



# Interim Financial Statements and Independent Auditors' Review Report

Mermeren Kombinat AD, Prilep

30 June 2021

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# Independent Auditors' Review Report

To the Management and Shareholders of  
Mermeren Kombinat AD, Prilep

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## Report on financial statements

### 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 2021 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 2021, and its financial performance and its cash flows for the six – month period that ended in accordance with International Accounting Standard 34.

Marjan Andonov  
Director  
Grant Thornton DOO, Skopje

Maja Atanasovska  
Certified auditor

Skopje, 23 September 2021

Interim financial statements  
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## Statement of Financial Position

			(Amounts in EUR)	
	Notes	30 June 2021	30 June 2020	31 December 2020
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	9	15,065,807	15,638,533	15,451,906
Intangible assets	10	1,282,369	1,477,201	1,390,392
		<b>16,348,176</b>	<b>17,115,734</b>	<b>16,842,298</b>
<b>Current assets</b>				
Inventories	11	5,574,609	7,744,647	5,367,162
Trade and other receivables	12	8,754,998	5,879,021	5,658,001
Income tax receivables		1,084,409	1,050,697	1,453,283
Financial receivables	13	4,026,919	2,629,517	4,008,719
Cash and cash equivalents	14	11,215,371	10,384,743	7,475,610
		<b>30,656,306</b>	<b>27,688,625</b>	<b>23,962,775</b>
<b>Total assets</b>		<b>47,004,482</b>	<b>44,804,359</b>	<b>40,805,073</b>
<b>Equity</b>	15			
<b>Capital and reserves attributable to equity holders</b>				
Share capital		4,686,858	4,686,858	4,686,858
Other components of equity		14,429,823	12,939,871	12,936,139
Retained earnings		26,189,875	24,509,355	21,001,836
<b>Total equity</b>		<b>45,306,556</b>	<b>42,136,084</b>	<b>38,624,833</b>
<b>Liabilities</b>				
<b>Non – current liabilities</b>				
Interest – bearing borrowings	16	266,016	905,118	826,412
		<b>266,016</b>	<b>905,118</b>	<b>826,412</b>
<b>Current liabilities</b>				
Interest – bearing borrowings	16	56,003	157,412	157,412
Trade and other payables	17	1,269,124	1,527,127	1,127,682
Tax payables	18	106,783	78,618	68,734
		<b>1,431,910</b>	<b>1,763,157</b>	<b>1,353,828</b>
<b>Total liabilities</b>		<b>1,697,926</b>	<b>2,668,275</b>	<b>2,180,240</b>
<b>Total liabilities and shareholders' equity</b>		<b>47,004,482</b>	<b>44,804,359</b>	<b>40,805,073</b>

These interim financial statements have been approved by the Board of Directors on 23 September 2021.

Signed on its behalf by,

Christoforos Pavlidis

Chairman

Vasileios Anagnostou

Chief Executive Officer

Nikos Michalopoulos

Chief Financial Officer

Accompanying notes from page 6 to 27 are integral part of the interim financial statements

Interim financial statements  
30 June 2021

## Statement of Comprehensive Income

		(Amounts in EUR)		
	Note	Six - month period ended 30 June	Year ended	
		2021	2020	December 31 2020
Sales	19	13,492,049	7,638,329	22,133,336
Cost of sales	20	(3,939,364)	(2,305,214)	(8,803,820)
<b>Gross profit</b>		<b>9,552,685</b>	<b>5,333,115</b>	<b>13,329,516</b>
Administrative and selling expenses	21	(2,140,931)	(1,550,899)	(4,549,270)
Other operating income	23	16,710	36,445	57,054
<b>Operating profit</b>		<b>7,428,464</b>	<b>3,818,661</b>	<b>8,837,300</b>
Finance income	24	138,833	98,758	120,145
Finance costs	24	(165,959)	(89,650)	(163,533)
Finance (costs), net		(27,126)	9,108	(43,388)
<b>Profit before income tax</b>		<b>7,401,338</b>	<b>3,827,769</b>	<b>8,793,912</b>
Income tax (expense)	25	(712,541)	(39,581)	(502,329)
<b>Profit for the period</b>		<b>6,688,797</b>	<b>3,788,188</b>	<b>8,291,583</b>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified subsequently to profit and loss</b>				
Translation differences	15.2	(7,074)	(135,701)	(132,786)
<b>Other comprehensive income for the period, net of tax</b>		<b>(7,074)</b>	<b>(135,701)</b>	<b>(132,786)</b>
<b>Total comprehensive income</b>		<b>6,681,723</b>	<b>3,652,487</b>	<b>8,158,797</b>
Profit attributable to the holders of ordinary shares		6,688,797	3,788,188	8,291,583
<b>Total comprehensive income attributable to the holders of ordinary shares</b>		<b>6,681,723</b>	<b>3,652,487</b>	<b>8,158,797</b>
<b>Earnings per share (expressed in Euros per share):</b>				
Basic earnings per share	27			
- Earnings from continuing operations		1,43	0,81	1.77
- Earnings from discontinued operations		-	-	-
<b>Total</b>		<b>1,43</b>	<b>0,81</b>	<b>1.77</b>
Diluted earnings per share				
- Earnings from continuing operations		1,43	0,81	1.77
- Earnings from discontinued operations		-	-	-
<b>Total</b>		<b>1,43</b>	<b>0,81</b>	<b>1.77</b>
<b>EBITDA</b>		<b>8,556,454</b>	<b>4,941,909</b>	<b>11,099,837</b>

Accompanying notes from page 6 to 27 are integral part of the interim financial statements

