



Interim Financial Statements and Independent Auditors' Review Report

Mermeren Kombinat AD, Prilep

30 June 2019

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Independent Auditors' Review Report

To the Management and Shareholders of
Mermeren Kombinat AD, Prilep

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Introduction

We have reviewed the accompanying interim financial statements consisting of Statement of financial position of Mermeren Kombinat AD, Prilep ("the Company") as at 30 June 2019 and the related statements of comprehensive income, changes in equity and cash flows for the six - month period then ended and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on these interim financial statements based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2019, and its financial performance and its cash flows for the six – months period that ended in accordance with International Accounting Standard 34.

Skopje,
29 August 2019

Grant Thornton Doo, Skopje

Director
Suzana Stavrik

Certified Auditor
Maja Atanasovska

Interim financial statements
30 June 2019

Statement of Financial Position

			(Amounts in EUR)	
	Notes	30 June 2019	30 June 2018	31 December 2018
Assets				
Non-current assets				
Property, plant and equipment	9	9,346,054	8,562,053	9,512,198
Intangible assets	10	1,406,359	1,632,767	1,522,463
		10,752,413	10,194,820	11,034,661
Current assets				
Inventories	11	6,442,723	4,846,677	4,854,641
Trade and other receivables	12	5,082,944	2,991,264	2,138,012
Income tax receivables		47,692	-	-
Financial receivables	13	2,502,666	-	5,009,889
Cash and cash equivalents	14	3,737,898	15,564,718	21,925,941
		17,813,923	23,402,659	33,928,483
Total assets		28,566,336	33,597,479	44,963,144
Equity				
15				
Capital and reserves attributable to equity holders				
Share capital		4,686,858	4,686,858	4,686,858
Other components of equity		9,072,821	13,329,036	13,226,103
Retained earnings		11,568,416	11,170,497	23,258,739
Total equity		25,328,095	29,186,391	41,171,700
Liabilities				
Non – current liabilities				
Interest – bearing borrowings	16	1,062,529	1,219,941	1,141,235
		1,062,529	1,219,941	1,141,235
Current liabilities				
Interest – bearing borrowings	16	157,851	118,094	157,412
Trade and other payables	17	1,924,437	2,238,814	1,252,864
Income tax payables		-	728,200	1,126,161
Tax payables	18	93,424	106,039	113,772
		2,175,712	3,191,147	2,650,209
Total liabilities		3,238,241	4,411,088	3,791,444
Total liabilities and shareholders' equity		28,566,336	33,597,479	44,963,144

These interim financial statements have been approved by the Board of Directors on 29 August 2019.

Signed on its behalf by,

Christoforos Pavlidis

Chairman

Vasileios Anagnostou

Chief Executive Officer

Nikos Michalopoulos

Chief Financial Officer

Accompanying notes from 6 to 26 are integral part of the interim financial statements

Interim financial statements
30 June 2019

Statement of Comprehensive Income

		(Amounts in EUR)		
	Note	Six - month period ended 30 June	Year ended	
		2019	2018	December 31 2018
Sales	19	12,590,810	19,093,467	39,940,803
Cost of sales	20	(3,462,159)	(5,871,621)	(11,538,437)
Gross profit		9,128,651	13,221,846	28,402,366
Administrative and selling expenses	21	(1,331,522)	(1,205,373)	(3,431,638)
Other operating income	23	24,437	64,553	163,768
Operating profit		7,821,566	12,081,026	25,134,496
Finance income	24	173,925	62,336	121,888
Finance costs	24	(186,769)	(120,082)	(211,168)
Finance (costs), net		(12,844)	(57,746)	(89,280)
Profit before income tax		7,808,722	12,023,280	25,045,216
Income tax (expense)	25	(801,186)	(1,191,226)	(2,227,264)
Profit for the period		7,007,536	10,832,054	22,817,952
Other comprehensive income:				
Items that will not be reclassified subsequently to profit and loss				
Translation differences	15.2	(30,829)	4,766	4,177
Other comprehensive income for the period, net of tax		(30,829)	4,766	4,177
Total comprehensive income		6,976,707	10,836,820	22,822,129
Profit attributable to the holders of ordinary shares		7,007,536	10,832,054	22,817,952
Total comprehensive income attributable to the holders of ordinary shares		6,976,707	10,836,820	22,822,129
Earnings per share (expressed in Euros per share):				
	27			
Basic earnings per share				
- Earnings from continuing operations		1.50	2.31	4.87
- Earnings from discontinued operations		-	-	-
Total		1.50	2.31	4.87
Diluted earnings per share				
- Earnings from continuing operations		1.50	2.31	4.87
- Earnings from discontinued operations		-	-	-
Total		1.50	2.31	4.87
EBITDA		8,781,392	13,251,565	27,422,994

Accompanying notes from 6 to 26 are integral part of the interim financial statements

Interim financial statements
30 June 2019

Statement of Changes in Equity

	(Amounts in EUR)			
	Share capital	Other components of the equity	Retained earnings	Total
At 1 January 2019	4,686,858	13,226,103	23,258,739	41,171,700
<u>Transaction with owners (Note 15.1.2.4):</u>				
Allocation of profit		(4,122,453)	4,122,453	-
Dividends declared	-	-	(22,820,312)	(22,820,312)
Total transactions with owners	-	(4,122,453)	(18,697,859)	(22,820,312)
Profit for the period	-	-	7,007,536	7,007,536
<u>Other comprehensive income (Note 15.2):</u>				
Translation differences	-	(30,829)	-	(30,829)
Total other comprehensive income	-	(30,829)	-	(30,829)
Total comprehensive income	-	(30,829)	7,007,536	6,976,707
At 30 June 2019	4,686,858	9,072,821	11,568,416	25,328,095
At 1 January 2018	4,686,858	6,139,690	10,944,429	21,770,977
<u>Transaction with owners (15.1.2.4):</u>				
Allocation of profit to reinvested earnings		7,184,580	(7,184,580)	-
Dividends declared	-	-	(3,421,406)	(3,421,406)
Total transactions with owners	-	7,184,580	(10,605,986)	(3,421,406)
Profit for the period	-	-	10,832,054	10,832,054
<u>Other comprehensive income (Note 15.2):</u>				
Translation differences	-	4,766	-	4,766
Total other comprehensive income	-	4,766	-	4,766
Total comprehensive income	-	4,766	10,832,054	10,836,820
At 30 June 2018	4,686,858	13,329,036	11,170,497	29,186,391
At 1 January 2018	4,686,858	6,139,690	10,944,429	21,770,977
<u>Transactions with owners (15.1.2.4):</u>				
Allocation of profit to reinvested earnings	-	7,184,580	(7,184,580)	-
Dividends declared	-	-	(3,421,406)	(3,421,406)
Total transactions with owners	-	7,184,580	(10,605,986)	(3,421,406)
Profit for the year	-	-	22,817,952	22,817,952
<u>Other comprehensive income (Note 15.2):</u>				
Transfer of revaluation reserves on disposed tangible assets	-	(102,344)	102,344	-
Translation differences	-	4,177	-	4,177
Total other comprehensive income	-	(98,167)	102,344	4,177
Total comprehensive income	-	(98,167)	22,920,296	22,822,129
At 31 December 2018	4,686,858	13,226,103	23,258,739	41,171,700

