



**ADING AD Skopje
R. Macedonia**

REPORT:

**COMMUNICATION AND PROGRESS
PERIOD: JUNE 2009 - SEPTEMBER 2010**

Skopje, September 2010



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Name of company	Business system ADING AD for production, application and sale of chemical materials for construction and engineering works Skopje
Main office and address	Novoselski pat bb,1000 Skopje
Electronic mail	ading@ading.com.mk
Internet page	http://www.ading.com.mk/
Legal form	Stock company
Management system	two-level
Number of employees (31.December.2009)	99
Country/city	R Macedonia / Skopje
Annual turnover (2007)	5.004.515 €
Branch	Construction chemistry
Field of operation	Production and distribution of chemical admixtures in construction industry
Products and services	<ul style="list-style-type: none"> - Concrete and mortar admixtures - Joint sealants - Concrete repairing - Industrial and other floorings - Surface waterproofing - Curing coatings - Fire protection materials - Construction adhesives - Smoothing compounds - Decorative coatings and mortars <p>Markets: Macedonia, R. Bulgaria, Kazakhstan, Serbia, Albania, Croatia, Russia and etc.</p>
Most important competences <i>In what is our company specially good?</i>	In the technical disposal of our products
Strategy <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”
Beliefs and values Which are our beliefs and values	-Sustained development without any harm to anybody (now and in future)



Subsidiaries, branch offices and relative parties

INVEST A	Company for investment, designing, consulting and engineering INVEST A, DOOEL, Skopje
BIZNIS CENTAR ADING	BIZNIS CENTAR- ADING DOOEL company for production, engineering and trade Skopje
BIRO PROEKT	Company for designing and consulting BIRO PROEKT DOO Skopje
LA HEMIJA	Company for trading chemicals L.A. HEMIJA Lufakis and Ading DOO Skopje
GRADITEL ADING	Company for trade and services GRADITEL-ADING DOO SKOPJE
ADING-BELGRAD	Company for application and sale of chemical products in the construction "ADING" d.o.o Belgrade
ADING HELLAS	Production and trade stock company of construction materials with shortened name ADING HELLAS A.B.E.E



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 9001-2008 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 **2009 and 2010** 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 2009 through the letter to shareholders for estimation for 2009; 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 Estimation of operation in 2009

We went through a difficult 2009. In the year when ADING celebrated the 40 anniversary of its foundation and when at the beginning of the same we stated that our firm will be faced with the world economic crisis and that 2009 will be the most difficult, we estimate that we achieved positive results. These are not results which we like, but are more of what was possible. The estimation is “it is good” it might be worse. After one of the most successful 2008, 2009 seems modest, but taking into account the crisis period the world suffers we should be satisfied.

What did we plan and what we realized Realization and profit

- The plan was not realized because of a main cause: - crisis which began for us in 2008 firstly in Kazakhstan has showed its force and in 2009 in other countries where ADING sells his products. The sale stopped in Kazakhstan, decreased vertiginously in Bulgaria and in other countries except in Macedonia and Kosovo had decreased significantly.
 - many started projects where we were present stopped and wait for better days
 - In Bulgaria we did not lose customers but the recession stopped the business of firms
- Many investment projects were reduced or postponed and the building materials demand had drastically decreased.

- Total ready mix products sale for domestic and foreign market was 5.004.515 € and is lower for 16% in comparison with 2008 or domestic market value is higher for 5% and of foreign market is less for 26% in comparison with 2008.
- The domestic market participated with 38 %,and foreign with 62% of total sale.
- The tax profit for 2009 is 209.625 € or 4,64% while for 2009 was 6,9% or 378.163 €

Collection and in debt ness

- Besides the insufficient sale of ready mix products in 2009 we met with high in liquidity at domestic and also at foreign market which was one more parameter that the financial crisis made worse more such difficult collection in the construction industry.
- the import collection in 2009 was more worse specially in Kazakhstan, Bulgaria, Romania and Ukraine.
- The delay in payment, made worse firm working in part of liquidity, which resulted in increase of firm in debt ness. That caused many sided increased financial expenses for bank credits and loans as a consequence of increased interests, rate variations and commissions.

Investments

In Macedonia

- For completion of structure Business centar-Ading 16.725,00 €
(total investment 1.006.639,00 €)
- For structure in the circle of ADING 36.122,00 €

In Iran

- For founder deposit in new firm Ading-Persia 3.500,00 €
The firm was founded with Iranian partner with 49% participation of ADING and 51% of partner Ahmadi.