Interim financial statements  
30 June 2021

## Statement of Changes in Equity

	(Amounts in EUR)			
	Share capital	Other components of the equity	Retained earnings	Total
<b>At 1 January 2021</b>	<b>4,686,858</b>	<b>12,936,139</b>	<b>21,001,836</b>	<b>38,624,833</b>
<u>Transactions with owners:</u>				
Allocation of profit to reinvested earnings	-	1,500,758	(1,500,758)	-
Dividends declared	-	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>1,500,758</b>	<b>(1,500,758)</b>	<b>-</b>
Profit for the period	-	-	6,688,797	6,688,797
<u>Other comprehensive income (Note 15.2):</u>				
Translation differences	-	(7,074)	-	(7,074)
<b>Total other comprehensive income</b>	<b>-</b>	<b>(7,074)</b>	<b>-</b>	<b>(7,074)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>(7,074)</b>	<b>6,688,797</b>	<b>6,681,723</b>
<b>At 30 June 2021</b>	<b>4,686,858</b>	<b>14,429,823</b>	<b>26,189,875</b>	<b>45,306,556</b>
<b>At 1 January 2020</b>	<b>4,686,858</b>	<b>9,085,499</b>	<b>24,711,240</b>	<b>38,483,597</b>
<u>Transactions with owners:</u>				
Allocation of profit to reinvested earnings	-	3,990,073	(3,990,073)	-
Dividends declared	-	-	-	-
<b>Total transactions with owners</b>	<b>-</b>	<b>3,990,073</b>	<b>(3,990,073)</b>	<b>-</b>
Profit for the period	-	-	3,788,188	3,788,188
<u>Other comprehensive income (Note 15.2):</u>				
Translation differences	-	(135,701)	-	(135,701)
<b>Total other comprehensive income</b>	<b>-</b>	<b>(135,701)</b>	<b>-</b>	<b>(135,701)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>(135,701)</b>	<b>3,788,188</b>	<b>3,652,487</b>
<b>At 30 June 2020</b>	<b>4,686,858</b>	<b>12,939,871</b>	<b>24,509,355</b>	<b>42,136,084</b>
<b>At 1 January 2020</b>	<b>4,686,858</b>	<b>9,085,499</b>	<b>24,711,240</b>	<b>38,483,597</b>
<u>Transactions with owners:</u>				
Allocation of profit to reinvested earnings	-	3,988,702	(3,988,702)	-
Dividends declared	-	-	(8,014,527)	(8,014,527)
<b>Total transactions with owners</b>	<b>-</b>	<b>3,988,702</b>	<b>(12,003,229)</b>	<b>(8,014,527)</b>
Profit for the year	-	-	8,291,583	8,291,583
<u>Other comprehensive income (Note 15.2):</u>				
Transfer of revaluation reserves on disposed tangible assets	-	(5,276)	2,242	(3,034)
Translation differences	-	(132,786)	-	(132,786)
<b>Total other comprehensive income</b>	<b>-</b>	<b>(138,062)</b>	<b>2,242</b>	<b>(135,820)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>(138,062)</b>	<b>8,293,825</b>	<b>8,155,763</b>
<b>At 31 December 2020</b>	<b>4,686,858</b>	<b>12,936,139</b>	<b>21,001,836</b>	<b>38,624,833</b>

Accompanying notes from page 6 to 27 are integral part of the interim financial statements

		(Amounts in EUR)		
		Six - month period ended 30 June	Year ended December 31	
	Note	2021	2020	2020
<b>Operating activities</b>				
Net profit before income tax		7,401,338	3,827,769	8,793,912
<u>Adjusted for:</u>				
Depreciation and amortization	9, 10	1,127,990	1,123,248	2,262,537
Value adjustment of inventories	21	113,056	-	82,046
Wastage, failure and fracture of inventory	21	58,029	-	410,636
Impairment and write offs on trade and other receivables	21	3	3	1,223
Net carrying amount of equipment sold	21	-	14,518	14,513
Net carrying amount of equipment written off		-	-	54,838
Payables written off and stock count surplus	23	(3)	(3)	(12,690)
Gain on property, plant and equipment sold	23	-	(5,478)	(5,476)
Liabilities for dividends written off		-	-	(2,006)
Gains from previously impaired receivables	12, 23	-	(461)	(460)
Finance result, net	24	(5,168)	8,479	12,016
Operating profit before working capital changes		8,695,245	4,968,075	11,611,089
<u>Changes in working capital:</u>				
Inventories		(378,532)	(2,334,131)	(444,981)
Trade and other receivables		(3,097,000)	2,686,081	2,905,883
Trade and other payables		180,558	(48,122)	(449,602)
<b>Cash from operations</b>		<b>5,400,271</b>	<b>5,271,903</b>	<b>13,622,389</b>
Interest paid		(14,421)	(21,082)	(40,650)
Income tax paid		(343,667)	(1,243,162)	(2,108,496)
<b>Cash flows from operating activities, net</b>		<b>5,042,183</b>	<b>4,007,659</b>	<b>11,473,243</b>
<b>Investing activities</b>				
Purchase of tangible assets, net of proceeds from sales	9	(626,097)	(3,540,232)	(4,438,416)
Purchase of intangible assets, net of proceeds from sales	10	(7,567)	(13,900)	(35,205)
Proceeds from sale of equipment	23	-	5,478	5,476
Financial receivables	13	(18,200)	906,905	(472,297)
Interest received	24	18,522	12,371	28,389
<b>Cash flows from investing activities, net</b>		<b>(633,342)</b>	<b>(2,629,378)</b>	<b>(4,912,053)</b>
<b>Financing activities</b>				
New borrowings	16	-	-	-
Repayment of borrowings	16	(661,805)	(78,705)	(157,411)
Dividends paid and related taxes	15.4	-	-	(8,015,067)
<b>Cash flows from financing activities, net</b>		<b>(661,805)</b>	<b>(78,705)</b>	<b>(8,172,478)</b>
<b>Net change in cash and cash equivalents</b>		<b>3,747,036</b>	<b>1,299,576</b>	<b>(1,611,288)</b>
Cash and cash equivalents at beginning	14	7,475,610	9,169,255	9,169,255
Effects of exchange rate changes on cash and cash equivalents		(7,275)	(84,088)	(82,357)
<b>Cash and cash equivalents at end</b>	<b>14</b>	<b>11,215,371</b>	<b>10,384,743</b>	<b>7,475,610</b>

**Accompanying notes from page 6 to 27 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 2021  
(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 Lece Koteski 60A, 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 2021 and 30 June 2020, as well as 31 December 2020, 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 2021 employs 291 persons (30 June 2020: 360 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 2021 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 2020.

### 2.1 Going – concern assumptions

The operations of the Company proceed according to the plan and the effects of the Covid-19 epidemic are gradually being overcome. There is optimism regarding the period until the end of the year.



**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2021**  
**(All amounts presented in Euros, unless otherwise stated)**

### **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 2020.

#### **New Standards adopted as at 1 January 2021**

Standards and amendments that are effective for the first time in 2021 are:

- Interest Rate Benchmark Reform Phase 2 (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16);
- COVID-19 Rent Related Concessions (Amendments to IFRS 16);

These amendments do not have a significant impact on these Interim Financial Statements and therefore, the disclosures have not been made.

### **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.

#### **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:

	<b>30 June 2021</b>	<b>30 June 2020</b>	<b>31 December 2020</b>
1 USD	51.8969 Denars	54.6748 Denars	50,2353 Denars
1 EUR	61.6950 Denars	61.6950 Denars	61,6940 Denars
Average EUR	61.6355 Denars	61.6530 Denars	61,6742 Denars

**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2021**  
**(All amounts presented in Euros, unless otherwise stated)**

## 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 2020.

The estimated useful lives of fixed assets are as follows:

Buildings & Foundation	40 years
Machines	10 years
Other equipment	4-5 years
Transport & furniture	4-5 years
Intangibles	5-16 years

## 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 2021 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.

**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2021**  
**(All amounts presented in Euros, unless otherwise stated)**

**Segment reporting (continued)**

During the six month period to 30 June 2021, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit and loss.