Accompanying notes from 6 to 26 are integral part of the interim financial statements

Interim financial statements
30 June 2019

Statement of Cash Flows

		(Amounts in EUR)		
		Six - month period ended 30 June		Year ended
		2019	2018	December 31
				2018
Operating activities	Note			
Net profit before income tax		7,808,722	12,023,280	25,045,216
<u>Adjusted for:</u>				
Depreciation and amortization	9,10	959,826	1,170,539	2,288,498
Net carrying amount of equipment written off		566	-	78,975
Impairment and write offs on trade and other receivables	21	19	18	485
Value adjustment of inventories	21	-	-	382,385
Net carrying amount of equipment sold	21	-	18,630	317,824
Losses on property, plant and equipment sold	21	-	-	207,185
Wastage, failure and fracture of inventory	21	-	-	86,709
Stock count shortages of inventory	21	-	-	17,232
Gain on property, plant and equipment sold	23	(2,520)	(3,185)	(7,758)
Gains from previously impaired receivables	12, 23	(300)	(490)	(1,045)
Payables written off	23	(83)	(43)	(3,844)
Liabilities for dividends written off		-	-	(695)
Finance result, net	24	(4,749)	24,516	33,560
Operating profit before working capital changes		8,761,481	13,233,265	28,444,727
<u>Changes in working capital:</u>				
Inventories		(1,588,082)	520,261	62,121
Trade and other receivables		(2,944,629)	(2,097,255)	(1,243,914)
Trade and other payables		612,686	178,113	(1,154,417)
Cash from operations		4,841,456	11,834,384	26,108,517
Interest paid		(23,989)	(25,430)	(50,795)
Income tax paid		(1,975,039)	(1,250,081)	(1,888,158)
Cash flows from operating activities, net		2,842,428	10,558,873	24,169,564
Investing activities				
Purchase of tangible assets , net of proceeds from sales	9	(591,839)	(980,327)	(3,275,525)
Purchase of intangible assets, net of proceeds from sales	10	(99,491)	(21,196)	(61,873)
Proceeds from sale of equipment	23	2,520	3,185	118,397
Financial receivables		2,507,223	-	(5,009,889)
Interest received	24	28,488	768	17,095
Cash flows from investing activities, net		1,846,901	(997,570)	(8,211,795)
Financing activities				
New borrowings	16	-	-	-
Repayment of borrowings	16	(78,267)	-	(41,587)
Dividends paid and related taxes	15.5	(22,781,440)	-	-
Cash flows from financing activities, net		(22,859,707)	-	(41,587)
Net change in cash and cash equivalents		(18,170,378)	9,561,303	15,916,182
Cash and cash equivalents at beginning	14	21,925,941	5,999,684	5,999,684
Effects of exchange rate changes on cash and cash equivalents		(17,665)	3,731	10,075
Cash and cash equivalents at end	14	3,737,898	15,564,718	21,925,941

Accompanying notes from 6 to 26 are integral part of the interim financial statements

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

Notes to the Interim Financial Statements

1 General

Mermeren Kombinat AD, Prilep (the “Company” or “Mermeren”) is a Shareholders’ Company incorporated and domiciled in the Republic of North Macedonia. The address of its registered head office is as follows: Krushevski Pat str. bb, Prilep, Republic of North Macedonia.

On 10 April 2009 Stone Works Holding Coöperatief U.A., a corporation incorporated in the Netherlands acquired 88.4% of the Company’s shares.

On 5 September 2017, Pavlidis S.A. Marble-Granite, Greece (“Pavlidis”) acquired 100% of the equity interests of Stoneworks.

The Company’s shares are listed on the Macedonian Stock Exchange and on the Athens Stock Exchange via the ELPIS (Greek Depository Receipts) status.

On 26 February 2018, Pavlidis proceeded to a public offer to ELPIS holders in order to acquire ELPIS. In the period 01 March 2018 to 28 March 2018, a total of 310,262 ELPIS. were bought, which represent 6.62% of the total shares of the Company.

On 28 June 2018, Stoneworks acquired an additional 34,449 shares and on 12 July 2018 additional 5,082 shares. Therefore, on 30 June 2019 Stoneworks is the holder of 89.25% of the issued share capital.

The Company’s main business activities include mining, processing and distribution of marble and decorative stones. The Company has signed a mining rights concession agreement that is valid until 2030, renewable then for another 30 years. The Company operates on local and foreign markets and at 30 June 2019 employs 361 persons (30 June 2018: 378 persons)

These interim financial statements have been reviewed, not audited.

2 Basis of preparation

These interim financial statements are as at and for the six months period ended 30 June 2019 and are presented in EUR which is “the presentation currency” of the Company’s ultimate parent. It has been prepared in accordance with IAS 34 “Interim financial reporting”. They do not include all the information required in the annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2018.

3 Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Company’s most recent annual financial statements for the year ended 31 December 2018.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

New Standards adopted as at 1 January 2019

The Company has adopted the new accounting pronouncements which have become effective this year, and are as follows:

IFRS 16 ‘Leases’

IFRS 16 ‘Leases’ replaces IAS 17 ‘Leases’ along with three Interpretations (IFRIC 4 ‘Determining whether an Arrangement contains a Lease’, SIC 15 ‘Operating Leases-Incentives’ and SIC 27 ‘Evaluating the Substance of Transactions Involving the Legal Form of a Lease’). The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognized in equity as an adjustment to the opening balance of retained earnings for the current period. The Company has only leases of low-value assets for which has applied the optional exemptions to not recognize right-of-use assets but to account for the lease expense on a straight-line basis over the remaining lease term.