Salaries and incentives

- Crisis measures were conducted at the beginning of year which resulted in reducing working hours of some divisions and decrease of salaries from 10-15%.
- It was recurrent for some divisions and in some salary was decreased to the end of a year.
- All employees had got the hot mill, transportation and annual recourse.

Organizational and personnel changes

- The organizational scheme operated as in the previous years. The more important personnel change is made in Technical sale & RND department where is appointed new director, main leading manager and leading managers. The previous director of Technical sale & RND department is appointed for new director of Ading-Persia. Three graduated engineers were

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employed in Ading, one graduated engineer architect and one graduated economist in Biro proekt.

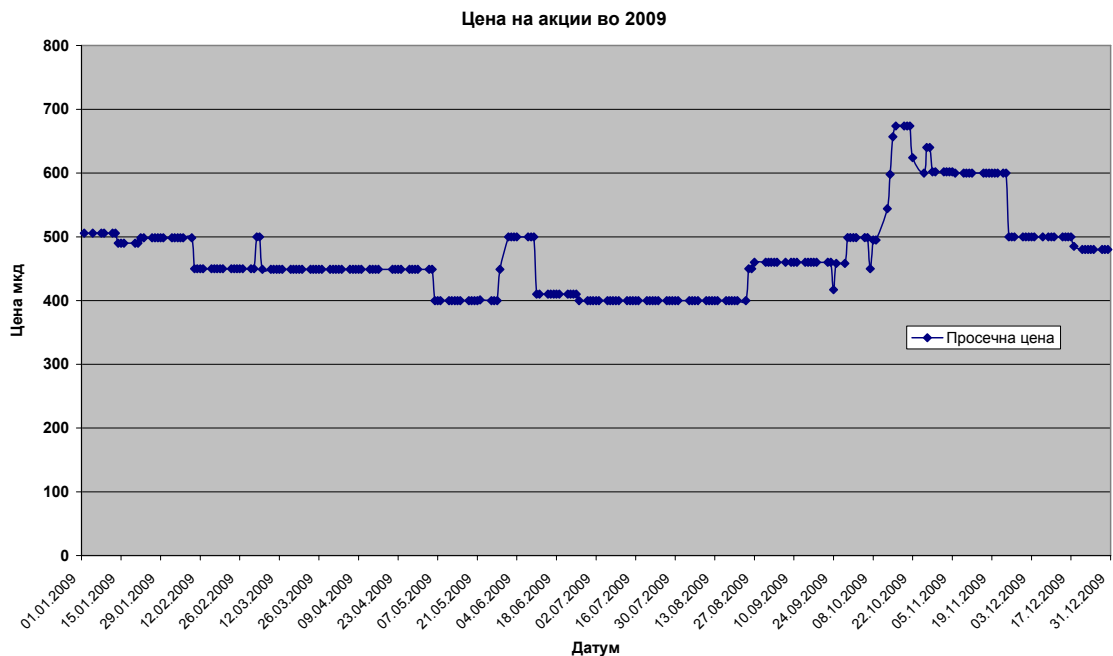
- Two employees by INVEST A. left earlier as agreed redundancies.

40 years ADING

- 40 years jubilee of foundation of ADING was celebrated with formal putting into operation of business centre ADING BIZNIS CENTAR and factory in Bulgaria which was successfully completed and run in use.
- During holding of symposium of Macedonian Association of structural engineers in Ohrid, were jointly celebrated 40 years of ADING and 60 years of foundation of Faculty of civil engineering. We were honoured with the presence of main associates, friends, firms, institutions from countries where ADING is present, and with that we confirmed our reputation of successful and known company and recognizable brand in Southeast Europe.

Shares and movement of the same

Shares in 2009 rated at the Macedonian stock exchange. Their price moved between minimal 400 den up to maximal 690 den per share. The financial crisis stopped the stock exchange and trading with shares was reduced to minimum or to small number of transactions with insignificant number of traded shares. ADING in 2009 did not repurchase its shares and on December.31.2009 had 3.342 shares the same as in the previous year.



Estimation of relative parties

The estimation of the Managing board is that all relative parties in the Business system ADING in 2009 showed positive financial results except ADING-Bulgaria where investment and big crisis in the country caused negative outcome.