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

	Quarry	Factory	Total
<b>Six months to 30 June 2021</b>			
Sales	13,198,559	293,490	13,492,049
Profit / loss from operating activities	7,430,501	(2,037)	7,428,464
Financial result, net			(27,126)
<b>Profit before tax</b>			<b>7,401,338</b>
Income tax expense			(712,541)
<b>Profit for the period</b>			<b>6,688,797</b>
Other comprehensive income			(7,074)
<b>Total comprehensive income for the period</b>			<b>6,681,723</b>
<b>Six months to 30 June 2020</b>			
Sales	7,330,293	308,036	7,638,329
Profit / loss from operating activities	3,920,547	(101,886)	3,818,661
Financial result, net			9,108
<b>Profit before tax</b>			<b>3,827,769</b>
Income tax expense			(39,581)
<b>Profit for the period</b>			<b>3,788,188</b>
Other comprehensive income			(135,701)
<b>Total comprehensive income for the period</b>			<b>3,652,487</b>
<b>Year to 31 December 2020</b>			
Sales	21,548,076	585,260	22,133,336
Profit from operating activities	8,812,653	24,647	8,837,300
Financial result, net			(43,388)
<b>Profit before tax</b>			<b>8,793,912</b>
Income tax expense			(502,329)
<b>Profit for the year</b>			<b>8,291,583</b>
Other comprehensive income			(132,786)
<b>Total comprehensive income for the year</b>			<b>8,158,797</b>

Segment assets and liabilities as at 30 June 2021 and 2020 and 31 December 2020 are as follows:

	Quarry	Factory	Total
<b>30 June 2021</b>			
Total assets	39,698,884	7,305,598	47,004,482
Liabilities	1,667,996	29,930	1,697,926
Capital expenditures	192,434	441,230	633,664
<b>30 June 2020</b>			
Total assets	37,745,251	7,059,108	44,804,359
Liabilities	2,603,518	64,757	2,668,275
Capital expenditures	2,751,142	802,990	3,554,132
<b>31 December 2020</b>			
Total assets	33,688,476	7,116,597	40,805,073
Liabilities	2,148,603	31,637	2,180,240
Capital expenditures	3,254,464	1,219,157	4,473,621

**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2021**  
**(All amounts presented in Euros, unless otherwise stated)**

**Segment reporting (continued)**

Sales per geographical regions are as follows:

	Six month period ended		Year ended
	2021	2020	2020
North Macedonia	86,491	59,045	141,980
China	11,896,711	5,647,880	18,483,547
Greece	1,195,662	1,310,971	2,640,854
Balkan region	151,308	11,937	299,509
Other markets	161,877	608,496	567,446
	<b>13,492,049</b>	<b>7,638,329</b>	<b>22,133,336</b>

As at 30 June 2021 Euros 3,638,827 or 26,97 % (30 June 2020 : Euro 3,874,008 or 50,72 % and 31 December 2020: Euro 5,821,361 or 26.30%) of the Company's revenues depended on one single customer from China, which individually represents more than 10% of revenues (30 June 2020: four single customers, one from Greece and three from China, and 31 December 2020: two single customers, one from Greece and one from China).

## **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 2021 represented 61% (first six months of 2020: 21%) of the annual level of these revenues for the year ended 31 December 2020.

Notes to the Interim Financial Statements (continued)  
As at and for the six - month period ended 30 June 2021  
(All amounts presented in Euros, unless otherwise stated)

## 9 Property, plant and equipment

	Land & buildings	Machinery & equipment	Construct.in progress	Total
<b>At 1 January 2021</b>				
Cost or valuation	6,389,561	27,549,009	1,549,349	35,487,919
Accumulated depreciation	(3,255,804)	(16,780,209)	-	(20,036,013)
<b>Net carrying amount</b>	<b>3,133,757</b>	<b>10,768,800</b>	<b>1,549,349</b>	<b>15,451,906</b>
<b>Changes during the period</b>				
Opening net carrying amount	3,133,757	10,768,800	1,549,349	15,451,906
Translation differences	(384)	(430)	936	122
Additions, net of transfers from C.I.P.	419,349	1,201,913	(995,165)	626,097
Disposals-net	-	-	-	-
Depreciation charge for the period	(73,147)	(939,171)	-	(1,012,318)
<b>Closing carrying amount</b>	<b>3,479,575</b>	<b>11,031,112</b>	<b>555,120</b>	<b>15,065,807</b>
<b>At 30 June 2021</b>				
Cost or valuation	6,659,392	28,399,179	555,120	35,613,691
Accumulated depreciation	(3,179,817)	(17,368,067)	-	(20,547,884)
<b>Net carrying amount</b>	<b>3,479,575</b>	<b>11,031,112</b>	<b>555,120</b>	<b>15,065,807</b>
<b>At 1 January 2020</b>				
Cost or valuation	6,037,535	24,324,981	793,495	31,156,011
Accumulated depreciation	(3,071,342)	(14,910,050)	-	(17,981,392)
<b>Net carrying amount</b>	<b>2,966,193</b>	<b>9,414,931</b>	<b>793,495</b>	<b>13,174,619</b>
<b>Changes during the period</b>				
Opening net carrying amount	2,966,193	9,414,931	793,495	13,174,619
Translation differences	(10,095)	(32,932)	(3,398)	(46,425)
Additions, net of transfers from C.I.P.	116,877	2,387,385	1,035,970	3,540,232
Disposals-net	-	(14,518)	-	(14,518)
Depreciation charge for the period	(77,343)	(938,032)	-	(1,015,375)
<b>Closing carrying amount</b>	<b>2,995,632</b>	<b>10,816,834</b>	<b>1,826,067</b>	<b>15,638,533</b>
<b>At 30 June 2020</b>				
Cost or valuation	6,133,841	26,576,655	1,826,067	34,536,563
Accumulated depreciation	(3,138,209)	(15,759,821)	-	(18,898,030)
<b>Net carrying amount</b>	<b>2,995,632</b>	<b>10,816,834</b>	<b>1,826,067</b>	<b>15,638,533</b>
<b>At 1 January 2020</b>				
Cost or valuation	6,037,535	24,324,981	793,495	31,156,011
Accumulated depreciation	(3,071,342)	(14,910,050)	-	(17,981,392)
<b>Net carrying amount</b>	<b>2,966,193</b>	<b>9,414,931</b>	<b>793,495</b>	<b>13,174,619</b>
<b>Changes during the year</b>				
Opening net carrying amount	2,966,193	9,414,931	793,495	13,174,619
Translation differences	(10,077)	(32,248)	(2,924)	(45,249)
Additions, net of transfers from C.I.P.	372,492	3,307,146	758,778	4,438,416
Disposals-net	(38,020)	(31,330)	-	(69,350)
Transfers to inventory	-	-	-	-
Depreciation charge for the year	(156,831)	(1,889,699)	-	(2,046,530)
<b>Closing carrying amount</b>	<b>3,133,757</b>	<b>10,768,800</b>	<b>1,549,349</b>	<b>15,451,906</b>
<b>At 31 December 2020</b>				
Cost or valuation	6,389,561	27,549,009	1,549,349	35,487,919
Accumulated depreciation	(3,255,804)	(16,780,209)	-	(20,036,013)
<b>Net carrying amount</b>	<b>3,133,757</b>	<b>10,768,800</b>	<b>1,549,349</b>	<b>15,451,906</b>