Other pronouncements

Other Standards and amendments that are effective for the first time in 2019 (for entities with a 31 December 2019 year-end) and could be applicable to the Company are:

- IFRIC 23 Uncertainty over Income Tax Treatments
- IFRS 9 Prepayment Features with Negative Compensation (Amendments to IFRS 9)
- IAS 28 Long-term Interests in Associates and Joint Ventures (Amendments to IAS 28)
- Annual Improvements to IFRS 2015-2017 Cycle
- Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)

These amendments do not have a significant impact on these Interim Financial Statements and therefore the disclosures have not been made. However, whilst they do not affect these Interim Financial Statements they will impact some entities. Entities should assess the impact of these new Standards on their financial statements based on their own facts and circumstances and make appropriate disclosures.

4 Foreign currency translation

Functional and presentation currency

The Company maintains its accounting records and prepares its statutory accounts in local currency, i.e. in Macedonian Denars (“Denars” or “MKD”), which is the Company’s “functional currency”. These financial statements are presented in Euros (“Euros” or “EUR”), which is “the presentation currency” of the Company’s ultimate Parent.

The results and financial position of the Company are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and,
- Resulting exchange differences are recognized as financial income or expense, respectively, in each statement of comprehensive income for the period they relate to.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

Foreign currency translation (continued)

Transactions and balances

Transactions denominated in foreign currencies have been translated into Denars at the middle exchange rate at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into Denars at the National Bank of the Republic of North Macedonia middle exchange rate on the last day of the reporting period. All gains and losses resulting from foreign currency translation or exchange are included in the statement of comprehensive income as financial income or expense in the period in which they arose. The middle exchange rates used for conversion of the statement of financial position items denominated in foreign currencies are as follows:

	30 June 2019	30 June 2018	31 December 2018
1 USD	54.1037 Denars	52.7482 Denars	53.6887 Denars
1 EUR	61.5700 Denars	61.4939 Denars	61.4950 Denars
Average EUR	61.5117 Denars	61.5293 Denars	61.5111 Denars

5 Estimates

When preparing the interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 31 December 2018.

The estimated useful lives of fixed assets are as follows:

	30 June 2019	30 June 2018/31 December 2018
Buildings & Foundation	40 years	20 years
Machines	10 years	4-10 years
Other equipment	4-5 years	4-10 years
Transport & furniture	4-5 years	4-5 years
Intangibles	5-16 years	5-16 years

The total depreciation during the period ended on 30 June 2019 was Euro 959,826. If the useful lives of the fixed assets were kept at the values that they had on 31 December 2018, the total depreciation would have been at the amount of Euro 1,046,102.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

6 Significant events and transactions

The Company's management believes that the Company is well positioned to face any difficult economic circumstances, on the back of the following factors:

- The Company has a diversified group of old and new customer relationships, most of them on a repeated and/or long-term basis.
- Most of the trade is conducted on a cash basis.
- According to the Company's policy, all major customers' exposures are secured with different types of collaterals such as bank guarantees and cash deposits. Credit quality of trade receivables as at 30 June 2019 is considered to be good.
- The Company's major customers have not experienced financial difficulties, while they operate on a global market.

Overall, the Company is in a strong position, and has sufficient capital and liquidity to serve its operating activities and debt. The Company's objectives and policies for managing capital, credit risk and liquidity risk are described in its recent annual financial statements.

7 Segment reporting

Management identifies its operating segments into the following two operating segments:

- quarry;
- factory.

Each of these operating segments is managed separately as each segment requires different technologies and other resources, as well as marketing approaches. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

During the six month period to 30 June 2019, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit and loss.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

Segment reporting (continued)

The revenues and profit generated by each of the Company's operating segments and segment assets are summarised as follows:

	Quarry	Factory	Total
Six months to 30 June 2019			
Sales	11,553,236	1,037,574	12,590,810
Profit from operating activities	7,714,131	107,435	7,821,566
Financial result, net			(12,844)
Profit before tax			7,808,722
Income tax expense			(801,186)
Profit for the period			7,007,536
Other comprehensive income			(30,829)
Total comprehensive income for the period			6,976,707
Six months to 30 June 2018			
Sales	16,045,294	3,048,173	19,093,467
Profit from operating activities	10,947,293	1,133,733	12,081,026
Financial result, net			(57,746)
Profit before tax			12,023,280
Income tax expense			(1,191,226)
Profit for the period			10,832,054
Other comprehensive income			4,766
Total comprehensive income for the period			10,836,820
Year to 31 December 2018			
Sales	35,483,613	4,457,190	39,940,803
Profit from operating activities	23,604,480	1,530,016	25,134,496
Financial result, net			(89,280)
Profit before tax	8		25,045,216
Income tax expense			(2,227,264)
Profit for the year			22,817,952
Other comprehensive income			4,177
Total comprehensive income for the year			22,822,129

Segment assets and liabilities as at 30 June 2019 and 2018 and 31 December 2018 are as follows:

	Quarry	Factory	Total
30 June 2019			
Total assets	22,612,647	5,953,689	28,566,336
Liabilities	3,071,955	166,286	3,238,241
Capital expenditures	490,105	201,225	691,330
30 June 2018			
Total assets	26,880,580	6,716,899	33,597,479
Liabilities	3,920,492	490,596	4,411,088
Capital expenditures	670,559	330,964	1,001,523
31 December 2018			
Total assets	37,973,074	6,990,070	44,963,144
Liabilities	3,513,261	278,183	3,791,444
Capital expenditures	2,564,845	772,553	3,337,398

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

Segment reporting (continued)

Sales per geographical regions are as follows:

	Six months period ended		Year ended
	2019	2018	2018
North Macedonia	188,862	187,585	477,603
China	9,304,672	11,118,257	26,291,892
Greece	2,377,035	5,688,265	9,859,502
Italy	135,524	1,505,302	2,111,197
Balkan region	123,318	116,701	243,106
Other markets	461,399	477,357	957,503
	12,590,810	19,093,467	39,940,803

As at 30 June 2019 Euros 7,078,916 or 56,22 % (30 June 2018 : Euro 9,308,344 or 48,8 % and 31 December 2018: Euro 14,337,949 or 35.9%) of the Company's revenues depended on a four single customers, one from Greece and three from China, which individually represents more than 10% of revenues (30 June 2018: four single customers, two from Greece and two from China, and 31 December 2018 : three single customers, one from China and two from Greece).

