



**ADING AD Skopje  
R. Macedonia**

**REPORT:**  
**COMMUNICATION AND PROGRESS**  
**PERIOD: JUNE 2008 - JUNE 2009**

**Skopje, September 2009**



## CONTENTS

Profile of the company .....	3
Declaration for constant support for Global contract by the General manager .....	4
Principle 1 .....	5
Principle 2 .....	5
Practical action I .....	5
Practical action II .....	7
Practical action III .....	7
Practical action IV .....	8
Practical action V .....	8
Practical action VI .....	8
Practical action VII .....	8
Practical action VIII .....	8
Principle 3 .....	9
Principle 4 .....	9
Principle 5 .....	9
Principle 6 .....	9
Practical action IX .....	9
Practical action X .....	9
Practical action XI .....	9
Practical action XII .....	10
Practical action XIII .....	10
Principle 7 .....	11
Principle 8 .....	11
Principle 9 .....	11
Practical action XIV .....	11
Practical action XV .....	11
Practical action XVI .....	11
Practical action XVII .....	12
Practical action XVIII .....	12
Practical action XIX .....	12
Practical action XX .....	12
Practical action XXI .....	12
Practical action XXII .....	12
Principle 10 .....	13
Practical action XXIII .....	13
Practical action XXIV .....	13
Practical action XXV .....	13
Practical action XXVI .....	13



## Company profile

<b>Name</b>	ADING AD
<b>Legal form</b>	Stock company
<b>Number of employees (31.December.2007)</b>	95
<b>Country/city</b>	R Macedonia / Skopje
<b>Annual turnover (2007)</b>	5.741.877 €
<b>Branch</b>	Construction chemistry
<b>Field of operation</b>	Production and distribution of chemical admixtures in construction industry
<b>Products and services</b>	<ul style="list-style-type: none"> <li>- Concrete and mortar admixtures</li> <li>- Joint sealants</li> <li>- Concrete repairing</li> <li>- Industrial and other floorings</li> <li>- Surface waterproofing</li> <li>- Curing coatings</li> <li>- Fire protection materials</li> <li>- Construction adhesives</li> <li>- Smoothing compounds</li> <li>- Decorative coatings and mortars</li> </ul> Markets: Macedonia, R.Bulgaria, Kazakhstan, Serbia, Albania, Croatia, Russia and etc.
<b>Most important competences</b> <i>In what is our company specially good?</i>	In the technical disposal of our products
<b>Strategy</b> <i>What is at the moment main focus of our company? How do we see the future of our company?</i>	-Regional leader in this field now and in future and to be “Ingredient of each structure”
<b>Beliefs and values</b> Which are our beliefs and values	-Sustained development without any harm to anybody ( now and in future)



## **Declaration for constant support for Global Contract by the General manager**

We joined Global Contract because of principles support of Global Contract and their sphere effect on our operation, with special review on environment protection and working conditions improvement.

We are ready towards constant working conditions improvement ,environment protection and in that direction are introduced systems ISO 9001-2000 and ISO 14001-2004, and we plan to introduce and OHSAS 18001 system for health protection and operation safety.

The mission of ADING AD is to stimulate progress of employees regarding respect of tenth principles support of Global Contract with simultaneous creating of possibilities for dialogue between more interested parties and for collective actions.

**General manager  
Blagoja Donchev, B.SC.civ.eng.**

**Principle 1: Businesses should support and respect protection of international proclaimed human's rights.**

**Principle 2: To provide their not collaboration in violating of human's rights**

**Principles:** 1 and 2 that is human's rights protection are implemented in **Business plan for period 2005-2009** where are anticipated resources and systems for instruction and specialization of employees.

### **Practical action I**

The elements stated previously are contained in the annual report for 2007 through the letter to shareholders for estimation for 2007; Report by the Supervisory; report by the independent auditors; balanced state; statement of income; consolidated balance sheet; consolidated statement of income; parameters of profitability; sale of ready mix product and etc.

### **LETTER TO SHAREHOLDERS**

Assessing of operation in 2008

If the results in 2007 have been evaluated as very good, and in 2008 we have repeated that, we can state with pleasure that we have successfully finished the year. The operation success of ADING becomes expected result of a stabile company which is recognized brand in South east Europe and wider.

What we have planned and what we have realized

Realization and profit

- The most ambitious plan in ADING 's history was not possible to be realized as planned mainly because of two reasons:
  - we have firstly felt the financial crisis since the beginning of 2008 in Kazakhstan where the civil engineering has firstly collapsed and
  - prolongation of big projects in Croatia for the next years
- Wish for overcoming ourselves was not successful, but we have overcome the successful 2007 which gives us for right to be satisfied. We have completed with realization of 5.981.077 € of which domestic and foreign market sale is for 4% higher than in 2007.



Of total sales of ADING 's products in Macedonia have been sold 31%, and 69% in Croatia, Bulgaria, Russia, Serbia, Kazakhstan, Monte Negro, Kosovo, Ukraine, Romania, Bosnia and Herzegovina, Albania.