**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2021**  
**(All amounts presented in Euros, unless otherwise stated)**

**Property, plant and equipment (continued)**

**Construction in progress**

As at 30 June 2021, the balance of construction in progress in the amount of Euro 555,120 mainly consists of the cost of construction of new factory installations, including a hall for four gang saws, a hall for another two gang saws, for polishing machine and resin machine for the factory. In addition, there have been works for the installation of a fuel pump station for the quarry and some major repairs of equipment.

**Property, plant and equipment pledged**

As at 30 June 2021, 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 1,868,557 (see Note 29).

**10 Intangible assets**

	Software	Trademarks	Exploration and evaluation assets	Intangibles in progress	Total
<b>At 1 January 2021</b>					
Cost or valuation	272,378	226,591	3,095,433	23,528	3,617,930
Accumulated amortization	(206,587)	(175,780)	(1,845,171)	-	(2,227,538)
<b>Net carrying amount</b>	<b>65,791</b>	<b>50,811</b>	<b>1,250,262</b>	<b>23,528</b>	<b>1,390,392</b>
<b>Changes during the period</b>					
Opening net carrying amount	65,791	50,811	1,250,262	23,528	1,390,392
Translation differences	11	2	73	(4)	82
Additions, net of transfers from intangibles in progress	-	3,813	18	3,736	7,567
Amortization charge for the period	(11,409)	(7,086)	(97,177)	-	(115,672)
<b>Closing carrying amount</b>	<b>54,393</b>	<b>47,540</b>	<b>1,153,176</b>	<b>27,260</b>	<b>1,282,369</b>
<b>At 30 June 2021</b>					
Cost or valuation	262,039	230,396	3,095,400	27,260	3,615,095
Accumulated amortization	(207,646)	(182,856)	(1,942,224)	-	(2,332,726)
<b>Net carrying amount</b>	<b>54,393</b>	<b>47,540</b>	<b>1,153,176</b>	<b>27,260</b>	<b>1,282,369</b>
<b>At 1 January 2020</b>					
Cost or valuation	268,018	217,649	3,098,760	10,447	3,594,874
Accumulated amortization	(184,172)	(163,279)	(1,670,962)	-	(2,018,413)
<b>Net carrying amount</b>	<b>83,846</b>	<b>54,370</b>	<b>1,427,798</b>	<b>10,447</b>	<b>1,576,461</b>
<b>Changes during the period</b>					
Opening net carrying amount	83,846	54,370	1,427,798	10,447	1,576,461
Translation differences	(279)	(181)	(4,785)	(42)	(5,287)
Additions, net of transfers from intangibles in progress	3,924	-	-	9,976	13,900
Amortization charge for the period	(11,415)	(6,472)	(89,986)	-	(107,873)
<b>Closing carrying amount</b>	<b>76,076</b>	<b>47,717</b>	<b>1,333,027</b>	<b>20,381</b>	<b>1,477,201</b>
<b>At 30 June 2020</b>					
Cost or valuation	271,030	216,910	3,088,242	20,381	3,596,563
Accumulated amortization	(194,954)	(169,193)	(1,755,215)	-	(2,119,362)
<b>Net carrying amount</b>	<b>76,076</b>	<b>47,717</b>	<b>1,333,027</b>	<b>20,381</b>	<b>1,477,201</b>
<b>At 1 January 2020</b>					
Cost or valuation	268,018	217,649	3,098,760	10,447	3,594,874
Accumulated amortization	(184,172)	(163,279)	(1,670,962)	-	(2,018,413)
<b>Net carrying amount</b>	<b>83,846</b>	<b>54,370</b>	<b>1,427,798</b>	<b>10,447</b>	<b>1,576,461</b>

**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2021**  
**(All amounts presented in Euros, unless otherwise stated)**

**Intangible assets (continued)**

**Changes during the period**

Opening net carrying amount	83,846	54,370	1,427,798	10,447	1,576,461
Translation differences	(276)	(183)	(4,768)	(40)	(5,267)
Additions, net of transfers from intangibles in progress	5,261	9,680	7,143	13,121	35,205
Amortization charge for the year	(23,040)	(13,056)	(179,911)	-	(216,007)
<b>Closing carrying amount</b>	<b>65,791</b>	<b>50,811</b>	<b>1,250,262</b>	<b>23,528</b>	<b>1,390,392</b>

**At 31 December 2020**

Cost or valuation	272,378	226,591	3,095,433	23,528	3,617,930
Accumulated amortization	(206,587)	(175,780)	(1,845,171)	-	(2,227,538)
<b>Net carrying amount</b>	<b>65,791</b>	<b>50,811</b>	<b>1,250,262</b>	<b>23,528</b>	<b>1,390,392</b>

**Exploration and evaluation assets**

As of 30 June 2021, the balance of exploration and evaluation assets in amounting to Euro 1,153,176 (30 June 2020: Euro 1,333,027 and 31 December 2020: Euro 1,250,262) includes capitalized expenses related to quarry stripping activities with remaining amortization period for 9 years, geophysics and drilling research and quarry 10-year plan.

**Intangibles in process of acquisition**

As at 30 June 2021 the balance of intangibles in process of acquisition amounting to Euro 27,260 (30 June 2020: Euro 20,381 and 31 December 2020: Euro 23,528) relates mainly to projects for the quarry and factory, as well as new corporate web site.

**Allocation of depreciation and amortization charge**

Out of the total depreciation and amortization for the period ended 30 June 2021 amounting Euro 1,127,990 (30 June 2020: Euro 1,123,248 and 31 December 2020: Euro 2,262,537), Euro 1,069,894 (30 June 2020: Euro 1,074,751 and 31 December 2020: Euro 2,164,985) has been charged in cost of sales and the remaining in the amount of Euro 58,096 (30 June 2020: Euro 48,497 and 31 December 2020: Euro 97,552) into administrative and selling expenses (see Note 21).

