earnings	Total equity
	Number of shares	Amount	Number of shares	Amount						
In (000) MKD										
b) Changes in 2023										
Balance as at 01.01.2023	3,071,377	932,367	(301,173)	(148,097)	51,895	1,575,307	62,164	916,113	2,394,821	5,784,570
Comprehensive income:										
Profit for the period	-	-	-	-	-	-	-	-	152,526	152,526
Fair value movement of available-for-sale investments	-	-	-	-	-	-	-	284,250	-	284,250
Other comprehensive income	-	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	284,250	152,526	436,776
Transactions with owners:										
Share issue	-	-	-	-	-	-	-	-	-	-
Acquired treasury shares	-	-	-	-	-	-	-	-	-	-
Distribution for reserves	-	-	-	-	-	132,887	-	-	(132,887)	-
Dividends	-	-	-	-	-	-	-	-	(99,727)	(99,727)
Rewards to management	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Balance as at 31.12.2023	<u>3,071,377</u>	<u>932,367</u>	<u>(301,173)</u>	<u>(148,097)</u>	<u>51,895</u>	<u>1,708,194</u>	<u>62,164</u>	<u>1,200,363</u>	<u>2,314,733</u>	<u>6,121,619</u>

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