How we started in 2010

The sale decrease mostly expressed in the last three months of 2009 continues and in the beginning of this year. We expect that this year will be the most difficult and year of survival. All problems from 2009, in liquidity, decreased investments and bad collection will be in more expressed form. Appear small optimistic signs of better in Kazakhstan where for us the crisis began firstly and in Bulgaria. We expect and beginning of good results with the new investment in Teheran in this year, but for that is needed Ading-Persia to activate the new factory, with beginning of production in Iran. For that are needed additional investments which are difficult to provide and prolong start of production.

At the beginning of year are invested 242.500,00 € of which:

- 117.500,00 € initial investment in new firm in Iran, land is bought of about 7.000 m² and existing structure of about 1.200 m² in Teheran
- 125.000,00 € additional deposit in Ading-Bulgaria for encircling of financial construction from the previous year.

Believing in our possibilities and potentials and the habit that our surrounding is in crisis for already 20 years, we remain with our motto “we are and we will be ingredient of each construction” somewhere less, somewhere more, but to be sufficient for positive operation.

**President of managing board and
General manager**

B.Donchev,BS.c.civ.eng.

Practical action II

Donations and sponsorships:

- Sponsorships of physical persons
 - In 2009 2.264 €
 - Up to 31.August.2010 121 €
- Sponsorships of firms financed by budget
 - In 2009 871 €
 - Up to 31.August.2010 1.726 €
- Sponsorships of firms
 - In 2009 14.258 €
 - Up to 31.August.2010 3.703 €



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 5 (fifth) years.

Practical action V

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 VI

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 VII

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

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 VIII

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 IX

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

Practical action X

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

Practical action XI

Within the corporate governance of companies, this year CENTER OF INSTITUTIONAL DEVELOPMENT (CIRA) issued CALL FOR NOMINATION OF PRIZES OF PUBLIC RESPONSIBILITY LEADER for 2009 and ADING AD was nominated in the first category of public responsibility for:

PRIZE FOR RESPONSIBLE RELATION TOWARDS EMPLOYEES FOR 2009 because:

- ADING AD is signor of Global compact, at invitation of UN during presidency of Kofi Anan
- ADING AD is responsible towards state, and pays taxes on time regularly
- takes care of employees: it pays them salary on time, bonuses for special efforts, permanent instruction through seminars, congresses, symposiums , fairs, promotions and etc.
- the company improves permanently work conditions and operation equipment, promotes talents and their abilities
- takes care of their health and safety
- has transparency in working-information about essential company solutions
- has good internal and external communications, is promoted trust among employees
- no pole, racial, age, social or handicap discrimination
- legal regulation is respected in all working segments
- care is taken for protection and legal managing with environment (ISO 14001:2004), medias, resources, sustainable development, energetic efficiency and etc.
- the social categories of employees are assisted for special occasions (weddings, summer vacations, funerals ,firewood ,scholarships and etc)

In companies selection had worked commissions of government institutions, business sector, media, entertainers ,last year winners and CIRA. The awarding of prizes was held at gala event on May.27.2010 at M6 EDUCATIVE CENTER.

According to the valid systematization of jobs at every new employment are concluded contracts with all employees by the employer ADING AD, contract for arranging rights, obligations and responsibilities, according to labour law of the Republic of Macedonia. For salary amount, the employer agrees with Trade union of the company.

ADING AD was awarded the first prize in the category specially designed statuette, praise and possibility for promotions in newspapers, press conferences, television appearances and etc. FOR RESPONSIBLE RELATION TOWARDS EMPLOYEES FOR 2009

Within awarding of prizes for **Leader of public responsibility** on May.26.2010 in INFO CENTER of EU was signed BUSINESS LEADER FORUM by founders of companies and ADING AD with special representative of EU Mr. Ervan Fuere in the presence of many ambassadors in Republic of Macedonia from EU countries.



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 XII

The quality of our products is guaranteed with management systems ISO 9001-2008 with validity up to May.12.2012 as well as ISO 14001-2004 with validity up to March.15.2012. Our products have safety data sheets, we have a transparent policy of prices and acceptable sales conditions.

Practical action XIII

Within the traditional action of city Skopje “Spring days- Ecology days”, and in order to promote and popularize environment care and nature was announced PUBLIC COMPETITION for prize in five categories, which lasted up to May.15.2010.

A special panel formed by the city Skopje comprised of representatives of the employees in the various sectors of the city and representatives of non-governmental organizations, awarded ADING AD the prize in the first category, the title of being **the most Eco friendly company**—firm with successful implementation of ISO 14001 and contribution to the preservation of the environment, prize for which it competed.