**11 Inventories**

	30 June 2021	30 June 2020	31 December 2020
Work in progress	3,511,875	5,535,610	3,239,934
Finished products	919,243	803,944	836,608
Spare parts	829,616	1,049,223	952,435
Raw materials	209,086	239,325	238,133
Trade goods	75,623	75,623	75,625
Other	29,166	40,922	24,427
	<b>5,574,609</b>	<b>7,744,647</b>	<b>5,367,162</b>

As at 30 June 2021 the Company has assessed the net realizable value of spare parts and consumables and has decreased the corresponding value in total amount of Euro 113,056 (30 June 2020: Euro 0) (Note 26). The amount of Euro 113,056 has charged administrative and selling expenses (see Note 21)

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

## 12 Trade and other receivables

	30 June 2021	30 June 2020	31 December 2020
<b>Current trade receivables</b>			
Local debtors	30,874	33,169	27,923
Foreign debtors	7,518,667	4,907,719	5,330,410
Related party's receivables (see Note 28)	708,049	409,523	49,412
	<b>8,257,590</b>	<b>5,350,411</b>	<b>5,407,745</b>
Less: provision for impairment	(70,245)	(69,235)	(70,245)
	<b>8,187,345</b>	<b>5,281,176</b>	<b>5,337,500</b>
<b>Prepayments and other receivables</b>			
Deferred expenses	246,527	245,224	39,218
Prepaid VAT	243,455	203,944	223,943
Advances to suppliers	61,585	128,639	40,871
Other current receivables	16,086	20,038	16,469
	<b>567,653</b>	<b>597,845</b>	<b>320,501</b>
	<b>8,754,998</b>	<b>5,879,021</b>	<b>5,658,001</b>

At 30 June 2021 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	7,447,563	739,782	70,245	8,257,590
Less: Impairment provision	-	-	(70,245)	(70,245)
	<b>7,447,563</b>	<b>739,782</b>	<b>-</b>	<b>8,187,345</b>

At 30 June 2020 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	4,107,123	1,174,053	69,235	5,350,411
Less: Impairment provision	-	-	(69,235)	(69,235)
	<b>4,107,123</b>	<b>1,174,053</b>	<b>-</b>	<b>5,281,176</b>

At 31 December 2020 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	5,062,216	275,284	70,245	5,407,745
Less: Impairment provision	-	-	(70,245)	(70,245)
	<b>5,062,216</b>	<b>275,284</b>	<b>-</b>	<b>5,337,500</b>

At 30 June 2021 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	6,524	733,258	739,782
Overdue more than 1 year	-	-	-
	<b>6,524</b>	<b>733,258</b>	<b>739,782</b>

At 30 June 2020 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	5,882	1,167,471	1,173,353
Overdue more than 1 year	-	700	700
	<b>5,882</b>	<b>1,168,171</b>	<b>1,174,053</b>



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

Trade and other receivables (continued)

At 31 December 2020 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	3,472	271,812	275,284
Overdue more than 1 year	-	-	-
	<b>3,472</b>	<b>271,812</b>	<b>275,284</b>

Following table provides for the movement of impairment provision account:

	30 June 2021	30 June 2020	31 December 2020
<b>At 1 January</b>	<b>70,245</b>	<b>69,779</b>	<b>69,779</b>
Collected fully provided bad debts (Note 23)	-	(461)	(460)
Written off of previously impaired receivables	-	-	(92)
Impairment provision	-	-	1,104
Translation differences	-	(83)	(86)
<b>At 30 June / 31 December</b>	<b>70,245</b>	<b>69,235</b>	<b>70,245</b>

### 13 Financial receivables

	30 June 2021	30 June 2020	31 December 2020
Short-term deposits in local banks	4,026,919	2,629,517	4,008,719
	<b>4,026,919</b>	<b>2,629,517</b>	<b>4,008,719</b>

### 14 Cash and cash equivalents

	30 June 2021	30 June 2020	31 December 2020
Bank accounts	11,215,150	10,383,276	7,475,100
Cash on hand	221	1,467	510
	<b>11,215,371</b>	<b>10,384,743</b>	<b>7,475,610</b>

### 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>				
<b>At 30 June 2021</b>	<b>4,686,858</b>	<b>4,686,858</b>	-	<b>4,686,858</b>
<b>At 30 June 2020</b>	<b>4,686,858</b>	<b>4,686,858</b>	-	<b>4,686,858</b>
<b>At 31 December 2020</b>	<b>4,686,858</b>	<b>4,686,858</b>	-	<b>4,686,858</b>

The structure of share capital at 30 June 2021, 30 June 2020 and 31 December 2020 is as follows (amounts in Euros):

<b>At 30 June 2021/30 June 2020/ 31 December 2020</b>	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
	<b>4,686,858</b>	<b>4,686,858</b>	<b>100.00</b>

**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2021**  
**(All amounts presented in Euros, unless otherwise stated)**

**Equity (continued)**

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
<b>At 1 January 2021</b>	<b>(94,487)</b>	<b>11,807,345</b>	<b>1,223,281</b>	<b>12,936,139</b>
Allocation of profit to reinvested earnings	-	1,500,758	-	1,500,758
Translation differences	(7,074)	-	-	(7,074)
<b>At 30 June 2021</b>	<b>(101,561)</b>	<b>13,308,103</b>	<b>1,223,281</b>	<b>14,429,823</b>
<b>At 1 January 2020</b>	<b>38,299</b>	<b>7,818,643</b>	<b>1,228,557</b>	<b>9,085,499</b>
Allocation of profit to reinvested earnings	-	3,990,073	-	3,990,073
Translation differences	(135,701)	-	-	(135,701)
<b>At 30 June 2020</b>	<b>(97,402)</b>	<b>11,808,716</b>	<b>1,228,557</b>	<b>12,939,871</b>
<b>At 1 January 2020</b>	<b>38,299</b>	<b>7,818,643</b>	<b>1,228,557</b>	<b>9,085,499</b>
Allocation of profit to reinvested earnings	-	3,988,702	-	3,988,702
Transfer of revaluation reserves on disposed property, plant and equipment	-	-	(5,276)	(5,276)
Translation differences	(132,786)	-	-	(132,786)
<b>At 31 December 2020</b>	<b>(94,487)</b>	<b>11,807,345</b>	<b>1,223,281</b>	<b>12,936,139</b>

## 15.3 Revaluation reserve

Revaluation reserve, which at 30 June 2021 amounts to Euro 1,223,281 (30 June 2020: Euro 1,228,557 and 31 December 2020: Euro 1,223,281) 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 surpluses of those assets sold.