8 Seasonal fluctuations

The production of marble and related products is subject to seasonal fluctuations.

Historically, the lowest level of production and sales of the Company occurs during the winter months from December through February each year.

Revenues from sales of marble related products realized in the six months ended 30 June 2019 represented 32% (first six months of 2018: 73%) of the annual level of these revenues for the year ended 31 December 2018.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

9 Property, plant and equipment

	Land & buildings	Machinery & equipment	Construct.in progress	Total
At 1 January 2019				
Cost or valuation	5,773,641	20,417,701	204,490	26,395,832
Accumulated depreciation	(2,938,802)	(13,944,832)	-	(16,883,634)
Net carrying amount	2,834,839	6,472,869	204,490	9,512,198
Changes during the period				
Opening net carrying amount	2,834,839	6,472,869	204,490	9,512,198
Translation differences	(3,467)	(7,544)	(429)	(11,440)
Additions, net of transfers from C.I.P.	88,420	314,336	189,083	591,839
Disposals-net	-	(566)	-	(566)
Depreciation charge for the period	(74,217)	(671,760)	-	(745,977)
Closing carrying amount	2,845,575	6,107,335	393,144	9,346,054
At 30 June 2019				
Cost or valuation	5,854,943	20,888,658	393,144	27,136,745
Accumulated depreciation	(3,009,368)	(14,781,323)	-	(17,790,691)
Net carrying amount	2,845,575	6,107,335	393,144	9,346,054
At 1 January 2018				
Cost or valuation	5,466,986	21,362,469	9,852	26,839,307
Accumulated depreciation	(2,701,948)	(15,547,586)	-	(18,249,534)
Net carrying amount	2,765,038	5,814,883	9,852	8,589,773
Changes during the period				
Opening net carrying amount	2,765,038	5,814,883	9,852	8,589,773
Translation differences	(110)	(413)	62	(461)
Additions, net of transfers from C.I.P.	186,664	688,423	105,240	980,327
Disposals-net	-	(18,630)	-	(18,630)
Depreciation charge for the period	(127,342)	(861,614)	-	(988,956)
Closing carrying amount	2,824,250	5,622,649	115,154	8,562,053
At 30 June 2018				
Cost or valuation	5,653,473	21,804,446	115,154	27,573,073
Accumulated depreciation	(2,829,223)	(16,181,797)	-	(19,011,020)
Net carrying amount	2,824,250	5,622,649	115,154	8,562,053
At 1 January 2018				
Cost or valuation	5,466,986	21,362,469	9,852	26,839,307
Accumulated depreciation	(2,701,948)	(15,547,586)	-	(18,249,534)
Net carrying amount	2,765,038	5,814,883	9,852	8,589,773
Changes during the year				
Opening net carrying amount	2,765,038	5,814,883	9,852	8,589,773
Translation differences	(175)	(235)	51	(359)
Additions, net of transfers from C.I.P.	342,863	2,736,591	196,071	3,275,525
Disposals-net	(8,828)	(350,336)	(1,484)	(360,648)
Transfers to inventory	-	(36,150)	-	(36,150)
Depreciation charge for the year	(264,059)	(1,691,884)	-	(1,955,943)
Closing carrying amount	2,834,839	6,472,869	204,490	9,512,198
At 31 December 2018				
Cost or valuation	5,773,641	20,417,701	204,490	26,395,832
Accumulated depreciation	(2,938,802)	(13,944,832)	-	(16,883,634)
Net carrying amount	2,834,839	6,472,869	204,490	9,512,198

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

Property, plant and equipment (continued)

Construction in progress

As at 30 June 2019, the balance of construction in progress, amounting to Euro 393,144 consists of the cost of major repairs of equipment.

Property, plant and equipment pledged

As at 30 June 2019, the Company has pledged part of its property, plant and equipment to secure borrowings (see Note 16). As at the statement of financial position date, their appraised value is Euro 3,342,752 and their present value is Euro 2,215,079 (see Note 29).

Equipment ordered

On 17 June 2019, the Company signed a contract with Teknoxgroup Makedonija DOOEL ("Teknoxgroup") a representative of Caterpillar, for the procurement of quarry equipment for a total value of Euro 5,080,080 over the years 2019-2020.

10 Intangible assets

	Software	Trademarks	Exploration and evaluation assets	Intangibles in progress	Total
At 1 January 2019					
Cost or valuation	176,740	207,507	2,873,815	90,390	3,348,452
Accumulated amortization	(162,327)	(150,848)	(1,512,814)	-	(1,825,989)
Net carrying amount	14,413	56,659	1,361,001	90,390	1,522,463
Changes during the period					
Opening net carrying amount	14,413	56,659	1,361,001	90,390	1,522,463
Translation differences	(90)	(66)	(1,556)	(34)	(1,746)
Additions, net of transfers from intangibles in progress	87,127	2,806	89,482	(79,924)	99,491
Amortization charge for the period	(10,621)	(6,185)	(197,043)	-	(213,849)
Closing carrying amount	90,829	53,214	1,251,884	10,432	1,406,359
At 30 June 2019					
Cost or valuation	263,569	210,058	2,959,711	10,432	3,443,770
Accumulated amortization	(172,740)	(156,844)	(1,707,827)	-	(2,037,411)
Net carrying amount	90,829	53,214	1,251,884	10,432	1,406,359
At 1 January 2018					
Cost or valuation	175,300	180,133	2,874,016	57,344	3,286,793
Accumulated amortization	(151,330)	(124,570)	(1,217,551)	-	(1,493,451)
Net carrying amount	23,970	55,563	1,656,465	57,344	1,793,342
Changes during the period					
Opening net carrying amount	23,970	55,563	1,656,465	57,344	1,793,342
Translation differences	(5)	(2)	(181)	-	(188)
Additions, net of transfers from intangibles in progress	358	14,784	-	6,054	21,196
Amortisation charge for the period	(6,621)	(14,413)	(160,549)	-	(181,583)
Closing carrying amount	17,702	55,932	1,495,735	63,398	1,632,767
At 30 June 2018					
Cost or valuation	175,649	194,916	2,873,866	63,398	3,307,829
Accumulated amortization	(157,947)	(138,984)	(1,378,131)	-	(1,675,062)
Net carrying amount	17,702	55,932	1,495,735	63,398	1,632,767
At 1 January 2018					
Cost or valuation	175,300	180,133	2,874,016	57,344	3,286,793
Accumulated amortization	(151,330)	(124,570)	(1,217,551)	-	(1,493,451)
Net carrying amount	23,970	55,563	1,656,465	57,344	1,793,342