The prize was the amount of 45.000 den and medallion.

The application of ADING comprised presentation of many documents stating the ecologic operation of the company in all segments, for successful implementation of ISO 14001:2004 and contributing in environment preserving globally as are:

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- Legal status data, organizational, public responsible relation and activity,
- Certificates for ISO 14001:2004 from the first and the second cycle of certification by SGS-Bulgaria.
- Company bulletin
- Applicative technical prospectus with all production program
- Web site of company with all data for all successes, achievements, company certificates ,safety data sheets for safe handling with our products (how to handle with product, how it influenced the environment, the human being ,disposing of packaging, transportation, storage and etc), sale data of ADING in RM and all over world , and other events in the company.

The company takes overall care about the protection of the environment monitoring of possible harmful emissions, continuous supervision and improvement of technological processes. As a result preserves natural resources, non-renewable energy sources, takes care of the employees health and safety as well as flora (green space around structures is more than 1/3 of their height) creates healthy natural environment with fresh air for breathing, with pleasant view for employees and visitors, follows legal and other demands in the everyday operation according to the environment management.

The policy of environment protection that all employees of the company are informed as well as external associates (supplies, customers, contractors of crafty works) acts as law at everyday operation.

ADING operates per principle **“Integrated prevention and control of pollution”** and awaits the A-integrated ecologic permit by the Ministry of environment and spatial planning of RM.

This award reaffirms ADING to be the ecologic leader in the industry of the Republic of Macedonia, to contribute and in global level for environment preserving and nature and give contribution for healthy, clean and overall ecologic environment.

Practical action XIV

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

Practical action XV

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 XVI

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 XVII

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

Practical action XVIII

Recertification according to the new quality management system ISO 9001-2000:2008 made on 23 and 24 April.2010 with certificate validity up to May.15.2012

Practical action XIX

It regularly conducts annexes towards users of products quality of ADING AD. The questionnaire is the integral part of web site on ADING AD www.ading.com.mk

Practical action XX

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 XXI

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

Practical action XXII

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

Practical action XXIII

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 XXIV

"Grant Thornton, independent auditors, for 2009 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 (hereinafter "The Company"), composed of balance sheets as of 31.December.2009 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 34.

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.

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This responsibility includes: creating ,implementation and maintenance of internal control relevant for preparation and objective presentation of financial statements free of material misstatements whether of fraud or mistake, selection and application of suitable accounting policies and making reasonable accounting assessments in accordance with the circumstances.

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 2009, 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. 11.2010



SGS

Certificate HU03/0070

The management system of

ADING AD

Novoselski pat bb
1000 Skopje
Macedonia

has been assessed and certified as meeting the requirements of

ISO 9001:2008

For the following activities

Purchasing, production, control, development, servicing, engineering and sale of: concrete and mortar admixtures, waterproofing and thermal insulation materials, construction and industrial adhesives and smoothing compounds, repairings, industrial floorings, fire protection of steel constructions and electric cables, joint sealant (rigid and elastic)chemically resistant coatings and compounds.

Further clarifications regarding the scope of this certificate and the applicability of ISO 9001:2008 requirements may be obtained by consulting the organisation

This certificate is valid from 26 May 2010 until 12 May 2012 and remains valid subject to satisfactory surveillance audits.

Re certification audit due before 30 April 2012

Issue 6. Certified since 26 May 1998

Authorised by

SGS United Kingdom Ltd Systems & Services Certification
Rossmore Business Park Ellesmere Port Cheshire CH65 3EN UK
t +44 (0)151 350-6666 f +44 (0)151 350-6600 www.sgs.com



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SGS

Certificate HU06/67618

The management system of

ADING AD

Novoselski pat bb
1000 Skopje
Macedonia

has been assessed and certified as meeting the requirements of

ISO 14001:2004

For the following activities

Purchasing, production, control, development, servicing, engineering and sale of: concrete and mortar admixtures, waterproofing and thermal insulation materials, construction and industrial adhesives and smoothing compounds, repairs, industrial floorings, fire protection of steel constructions and electric cables, joint sealant (rigid and elastic), chemically resistant coatings and compounds.

This certificate is valid from 15 March 2009 until 14 March 2012 and remains valid subject to satisfactory surveillance audits.
Re certification audit due before 19 December 2011
Issue 3. Certified since 15 March 2006

Authorised by

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