## 15.4 Statutory reserves

Reserves, which at 30 June 2021 amount to Euro 13,308,103 (30 June 2020: Euro 11,808,716 and 31 December 2020: Euro 11,807,345) are created during the years by allocation of parts of the net income after tax. According to the prevailing 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 29 June 2020 and according to the Shareholders' Annual Assembly decision no. 02-3430/15, part of profit for the year 2019, in the amount of 3,990,073 Euros was allocated to reinvested earnings for financing the investment program of the Company.

At 28 May 2021 and according to the Shareholders' Annual Assembly decision no. 02-2550/6, part of the profit for the year 2020, in the amount of 1,500,758 Euros was allocated to reinvested earnings for financing the investment program of the Company.

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

Notes to the Interim Financial Statements (continued)  
As at and for the six - month period ended 30 June 2021  
(All amounts presented in Euros, unless otherwise stated)

Equity (continued)

## 15.5 Dividends

During the period ended 30 June 2021 no allocation of profit to dividend took place.

## 16 Interest-bearing borrowings

	30 June 2021	30 June 2020	31 December 2020
<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%)	322,019	1,062,530	983,824
<b>Long – term borrowings</b>	<b>322,019</b>	<b>1,062,530</b>	<b>983,824</b>
Less: current maturity of long term borrowings	(56,003)	(157,412)	(157,412)
<b>Non-current portion of long - term borrowings</b>	<b>266,016</b>	<b>905,118</b>	<b>826,412</b>
<u>Short – term interest bearing borrowings from local banks</u>			
Add: current maturity of long term borrowings	56,003	157,412	157,412
<b>Total short-term borrowings and current maturity</b>	<b>56,003</b>	<b>157,412</b>	<b>157,412</b>
<b>Total debt</b>	<b>322,019</b>	<b>1,062,530</b>	<b>983,824</b>

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 2021 amounts to Euro 661,805 (30 June 2020: Euro 78,705 and 31 December 2020: Euro 157,411).

The borrowings repayment schedule is as follows:

	30 June 2021	30 June 2020	31 December 2020
Due within 12 months	56,003	157,412	157,412
Due within 1 – 2 years	56,003	157,412	157,412
Due within 2 – 5 years	168,010	472,235	472,235
Due in over 5 years	42,003	275,471	196,765
	<b>322,019</b>	<b>1,062,530</b>	<b>983,824</b>

## 17 Trade and other payables

	30 June 2021	30 June 2020	31 December 2020
<b>Trade creditors</b>			
Local suppliers	410,618	620,219	350,620
Foreign suppliers	190,658	356,328	369,076
	<b>601,276</b>	<b>976,547</b>	<b>719,696</b>
<b>Other current liabilities</b>			
Liabilities to employees and management	268,182	302,623	301,493
Accrued expenses	261,221	192,233	25,727
Customers' prepayments	131,777	46,494	72,739
Dividend's payables (net of local taxes)	4,814	5,906	4,814
Interest payable	469	1,549	1,536
Other	1,385	1,775	1,677
	<b>667,848</b>	<b>550,580</b>	<b>407,986</b>
	<b>1,269,124</b>	<b>1,527,127</b>	<b>1,127,682</b>

Notes to the Interim Financial Statements (continued)  
As at and for the six - month period ended 30 June 2021  
(All amounts presented in Euros, unless otherwise stated)

## 18 Tax payables

	30 June 2021	30 June 2020	31 December 2020
Concession fees and other levies	105,594	75,979	60,395
Personal income tax liabilities	1,172	2,639	1,770
Withholding tax	17	-	6,569
	<b>106,783</b>	<b>78,618</b>	<b>68,734</b>

## 19 Sales

	Six - month period ended 30 June 2021	30 June 2020	Year ended 31 December 2020
Local market	86,491	59,045	141,980
Foreign markets:			
-China <sup>1</sup>	11,896,711	5,647,880	18,483,547
- Greece	1,195,662	1,310,971	2,640,854
- Balkan region	151,308	11,937	299,509
- Other markets	161,877	608,496	567,446
Sub- total – sales on foreign markets	13,405,558	7,579,284	21,991,356
<b>Total sales</b>	<b>13,492,049</b>	<b>7,638,329</b>	<b>22,133,336</b>

## 20 Cost of sales

	Six - month period ended 30 June 2021	30 June 2020	Year ended 31 December 2020
Stock of finished products and W.I.P. at the beginning of the period	4,076,542	4,109,818	4,109,818
Plus: Total production cost for the period ended 30 June	4,513,230	4,595,871	9,350,653
Plus: Income from value adjustment of previously written-off inventory	-	-	12,924
Plus: Cost of various material sold	-	36	494
Use of own products	(48,205)	(60,957)	(115,462)
Wastage, failure and fracture of products (excluding VAT effect)	(58,029)	-	(383,095)
Less: Value adjustment of inventories	(113,056)	-	(82,046)
Less: Income from released value adjustment of inventories sold	-	-	(12,924)
Less: Stock of finished products and W.I.P. at the end of period	(4,431,118)	(6,339,554)	(4,076,542)
	<b>3,939,364</b>	<b>2,305,214</b>	<b>8,803,820</b>

<sup>1</sup> Includes China and Hong Kong

**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2021**  
**(All amounts presented in Euros, unless otherwise stated)**

## 21 Administrative and selling expenses

	Six - month period ended 30 June 2021		Six - month period ended 30 June 2020		Year ended 31 December 2020	
	Administrative	Selling	Administrative	Selling	Administrative	Selling
Employee benefits	372,404	-	62,127	-	231,769	-
Staff costs	357,473	91,706	324,613	67,937	724,453	176,661
Marketing and promotion	58,705	1,307	106,762	1,084	174,374	1,630
Services	48,663	15,954	30,831	41,856	60,655	120,302
Professional advisory services	44,327	-	72,085	-	109,714	-
Depreciation and amortization (Note 10)	37,566	20,530	24,134	24,363	55,315	42,237
Materials, supplies and utilities	28,732	30,277	14,841	12,335	35,045	43,368
Expenses for operating lease	10,682	-	10,584	-	21,256	-
Taxes and other levies	4,268	1,549	5,023	487	15,762	2,115
Transport of production	-	781,192	-	706,405	-	2,021,875
Value adjustment of inventories	-	113,056	-	-	-	82,046
Wastage, failure and fracture of inventories	-	58,029	-	-	-	410,636
Impairment and write off of receivables	-	3	-	3	-	1,223
Present value of equipment sold and written off	-	-	-	-	-	54,838
Other expenses and provisions	50,906	13,602	38,677	6,752	96,847	67,149
	<b>1,013,726</b>	<b>1,127,205</b>	<b>689,677</b>	<b>861,222</b>	<b>1,525,190</b>	<b>3,024,080</b>

## 22 Staff costs

	Six - month period ended 30 June		Year ended 31 December
	2021	2020	2020
Net salaries	1,161,439	1,133,687	2,375,921
Personal tax and mandatory contributions	549,302	571,640	1,169,354
Less: amount corresponding to future periods	(244,222)	(243,684)	-
Business trips	2,032	1,009	3,810
Other allowances	334,351	381,959	414,010
	<b>1,802,902</b>	<b>1,844,611</b>	<b>3,963,095</b>

Out of the total staff costs for the six-month period ended 30 June 2021 amounting Euro 1,802,902, Euro 1,353,723 has been charged in cost of sales and the remaining amount of Euro 449,179 to administrative and selling expenses (see Note 21).