Accompanying notes from 6 to 26 are integral part of the interim financial statements

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

Intangible assets (continued)

Changes during the period					
Opening net carrying amount	23,970	55,563	1,656,465	57,344	1,793,342
Translation differences	(4)	(3)	(194)	4	(197)
Additions, net of transfers from intangibles in progress	1,452	27,379	-	33,042	61,873
Amortization charge for the year	(11,005)	(26,280)	(295,270)	-	(332,555)
Closing carrying amount	14,413	56,659	1,361,001	90,390	1,522,463
At 31 December 2018					
Cost or valuation	176,740	207,507	2,873,815	90,390	3,348,452
Accumulated amortization	(162,327)	(150,848)	(1,512,814)	-	(1,825,989)
Net carrying amount	14,413	56,659	1,361,001	90,390	1,522,463

Exploration and evaluation assets

As of 30 June 2019 the balance of exploration and evaluation assets amounting to Euro 1,251,884 (30 June 2018: Euro 1,495,735 and 31 December 2018: Euro 1,361,001) includes capitalized expenses related to quarry stripping activities with remaining amortization period for 11 years, geophysics research and quarry 10-year plan.

Intangibles in process of acquisition

As at 30 June 2019 the balance of intangibles in process of acquisition amounting to Euro 10,432 (30 June 2018: Euro 63,398 and 31 December 2018: Euro 90,390) relates to mainly to the new corporate web site.

Allocation of depreciation and amortization charge

Out of the total depreciation and amortization for the period ended 30 June 2019 amounting Euro 959,826 (30 June 2018: Euro 1,170,539 and 31 December 2018: Euro 2,288,498), Euro 915,299 (30 June 2018: Euro 1,116,473 and 31 December 2018: Euro 2,185,816) has been charged in cost of sales and the remaining in the amount of Euro 44,527 (30 June 2018: Euro 54,066 and 31 December 2018: Euro 102,682) into administrative and selling expenses (see Note 21).

11 Inventories

	30 June 2019	30 June 2018	31 December 2018
Work in progress	4,328,193	2,916,823	2,776,848
Finished products	894,313	793,872	961,182
Spare parts	881,957	834,220	859,197
Raw materials	216,498	185,984	158,501
Trade goods	76,165	73,474	73,519
Other	45,597	42,304	25,394
	6,442,723	4,846,677	4,854,641

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

12 Trade and other receivables

	30 June 2019	30 June 2018	31 December 2018
Current trade receivables			
Local debtors	25,047	33,050	165,715
Foreign debtors	2,066,886	880,325	1,675,895
Related party's receivables (see Note 28)	64,147	309,632	15,387
	2,156,080	1,223,007	1,856,997
Less: provision for impairment	(63,851)	(65,133)	(64,173)
	2,092,229	1,157,874	1,792,824
Prepayments and other receivables			
Advances to suppliers	2,014,946	879,195	151,360
Prepaid VAT	561,436	444,322	137,970
Deferred expenses	377,641	487,885	36,978
Other current receivables	36,692	21,988	18,880
	2,990,715	1,833,390	345,188
	5,082,944	2,991,264	2,138,012

Included in the advances to suppliers is the amount of Euro 1,524,024 paid to Teknoxgroup in the frame of procurement of quarry equipment. (Note 9).

At 30 June 2019 the credit quality of Company's trade receivables can be analyzed as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	633,194	1,459,035	63,851	2,156,080
Less: Impairment provision	-	-	(63,851)	(63,851)
	633,194	1,459,035	-	2,092,229

At 30 June 2018 the credit quality of Company's trade receivables can be analyzed as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	356,132	801,742	65,133	1,223,007
Less: Impairment provision	-	-	(65,133)	(65,133)
	356,132	801,742	-	1,157,874

At 31 December 2018 the credit quality of Company's trade receivables can be analysed as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	853,045	939,779	64,173	1,856,997
Less: Impairment provision	-	-	(64,173)	(64,173)
	853,045	939,779	-	1,792,824

At 30 June 2019 the age structure of past due not impaired trade receivables is as follows:

	Domestic trade receivables	Foreign trade receivables	Total
Overdue up to 1 year	6,665	1,452,370	1,459,035
Overdue more than 1 year	-	-	-
	6,665	1,452,370	1,459,035

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

Trade and other receivables (continued)

At 30 June 2018 the age structure of past due not impaired trade receivables is as follows:

	Domestic trade receivables	Foreign trade receivables	Total
Overdue up to 1 year	5,619	796,089	801,708
Overdue more than 1 year	-	34	34
	5,619	796,123	801,742

At 31 December 2018 the age structure of past due not impaired trade receivables is as follows:

	Domestic trade receivables	Foreign trade receivables	Total
Overdue up to 1 year	127,513	812,266	939,779
Overdue more than 1 year	-	-	-
	127,513	812,266	939,779

Following table provides for the movement of impairment provision account:

	30 June 2019	30 June 2018	31 December 2018
At 1 January	64,173	65,624	65,624
Collected fully provided bad debts (Note 23)	(300)	(490)	(1,045)
Written off of previously impaired receivables	-	-	(746)
Impairment provision	-	-	341
Translation differences	(22)	(1)	(1)
At 30 June / 31 December	63,851	65,133	64,173

13 Financial receivables

	30 June 2019	30 June 2018	31 December 2018
Short-term deposits in local banks	2,502,666	-	5,009,889
	2,502,666	-	5,009,889

14 Cash and cash equivalents

	30 June 2019	30 June 2018	31 December 2018
Bank accounts	3,735,729	15,563,136	21,924,404
Cash on hand	2,169	1,582	1,537
	3,737,898	15,564,718	21,925,941

15 Equity

15.1 Share capital

	Number of shares	Ordinary shares (Euros)	Amount (in Euros) Share premium (Euros)	Total (Euros)
<i>Authorized, issued and fully paid ordinary shares 1 Euro at par</i>				
At 30 June 2019	4,686,858	4,686,858	-	4,686,858
At 30 June 2018	4,686,858	4,686,858	-	4,686,858
At 31 December 2018	4,686,858	4,686,858	-	4,686,858

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

Equity (continued)

The structure of share capital at 30 June 2019, 30 June 2018 and 31 December 2018 is as follows (amounts in Euros):

At 30 June 2019/31 December 2018	Number	Amount	%
Stone Works Holding Coöperatief U.A Netherlands	4,182,888	4,182,888	89.25
Piraeus Bank SA.	468,700	468,700	10.00
Other – minority	35,270	35,270	0.75
	4,686,858	4,686,858	100.00

At 30 June 2018	Number	Amount	%
Stone Works Holding Coöperatief U.A Netherlands	4,177,806	4,177,806	89.14
Piraeus Bank SA.	468,700	468,700	10.00
Other – minority	40,352	40,352	0.86
	4,686,858	4,686,858	100.00

All shares issued are fully paid. Holders of ordinary shares are entitled to vote right in the Assembly of the Company, entitled to payment of part of profit, and right to payment of rest of the liquidation or bankruptcy estate of the Company.