Profit after tax is 378.163 € or 6,90% which is for 1,28% higher than in 2007 when it was in the amount of 340.976€ or 5,62%

#### Payment and indebt ness

The domestic market payment has stabilized and is within the limits of planned sales conditions. There is a great delay in export payment specially in some countries as Kazakhstan ( the greatest debtor) Romania, Ukraine and Bosnia and Herzegovina, while of Bulgaria, Russia, Croatia, Serbia and Albania is satisfactorily, and of Monte Negro and Kosovo is the best.

The delay in payment ,increased export, necessary inventories and investments, and in lack of own financial assets increase the company indebt ness, but it follows our possibilities with inevitable increased expenses in sort of higher bank interests and provisions.

#### Investments In Macedonia

- Completion of structure Business Centre ADING ..... 372.000 €  
(Total investment 997.962 €)
- Structures in the circle of ADING (warehouses, halls,  
Administrative building, fence and etc)..... 118.000 €
- Equipment in production and laboratory and passenger vehicles..... 153.000 €
- Software for integral connection ..... 50.000 €

Total 693.000 €

#### In Bulgaria

- Production unit in Pernik ..... 265.000 €  
(Total investment 350.000 €)
- Or total investments in 2008 ..... 958.000 €

#### Salaries and incentives

- The average salary in ADING for 2008 is 18.575 den or 302 € and it is paid off regularly with all contributions on 25 th of month.
  - All employees get hot meal, transportation and annual recompense.
- Incentives are regulated through managerial contracts which are totally 22 in the firm.

#### Organizational and personnel changes

- Organizational scheme functions successfully from the previous year.



· More significant personnel change has been made with appointment of Assistant general director in ADING engaged in operation of BCA and INVEST A and a new manager of BCA has been appointed and also technical manager of INVEST A.

#### Related parties estimation

The managing board estimation is that all related parties in the Business system ADING in 2008 showed positive financial results. The consolidated balance shows those results which are better than the previous 2007.

#### How we started in 2009

The beginning in 2009 started with induced world financial crisis which ADING could not avoid. The plan which is real in 2009 for normal market conditions in the first three months is realized with difficulty.. Except in Macedonia, Croatia, Russia, Kosovo, Ukraine, Monte Negro and Bosnia and Herzegovina where planned sales are realized with difficulty and with many problems, in other countries, the realization is problematic, first of all in Serbia, Bulgaria and Kazakhstan as our big markets and also in Romania and Ukraine.

We expect this year to be very difficult and we should “survive” with hope that the anniversary 2009 when ADING celebrates 40 years of its foundation, we will complete it positively.

Our moving power ; we are and we will be ingredient of every construction; is a guarantee that we will succeed in that.

President of the Managing board

Gen.manager

B.Doncev

April 2009

#### **Practical action II**

Donations and sponsorships:

- Sponsorships of physical persons
  - In 2008 4.340 €
  - Up to 31.August.2009 242 €
- Sponsorships of firms financed by budget
  - In 2008 500 €
  - Up to 31.August.2009 870 €
- Sponsorships of firms
  - In 2008 11.085 €
  - Up to 31.August.2008 3.035 €

#### **Practical action III:**

Within the limits of the company for every concluded marriage of employee in the company is approved one average ADING employee ‘s salary as gift from the company.



#### **Practical action IV**

Regularly declared documents for communication and progress in the last 4 years.

#### **Practical action V**

It is planned for the next assembly to be delivered written information about Corporate Social Responsibility and about activities around the 10 practices.

#### **Practical action VI**

We plan to announce logo about global contract on our web site and to use it in official documents from the moment when we will be approved the logo using demand.

#### **Practical action VII**

In ADING AD the greater percent of shareholders are and employees in the company so that the shareholders/employees are continually informed about the activities regarding public responsibility at regular weekly and monthly meetings through the whole year.

#### **Practical action VIII**

Employees have been trained for raising of conscience for the basic values and key principles for CSR.



**Principle 3: Businesses should support freedom of association and effective recognition of collective negotiation right**

**Principle 4: Elimination of all forms of forced or obligatory labour**

**Principle 5: Effective abolishment of child labour.**

**Principle 6: Elimination of discrimination regarding employment and profession.**

**Principles:** 3,4,5 and 6 that is respecting of working relations standards are implemented in **collective contract with Trade Union.**

#### **Practical action IX**

According to the valid systematization of jobs at every new employment, are concluded employment contracts with all employees by the employer ADING AD; contract with which have been arranged rights, obligations and responsibilities, according to labour law of R.Macedonia. For salary amount the employer agrees on with Trade union of the company.

#### **Practical action X**

A regular medical check up is made of employees, special women check up: mammography, gynaecology check up and osteoporosis.

#### **Practical action XI**

In order to advance management systems ISO 9001-2000 and advancement of environment protection system ISO 14001-2004 every third work week in the month are delivered reports to the Managing board for the conducted activities within ISO standards and audit of systems is done once a year.