## 23 Other operating income

	Six - month period ended 30 June		Year ended 31 December
	2021	2020	2020
Income from health insurance	13,907	13,903	13,898
Raw materials sold	715	11,678	15,487
Income from court verdicts	184	-	-
Income from rents	49	-	-
Payables write offs and stock count surplus	3	3	12,690
Gains on property, plant and equipment sold	-	5,478	5,476
Income from collected fully provided bad debts	-	461	460
Liabilities for dividends written off	-	-	2,006
Other income	1,852	4,922	7,037
	<b>,710</b>	<b>36,445</b>	<b>57,054</b>

Notes to the Interim Financial Statements (continued)  
As at and for the six - month period ended 30 June 2021  
(All amounts presented in Euros, unless otherwise stated)

## 24 Finance income and costs

	Six - month period ended 30 June		Year ended 31
	2021	2020	December 2020
<b>Finance income</b>			
Interest income	18,522	12,371	28,389
Foreign exchange gains	120,311	86,387	91,756
	<b>138,833</b>	<b>98,758</b>	<b>120,145</b>
<b>Finance costs</b>			
Interest (expense)	(13,354)	(20,850)	(40,405)
Bank (charges)	(35,110)	(18,086)	(63,171)
Foreign exchange (losses)	(117,495)	(50,714)	(59,957)
	<b>(165,959)</b>	<b>(89,650)</b>	<b>(163,533)</b>
<b>Net finance costs</b>	<b>(27,126)</b>	<b>9,108</b>	<b>(43,388)</b>

## 25 Income tax

The charge for the year can be reconciled to the profit per Statement of comprehensive income at 30 June 2021 and 2020 and 31 December 2020 as follows:

	Six - month period ended 30 June		Year ended 31
	2021	2020	December 2020
<b>Profit before income tax</b>	7,401,338	3,827,769	8,793,912
Non – deductible expenses	672,459	224,456	866,766
Tax deductions	(472,205)	(3,343,904)	(4,009,902)
Temporary differences of the tax base	-	(52,991)	-
<b>Income tax base</b>	<b>7,601,592</b>	<b>655,330</b>	<b>5,650,776</b>
<b>Current tax charge at rate of 10%</b>	<b>760,159</b>	<b>65,533</b>	<b>565,078</b>
Income tax reduction	(47,618)	(25,952)	(62,749)
<b>Income tax (expense)</b>	<b>712,541</b>	<b>39,581</b>	<b>502,329</b>
<b>Effective tax rate</b>	<b>9.63%</b>	<b>1.03%</b>	<b>5.71%</b>

## 26 Expenses by nature

	Six - month period ended 30 June		Year ended 31
	2021	2020	December 2020
Staff costs	1,802,902	1,844,611	3,963,095
Depreciation and amortization	1,127,990	1,123,248	2,262,537
Energy and water	879,879	850,612	1,711,399
Consumed materials, spare parts and small inventory	827,371	918,019	1,454,505
Transport of products	781,192	706,405	2,021,875
Employee benefits	372,404	62,127	231,769
Services	185,524	253,435	504,335
Other expenses and provisions	115,106	75,906	163,996
Value adjustment of inventories	113,056	-	82,046
Marketing and promotion	60,012	107,846	176,004
Wastage, failure and fracture	58,029	-	410,636
Professional advisory services	44,327	72,085	109,714
Taxes and other contributions	39,347	38,170	87,334
Expenses for operating leasing	10,682	10,584	21,256
Insurance	7,262	7,081	14,515
Representation	6,516	9,018	18,170
Transport costs	3,269	6,699	30,567
Write off of receivables	3	3	1,223
Present value of assets sold and written off	-	-	54,838
	<b>6,434,871</b>	<b>6,085,849</b>	<b>13,319,814</b>
Changes of stock of work in progress and finished products	(354,576)	(2,229,736)	33,276
	<b>6,080,295</b>	<b>3,856,113</b>	<b>13,353,090</b>

**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2021**  
**(All amounts presented in Euros, unless otherwise stated)**

## 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 2021 and 2020 and the year ended 31 December 2020.

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
	2021	2020	December 2020
Profit attributable to equity holders of the Company	6,688,797	3,788,188	8,291,583
Weighted average number of ordinary shares	4,686,858	4,686,858	4,686,858
<b>Basic and diluted earnings per share (Euro per share)</b>	<b>1.43</b>	<b>0.81</b>	<b>1.77</b>

## 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 2021, 30 June 2020 and 31 December 2020:

30 June 2021	Cash	Receivables	Payables	Revenues	Expenses
Stone Works Holding Coöperatief U.A Netherlands	-	-	-	-	-
Pavlidis S.A. Marble-Granite Drama Greece	-	708,049	-	1,175,051	192,672
Key management remuneration	-	-	-	-	200,889
	-	<b>708,049</b>	-	<b>1,175,051</b>	<b>393,561</b>
<hr/>					
30 June 2020	Cash	Receivables	Payables	Revenues	Expenses
Stone Works Holding Coöperatief U.A Netherlands	-	-	-	-	-
Pavlidis S.A. Marble-Granite Drama Greece	-	409,523	-	1,317,132	110,012
Key management remuneration	-	-	-	-	168,473
	-	<b>409,523</b>	-	<b>1,317,132</b>	<b>278,485</b>
<hr/>					
31 December 2020	Cash	Receivables	Payables	Revenues	Expenses
Stone Works Holding Coöperatief U.A Netherlands	-	-	-	-	-
Pavlidis S.A. Marble-Granite Drama Greece	-	49,412	-	2,648,057	407,756
Key management remuneration	-	-	-	-	589,776
	-	<b>49,412</b>	-	<b>2,648,057</b>	<b>997,532</b>