15.2 Other components of equity

	Translation reserve	Statutory reserves	Revaluation reserve	Total
At 1 January 2019	30,888	11,941,525	1,253,690	13,226,103
Allocation of profit to reinvested earnings	-	(4,122,453)	-	(4,122,453)
Translation differences	(30,829)	-	-	(30,829)
At 30 June 2019	59	7,819,072	1,253,690	9,072,821
At 1 January 2018	26,711	4,756,945	1,356,034	6,139,690
Allocation of profit to reinvested earnings	-	7,184,580	-	7,184,580
Translation differences	4,766	-	-	4,766
At 30 June 2018	31,477	11,941,525	1,356,034	13,329,036
At 1 January 2018	26,711	4,756,945	1,356,034	6,139,690
Allocation of profit to reinvested earnings	-	7,184,580	-	7,184,580
Transfer of revaluation reserves on disposed property, plant and equipment	-	-	(102,344)	(102,344)
Translation differences	4,177	-	-	4,177
At 31 December 2018	30,888	11,941,525	1,253,690	13,226,103

15.3 Revaluation reserve

Revaluation reserve, which at 30 June 2019 amounts to Euro 1,253,690 (30 June 2018: Euro 1,356,034 and 31 December 2018: Euro 1,253,690) was initially created during 2002, based upon the independent valuation of groups of the Company's property, plant and equipment. Subsequent changes (transfers into retained earnings) relate to net carrying amounts of those assets sold or destroyed.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

Equity (continued)

15.4 Statutory reserves

Reserves, which at 30 June 2019 amount to Euro 7,819,072 (30 June 2018: Euro 11,941,525 and 31 December 2018: Euro 11,941,525) are created during the years by allocation of parts of the net income after tax. According to the applicable local legal regulations, the Company is required to set aside each year, minimum 5% from its annual net income after tax, until the level of such reserves reach 10% of the registered capital.

At 24 April 2017 and according to the Shareholders' Extraordinary Assembly decision no. 02-2223/3, the premiums on issued shares of the Company, in the amount of 4,135,552 Euros were transferred in the special reserves for increasing the basic capital of the Company.

At 05 June 2018 and according to the Shareholders' Annual Assembly decision no. 02-3016/13, part of the profit for the year 2017, in the amount of 7,184,580 Euros was allocated to reinvested earnings for financing the investment program of the Company.

At 16 April 2019 and according to the Shareholders' Annual Assembly decision no. 02-1960/13, part of reinvested earnings in the amount of 4,122,453 Euros that was not utilised in 2018 were transferred in retained earnings.

With an assembly decision, these reserves can be distributed for dividends to the shareholders and/or for purchase of own shares.

15.5 Dividends

On 16 April 2019 and according to the Shareholders' Annual Assembly decision no. 02-1960/13, the profit for the year 2018 in the amount 22,817,952 Euros were allocated for dividends distribution.

During the period ended 30 June 2019 the Company paid dividends to its shareholders in the total amount of 22,548,800 Euros and in addition 250,487 Euros relating to taxes on dividends paid.

16 Interest-bearing borrowings

	30 June 2019	30 June 2018	31 December 2018
<u>Long – term interest bearing borrowings from local banks</u>			
Komercijalna Banka ad, Skopje (original amount: Eur.1.338.000; interest rate 6m.Euribor+3,8%)	1,219,941	1,338,000	1,298,647
Long – term borrowings	1,219,941	1,338,000	1,298,647
Less: current maturity of long term borrowings	(157,412)	(118,059)	(157,412)
Non-current portion of long - term borrowings	1,062,529	1,219,941	1,141,235
<u>Short – term interest bearing borrowings from local banks</u>			
Komercijalna Banka ad, Skopje, other short term	439	35	-
Short – term borrowings	439	35	-
Add: current maturity of long term borrowings	157,412	118,059	157,412
Total short-term borrowings and current maturity	157,851	118,094	157,412
Total debt	1,220,380	1,338,035	1,298,647

Loans from local banks are secured by mortgage over part of the Company's properties (Note 29).

Total loan repaid during the six-month period ended 30 June 2019 amounts to Euro 78,267 (30 June 2018: Euro 0 and 31 December 2018: Euro 41,587).

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

Interest-bearing borrowings (continued)

The borrowings repayment schedule is as follows:

	30 June 2019	30 June 2018	31 December 2018
Due within 12 months	157,412	118,059	157,412
Due within 1 – 2 years	157,412	157,412	157,412
Due within 2 – 5 years	472,235	472,235	472,235
Due in over 5 years	432,882	590,294	511,588
	1,219,941	1,338,000	1,298,647

17 Trade and other payables

	30 June 2019	30 June 2018	31 December 2018
Trade creditors			
Local suppliers	749,133	683,743	743,432
Foreign suppliers	222,929	158,330	98,646
	972,062	842,073	842,078
Other current liabilities			
Customers' prepayments	360,355	719,535	59,780
Liabilities to employees and management	297,418	305,675	346,814
Accrued expenses	271,034	364,757	-
Dividends payables (net of local taxes)	20,012	2,790	2,164
Interest payable	1,778	2,023	2,028
Other	1,778	1,961	-
	952,375	1,396,741	410,786
	1,924,437	2,238,814	1,252,864

18 Tax payables

	30 June 2019	30 June 2018	31 December 2018
Concession fees and other levies	86,013	104,712	112,845
Personal income tax liabilities	4,660	1,327	927
Withholding tax	2,751	-	-
	93,424	106,039	113,772