## **Practical action XII**

Since June.30.2008 a greater part of ADING 's production program from concrete and mortar admixtures group obtained the quality certificate with designation CE certificate.

With this certificate is confirmed that those products meet the requirements according to European standards:  
EN 934-2:2001/A1:2004/A2:2005.

With this product's designation, the producer declares that that products meet the basic demands of the European regulations for quality and provisions for environment protection. The designation enables undisturbed product's sale at the unique market of member countries of EFTA and the European union which unites wholly 30 countries.

## **Practical action XIII**

Active participation in initiative for establishing of Business leader forum in R.Macedonia for network association of businesses which practise public responsibility.



**Principle 7: Businesses should support careful approach regarding challenges of environment**

**Principle 8: To undertake initiatives for promotion of higher responsibility for environment**

**Principle 9: To encourage development and spreading of technologies of environment support**

**Principles:** 7, 8 and 9 that is protection of environment are implemented through introduction of standard ISO 14001-2004 from 15. March 2006 through the following activities:

- On 1 .November 2005 is declared the statement for environment protection of firm. The same statement is published on the ADNG official web page and in most of the offices in the premises of the management building of ADING AD.

#### **Practical action XIV**

By SGS-Bulgaria has been performed re certification of quality management system and of environment protection.

The quality of our products is guaranteed with management systems ISO 9001-2000 with validity up to November.15.2010 and ISO 14001-2004 with validity up to March.15.2012. Our products have safety data sheets, we have transparent policy of prices and acceptable sales conditions.

#### **Practical action XV**

Within company is located a restaurant for which in active procedure is getting of HACCP standard for production and food distribution.

#### **Practical action XVI**

Spreading of ADING ' business will be performed with opening of new production unit in Bulgaria according to environment standards. The same such unit is planned to be opened and in IRAN.



### **Practical action XVII**

Supply of new elements and technologies in production in order to improve the production and increased activities regarding environment protection, supply of electrical forklift, new hall for production of painted systems based on eco materials and etc.

### **Practical action XVIII**

Installing of new computer integrated system within limits will exist a new electronic system for documents exchange so will be drastically decreased paper use and where information flow will be very quick.

### **Practical action XIX**

ADING AD participates actively in implementation of REACH regulation from the European commission 1907/2006.

### **Practical action XX**

ADING AD is in the process of preparation for certification according to new quality management system ISO 9001-2000:2008

### **Practical action XXI**

It regularly conducts annexes towards users of products quality of ADING AD.

### **Practical action XXII**

In order to improve environment and feeling towards nature within the factory circle has been set green park with central cage in which live two peacocks.

**Principle 10: Businesses should work against all forms of corruption, including blackmailing, and bribery.**

**Principle : 10** fight against corruption means high conscience with respecting of standards of cooperative governing and with that:

- Preventing of money laundries in all parts of our working.
- Usage of ethic code of employees in firm starting from November 2008.
- Through introduction of procedures and instructions for running of processes in firm are defined obligations and responsibilities and with that and "inspection and checking of balances".

**Practical action XXIII**

We are signers of declaration for zero tolerance of corruption in R.Macedonia

**Practical action XXIV**

Our employee is member of Advisory board of Macedonian network of global contract

**Practical action XXV**

We announce regularly real business reports. Our strategy and our short-term medium-term and long-term aims are transparent for all interested in. Information publicized by our company are valid and based on facts and ciphers. The same information ADING AD announces regularly on its own web site <http://www.ading.com.mk/> in the section intended for investors.

**Practical action XXVI**

"Grant Thornton ,independent auditors, for 2008 for the management and the shareholders of ADING AD points out that:

**To the management and shareholders of ADING AD, Skopje**

We have audited the accompanying financial statements of Ading ad Skopje ("The Company), composed of balance sheets as of 31.December.2008 and statements of income, changes in equity and cash flows for the year that ended and review of important accounting politics and other notes included on pages 3 to 29.

Responsibility of the management for financial statement



These financial statements are responsibility of the Management of the company in accordance with the International standards on auditing.

This responsibility includes: creating ,implementation and maintenance of internal control relevant for preparation and objective presentation of financial statements free of material misstatements.

### **Responsibility of auditor**

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with the International standards on auditing. Those standards require our concordance with ethic demands ,and to plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatements. The audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The selected procedures depend on the estimates made by the auditor, and the same include assessing of the risks of some material misstatements whether of fraud or mistake. At those risks assessing ,the auditor takes into account the internal control significant for preparation and objective presentation of financial statements of company in order to create such audit procedures which will be in accordance with the circumstances, but not for need to express an opinion about the effectiveness of the internal control of the company. An audit also includes assessing of the accounting principles and the significant estimates made by the management, as well as evaluating the overall financial statement presentation.

We believe that our audits provide e reasonable basis for our opinion.

### **Opinion**

In our opinion the accompanying balance sheets presents fairly, in all material respects, the financial position of the Company as of 31 December 2008, and the results of its operations and its cash flows for the year ended, in accordance with the International standards of financial statements.

Grant Thornton  
Skopje  
March. 2.2009