**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2021**  
**(All amounts presented in Euros, unless otherwise stated)**

## 29 Contingent liabilities

### *Mortgages*

Mortgages provided with appraised value are as follows:

	Six - month period ended 30 June		Year ended 31
	2021	2020	December
			2020
Business premises	2,378,952	2,378,952	2,378,952
Machinery & equipment	963,800	963,800	963,800
	<b>3,342,752</b>	<b>3,342,752</b>	<b>3,342,752</b>

Mortgages provided with present value are as follows:

	Six - month period ended 30 June		Year ended 31
	2021	2020	December
			2020
Business premises	1,160,581	1,201,159	1,160,908
Machinery & equipment	707,976	821,649	764,825
	<b>1,868,557</b>	<b>2,022,808</b>	<b>1,925,733</b>

### *Guarantees*

Guarantees provided are as follows:

	Six - month period ended 30 June		Year ended 31
	2021	2020	December
			2020
Issued by Komercijalna Banka AD Skopje	10,536	-	-
	<b>10,536</b>	-	-

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 2021, the estimated Euro equivalent of the legal proceedings raised against the Company amounts Euro 1,780 (30 June 2020: Euro 41,231; 31 December 2020: Euro 41,231). 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 2021 the Company was subject of following tax inspections by tax authorities:

- for VAT until 30 June 2009 and except control made for June 2019;
- for Personal Income tax for period from 1 January 2007 until 31 December 2008;
- for Corporate Income tax for period from 1 January 2007 until 31 December 2012;
- for tax on concessions for the period until 31 December 2011;
- for withholding tax until 31 March 2012.



**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2021**  
**(All amounts presented in Euros, unless otherwise stated)**

**Contingent liabilities (continued)**

For the unaudited tax periods of the Company's accounting records there is a possibility for additional taxes and penalties.

In addition, according to the changes in Profit Tax Law, in 2019 Profit Tax law was amended and the Company has obligation to prepare a report for transfer pricing for 2020 latest by 30 September 2021 (for 2019: latest by 30 September 2020) in accordance with the Rulebook for the form and content on the Report on transfer pricing (Official Gazette of RNM no. 59/2019). The report for transfer pricing for 2019 was prepared and submitted by 30 September 2020, and until the date of this report, the Company did not prepare a report on transfer pricing for 2020.

The Company is conducting regular assessment for potential tax effects which are expected to arise from tax inspections of past years and new transfer pricing requirements. 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
	2021	2020	December
			2020
<b>Operating lease liabilities</b>			
Present value of payment:			
Due within 1 year	20,913	20,913	20,913
Due between 1 – 5 years	823	21,736	11,280
	<b>21,736</b>	<b>42,649</b>	<b>32,193</b>

As at 30 June 2021, the Company recognized expenses for operating lease in the amount of Euro 10,682 (30 June 2020: Euro 10,584 and 31 December 2020: Euro 21,256) (Note 26).

### 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, renewable at expiration for another 30-year period.

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 4,611 Euros (30 June 2020 and 31 December 2020: 3,080 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 379 Euros /m3 (30 June 2020 and 31 December 2020: 294 Euros /m3)
  - tombolones at 5% of the value of material determined at 190 Euros /m3 (30 June 2020 and 31 December 2020: 147 Euros /m3) and
  - material different than blocks and tombolones, that is crushed or milled 0.325 Euros/t

**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2021**  
**(All amounts presented in Euros, unless otherwise stated)**

**Concession agreements (continued)**

At 12 February 2021 in Public Gazette of RNM was published decision that the Company is awarded to extend concession territory for additional 0,305625 km<sup>2</sup>. At 02 March 2021 the Government of RNM represented by Ministry of Economy and the Company has signed annex agreement for concession and determinate the territory for concession - 2,188135 km<sup>2</sup>.

### 32 Financial instruments by categories

The carrying amounts of the Company's financial assets and liabilities as recognized at the Statement of financial position date may also be categorized as follows.

<b>Assets</b>	<b>30 June 2021</b>	<b>30 June 2020</b>	<b>31 December 2020</b>
<b>Assets carried at amortized cost</b>			
Trade and other receivables	8,203,431	5,301,214	5,353,969
Financial receivables	4,026,919	2,629,517	4,008,719
Cash and cash equivalents	11,215,371	10,384,743	7,475,610
	<b>23,445,721</b>	<b>18,315,474</b>	<b>16,838,298</b>
<b>Liabilities</b>			
<b>Other financial liabilities at amortized cost</b>			
Borrowings	322,019	1,062,530	983,824
Trade and other payables	876,126	1,288,400	1,029,216
	<b>1,198,145</b>	<b>2,350,930</b>	<b>2,013,040</b>

### 33 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. No financial instrument is presented at fair value as of 30 June 2021.

#### 33.1 Financial instruments that are not presented at fair value

The following table summarizes the carrying amounts and fair values to those financial assets and liabilities that are not presented in the Statement of financial position at their fair value:

	<b>30 June 2021 (In Euro)</b>	<b>30 June 2020 (In Euro)</b>	<b>Carrying value 31 December 2020 (In Euro)</b>
<b>Assets</b>			
Trade and other receivables	8,203,431	5,301,214	5,353,969
Financial receivables	4,026,919	2,629,517	4,008,719
Cash and cash equivalents	11,215,371	10,384,743	7,475,610
<b>Total assets</b>	<b>23,445,721</b>	<b>18,315,474</b>	<b>16,838,298</b>
<b>Liabilities</b>			
Borrowings	322,019	1,062,530	983,824
Trade and other payables (without tax liabilities)	876,126	1,288,400	1,029,216
	<b>1,198,145</b>	<b>2,350,930</b>	<b>2,013,040</b>

#### Loans and receivables

Loans and receivables are carried at amortized cost, minus the provisions for impairment. Their fair value corresponds to their carrying value.

**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2021**  
**(All amounts presented in Euros, unless otherwise stated)**

**Fair value estimation (continued)**

***Other financial assets***

Fair value of monetary assets that include cash and cash equivalents is considered to approximate their carrying value due to their maturity of less than 3 months.

***Trade and loans payable***

Carrying value of trade and loans payable approximates their fair value.

**34 Events after the reporting date**

Subsequent to 30 June 2021 until the approval of these interim financial statements, there are no adjusting events reflected in these interim financial statements. The following is materially significant for disclosure in the interim financial statements:

On September 10, 2021 an extraordinary General Assembly of the stockholders of the Company, decided the following:

- Distribution of dividend out of retained earning accumulated until 31/12/2020 at the amount of €2.24 per share (gross). (1 Euro = 61.5 Denars)
- Election of Mr. Triantafyllos Triantafyllou as member of the Board of Directors.



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