19 Sales

	Six - month period ended 30 June 2019	30 June 2018	Year ended 31 December 2018
Local market	188,862	187,585	477,603
Foreign markets:			
-China ¹	9,304,672	11,118,257	26,291,892
- Greece	2,377,035	5,688,265	9,859,502
- Italy	135,524	1,505,302	2,111,197
- Balkan region	123,318	116,701	243,106
- Other markets	461,399	477,357	957,503
Sub- total – sales on foreign markets	12,401,948	18,905,882	39,463,200
Total sales	12,590,810	19,093,467	39,940,803

¹ Includes China and Hong Kong

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

20 Cost of sales

	Six - month period ended 30 June		Year ended 31
	2019	2018	December 2018
Stock of finished products and W.I.P. at the beginning of the period	3,738,030	4,283,669	4,283,669
Plus: Total production cost for the period ended 30 June	4,969,194	5,331,632	11,453,361
Plus: Income from value adjustment of previously written-off inventory	13,849	31,542	43,399
Plus: Cost of various material sold	13,103	33,857	80,188
Use of own products	(35,662)	(66,842)	(97,168)
Wastage, failure and fracture of products (excluding VAT effect)	-	-	(46,595)
Shortages (excluding VAT effect)	-	-	(14,603)
Less: Value adjustment of inventories	-	-	(382,385)
Less: Income from released value adjustment of inventories sold	(13,849)	(31,542)	(43,399)
Less: Stock of finished products and W.I.P. at the end of period	(5,222,506)	(3,710,695)	(3,738,030)
	3,462,159	5,871,621	11,538,437

21 Administrative and selling expenses

	Six - month period ended 30 June 2019		Six - month period ended 30 June 2018		Year ended 31 December 2018	
	Administrative	Selling	Administrative	Selling	Administrative	Selling
Staff costs	348,720	67,814	382,744	44,663	825,589	91,347
Marketing and promotion	74,242	5,180	59,798	54,365	147,546	105,392
Professional advisory services	46,505	-	53,464	-	98,314	-
Depreciation and amortization (Note 10)	25,658	18,869	34,672	19,394	62,789	39,893
Services	25,154	566,976	28,251	376,136	67,794	900,686
Materials, supplies and utilities	16,710	8,314	21,941	1,665	36,774	3,602
Expenses for operating lease	10,506	-	11,644	-	22,619	-
Taxes and other levies	7,817	903	7,179	203	17,823	4,699
Present value of equipment sold and written off	566	-	18,630	-	-	277,710
Impairment and write off of receivables	-	19	-	18	-	485
Value adjustment of inventories	-	-	-	-	-	382,385
Wastage, failure and fracture of inventories	-	-	-	-	-	86,709
Stock count shortages of inventory	-	-	-	-	-	17,232
Other expenses and provisions	91,824	15,745	73,632	16,974	198,560	43,690
	647,702	683,820	691,955	513,418	1,477,808	1,953,830

22 Staff costs

	Six - month period ended 30 June		Year ended 31
	2019	2018	December 2018
Net salaries	1,276,602	1,395,047	2,656,048
Personal tax and mandatory contributions	636,193	648,173	1,256,316
Less: amount corresponding to future periods	(189,459)	(222,463)	-
Business trips	1,557	5,471	8,863
Other allowances	264,193	251,911	707,127
	1,989,086	2,078,139	4,628,354

Notes to the Interim Financial Statements (continued)
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(All amounts presented in Euros, unless otherwise stated)

Out of the total staff costs for the six-month period ended 30 June 2019 amounting Euro 1,989,086 Euro 1,572,552 has been charged in the cost of sales and the remaining amount of Euro 416,534 to administrative and selling expenses (see Note 21).

23 Other operating income

	Six - month period ended 30 June		Year ended 31
	2019	2018	December 2018
Income from re-invoicing of transport cost and other services	2,599	89,154	151,173
- minus: Cost associated with the above services	(2,468)	(87,635)	(148,834)
Income from health insurance	14,631	-	-
Raw materials sold	2,740	19,848	74,022
Gains on property, plant and equipment sold	2,520	3,185	35,459
Income from collected fully provided bad debts	300	490	1,045
Income from rents	98	366	366
Payables write offs and stock count surplus	83	43	3,843
Returned VAT from representative office in Athens	-	10,853	10,853
Reimbursement of participation in trade fair	-	24,885	24,892
Liabilities for dividends written off	-	-	695
Other income	3,934	3,364	10,254
	24,437	64,553	163,768

24 Finance income and costs

	Six - month period ended 30 June		Year ended 31
	2019	2018	December 2018
Finance income			
Interest income	28,488	768	17,095
Foreign exchange gains	145,437	61,568	104,793
	173,925	62,336	121,888
Finance costs			
Interest (expense)	(23,739)	(25,284)	(50,655)
Bank (charges)	(19,603)	(22,223)	(40,534)
Foreign exchange (losses)	(143,427)	(72,575)	(119,979)
	(186,769)	(120,082)	(211,168)
Net finance costs	(12,844)	(57,746)	(89,280)

25 Income tax

The charge for the year can be reconciled to the profit per Statement of comprehensive income at 30 June 2019 and 2018 and 31 December 2018 as follows:

	Six - month period ended 30 June		Year ended 31
	2019	2018	December 2018
Profit before income tax	7,808,722	12,023,280	25,045,216
Non – deductible expenses	310,361	265,473	854,937
Tax deductions	(512)	(3,483)	(3,077,640)
Temporary differences of the tax base	(106,708)	(123,128)	-
Translation differences	-	-	22
Income tax base	8,011,863	12,162,142	22,822,535
Current tax charge at rate of 10%	801,186	1,216,214	2,282,254
Income tax reduction	-	(24,988)	(54,990)
Income tax (expense)	801,186	1,191,226	2,227,264
Effective tax rate	10,26	9,91%	8.89%

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

26 Expenses by nature

	Six - month period ended 30 June		Year ended 31
	2019	2018	December 2018
Staff costs	1,989,086	2,078,139	4,628,354
Services	1,210,866	902,979	2,145,602
Energy and water	973,564	990,912	2,087,572
Depreciation and amortization	959,826	1,170,539	2,288,498
Consumed materials, spare parts and small inventory	833,956	1,006,348	1,752,437
Other expenses and provisions	107,569	90,606	242,250
Marketing and promotion	79,422	114,163	252,938
Professional advisory services	46,505	53,464	98,314
Taxes and other contributions	43,162	43,819	94,431
Expenses for operating leasing	10,506	13,237	24,858
Transport costs	9,353	7,413	15,507
Representation	7,324	10,541	21,202
Insurance	6,433	3,212	7,952
Present value of assets sold and written off	566	18,630	277,710
Write off of receivables	19	18	485
Impairment of materials	-	-	-
Value adjustment of inventories	-	-	382,385
Shortages	-	-	17,232
Wastage, failure and fracture	-	-	86,709
	6,278,157	6,504,020	14,424,436
Changes of stock of work in progress and finished products	(1,484,476)	572,974	545,639
	4,793,681	7,076,994	14,970,075

27 Earnings per share

Basic and diluted earnings per share

Both basic and diluted earnings per share have been calculated using the profit attributable to equity holders of the Company as the numerator, i.e. no adjustments to profits were necessary during the six months period to 30 June 2019 and 2018 and the year ended 31 December 2018.

The weighted average number of shares for the purposes of the calculation of the diluted earnings per share can be reconciled to the weighted average number of shares used in the calculation of basic earnings per share.

The calculation of both basic and diluted earnings per share is presented in the following table:

	Six - month period ended 30 June		Year ended 31
	2019	2018	December 2018
Profit attributable to equity holders of the Company	7,007,536	10,832,054	22,817,952
Weighted average number of ordinary shares	4,686,858	4,686,858	4,686,858
Basic and diluted earnings per share (Euro per share)	1.50	2.31	4.87

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

28 Related parties

The table below provides for the volume and balances from the related party transactions as at and for the periods ended 30 June 2019, 30 June 2018 and 31 December 2018:

30 June 2019	Cash	Receivables	Payables	Revenues	Expenses
Stone Works Holding Coöperatief U.A Netherlands	-	-	-	-	-
Pavlidis S.A. Marble-Granite Drama Greece	-	64,147	-	2,386,057	17,238
Key management remuneration	-	-	-	-	106,877
	-	64,147	-	2,386,057	124,115

30 June 2018	Cash	Receivables	Payables	Revenues	Expenses
Stone Works Holding Coöperatief U.A Netherlands	-	-	-	-	-
Pavlidis S.A. Marble-Granite Drama Greece	-	309,632	-	2,800,043	29,984
Key management remuneration	-	-	-	-	157,383
	-	309,632	-	2,800,043	187,367

31 December 2018	Cash	Receivables	Payables	Revenues	Expenses
Stone Works Holding Coöperatief U.A Netherlands	-	-	-	-	-
Pavlidis S.A. Marble-Granite Drama Greece	-	15,387	-	4,576,425	80,054
Key management remuneration	-	-	-	-	340,819
	-	15,387	-	4,576,425	420,873

29 Contingent liabilities

Mortgages

Mortgages provided with appraised value are as follows:

	Six - month period ended 30 June 2019	2018	Year ended 31 December 2018
Business premises	2,378,952	2,670,452	2,378,952
Machinery & equipment	963,800	6,282,190	963,800
	3,342,752	8,952,642	3,342,752

Mortgages provided with present value are as follows:

	Six - month period ended 30 June 2019	2018	Year ended 31 December 2018
Business premises	1,284,814	1,409,370	1,327,369
Machinery & equipment	930,265	3,467,510	988,100
	2,215,079	4,876,880	2,315,469

Guarantees

Guarantees provided are as follows:

	Six - month period ended 30 June 2019	2018	Year ended 31 December 2018
Issued by Komercijalna Banka AD Skopje	-	896,515	62,398
	-	896,515	62,398

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

Contingent liabilities (continued)

The beneficiaries of the guarantees are Company's suppliers and Ministry of Economy of the Republic of North Macedonia. The guarantees serve as security that the Company will pay its liabilities on time towards the beneficiaries.

Litigations

At 30 June 2019, the estimated Euro equivalent of the legal proceedings raised against the Company amounts Euro 47,406 (30 June 2018: Euro 42,053; 31 December 2018: Euro 41,365). No significant liabilities have been anticipated from these proceedings, as professional advice indicates that it is unlikely that any significant loss will arise.

Tax inspections

Up to 30 June 2019 the Company was subject of following tax inspections by tax authorities:

- for VAT until 30 June 2009;
- for Personal Income tax until 31 December 2008;
- for Corporate Income tax until 31 December 2012;
- for tax on concessions until 31 December 2011;
- for withholding tax until 31 March 2012.

For the unaudited tax periods of the Company's accounting records there is a possibility for additional taxes and penalties. The Company is conducting regular assessment for potential liabilities which are expected to arise from tax inspections of past years. The management is considering that such amounts which might occur will not have any material effect on the financial results and cash flows.

30 Commitments

Operating lease liabilities

The operating lease liabilities relates to lease of vehicles. Repayment schedule of operating lease liabilities is as follows:

	Six - month period ended 30 June		Year ended 31
	2019	2018	December
			2018
Operating lease liabilities			
Present value of payment:			
Due within 1 year	20,913	1,061	20,913
Due between 1 – 5 years	42,649	-	53,106
	63,562	1,061	74,019

As at 30 June 2019, the Company recognized expenses for operating lease in the amount of Euro 10,506 (30 June 2018: Euro 13,237 and 31 December 2018: Euro 24,858) (Note 26).

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2019
(All amounts presented in Euros, unless otherwise stated)

31 Concession agreements

During 2000 and 2001, the Company and the Ministry of Economy of the Republic of North Macedonia have signed several concession agreements for the purpose of research and exploitation of local marble resources. Under the initial provisions, the Company is awarded with concession on the above-mentioned activities for a period of 30 years.

Following are the basic provisions as set out in the concession agreements under which, the Company is liable on:

- Annual fee for use of territory on which the concession has been granted in the amount of 5,742 Euros; and
- Concession fee on sold quantities of commercial marble according to the Methodology established by the Ministry of Economy of RNM for:
 - blocks at 5% of the value of the material determined at 294 Euros /m3
 - tombolones at 5% of the value of material determined at 147 Euros /m3 and
 - material different than blocks and tombolones, that is crushed or milled 0,325 Euros/t

32 Events after the reporting date

Subsequent to 30 June 2019 until the approval of these interim financial statements, there are no adjusting events reflected in these interim financial statements. The following event is materially significant for disclosure in these interim financial statements:

The company has given bank guarantees in the amount of Euro 3,321,577 to Teknoxgroup in the frame of procurement of quarry equipment (Note 9). The bank guarantees were issued by Stopanska Banka AD Skopje with collaterals term deposit in the amount of Euro 3,534,434.



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