



Interim Financial Statements and Independent Auditors' Review Report

Mermeren Kombinat AD, Prilep

30 June 2022

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Independent Auditors' Review Report

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To the Management and Shareholders of
Mermeren Kombinat AD, Prilep

Report on interim 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 2022 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 2022, 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, 28 September 2022

Interim financial statements
30 June 2022

Statement of Financial Position

			(Amounts in EUR)	
	Notes	30 June 2022	30 June 2021	31 December 2021
Assets				
Non-current assets				
Property, plant and equipment	9	13,856,308	15,065,807	14,594,091
Intangible assets	10	1,116,015	1,282,369	1,212,339
		14,972,323	16,348,176	15,806,430
Current assets				
Inventories	11	5,055,431	5,574,609	5,148,046
Trade and other receivables	12	10,398,625	8,754,998	8,357,382
Income tax receivables		-	1,084,409	215,280
Financial receivables	13	1,752,664	4,026,919	4,043,186
Cash and cash equivalents	14	2,596,593	11,215,371	10,461,890
		19,803,313	30,656,306	28,225,784
Total assets		34,775,636	47,004,482	44,032,214
Equity	15			
Capital and reserves attributable to equity holders				
Share capital		4,686,858	4,686,858	4,686,858
Other components of equity		16,346,810	14,429,823	14,500,035
Retained earnings		12,253,193	26,189,875	23,799,422
Total equity		33,286,861	45,306,556	42,986,315
Liabilities				
Non – current liabilities				
Interest – bearing borrowings	16	-	266,016	-
		-	266,016	-
Current liabilities				
Interest – bearing borrowings	16	-	56,003	-
Trade and other payables	17	1,243,921	1,269,124	932,503
Income tax payables		143,342	-	-
Tax payables	18	101,512	106,783	113,396
		1,488,775	1,431,910	1,045,899
Total liabilities		1,488,775	1,697,926	1,045,899
Total liabilities and shareholders' equity		34,775,636	47,004,482	44,032,214

These interim financial statements have been approved by the Board of Directors on 28 September 2022.

Signed on its behalf by,

Christoforos Pavlidis

Chairman

Vasileios Anagnostou

Chief Executive Officer

Nikos Michalopoulos

Chief Financial Officer

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

Interim financial statements
30 June 2022

Statement of Comprehensive Income

		(Amounts in EUR)		
	Note	Six - month period ended 30 June 2022	2021	Year ended December 31 2021
Sales	19	14,246,252	13,492,049	30,127,440
Cost of sales	20	(4,981,562)	(3,939,364)	(8,873,048)
Gross profit		9,264,690	9,552,685	21,254,392
Administrative and selling expenses	21	(2,234,398)	(2,140,931)	(4,826,177)
Other operating income	23	67,838	16,710	55,592
Operating profit		7,098,130	7,428,464	16,483,807
Finance income	24	88,800	138,833	264,682
Finance costs	24	(89,536)	(165,959)	(369,163)
Finance (costs), net		(736)	(27,126)	(104,481)
Profit before income tax		7,097,394	7,401,338	16,379,326
Income tax (expense)	25	(718,729)	(712,541)	(1,582,951)
Profit for the period		6,378,665	6,688,797	14,796,375
Other comprehensive income:				
Items that will not be reclassified subsequently to profit and loss		-	-	-
Translation differences	15.2	(49,065)	(7,074)	63,750
Other comprehensive income for the period, net of tax		(49,065)	(7,074)	63,750
Total comprehensive income		6,329,600	6,681,723	14,860,125
Profit attributable to the holders of ordinary shares		6,378,665	6,688,797	14,796,375
Total comprehensive income attributable to the holders of ordinary shares		6,329,600	6,681,723	14,860,125
Earnings per share (expressed in Euros per share):	27			
Basic earnings per share				
- Earnings from continuing operations		1,36	1,43	3,16
- Earnings from discontinued operations		-	-	-
Total		1,36	1,43	3,16
Diluted earnings per share				
- Earnings from continuing operations		1,36	1,43	3,16
- Earnings from discontinued operations		-	-	-
Total		1,36	1,43	3,16
EBITDA		8,182,476	8,556,454	18,708,458

Interim financial statements
30 June 2022

Statement of Changes in Equity

	(Amounts in EUR)			
	Share capital	Other components of the equity	Retained earnings	Total
At 1 January 2022	4,686,858	14,500,035	23,799,422	42,986,315
<u>Transactions with owners:</u>				
Allocation of profit to retained earnings	-	-	12,284,041	12,284,041
Transfer of profit from reinvested to retained earnings	-	(604,213)	604,213	-
Allocation of profit to investment reserves	-	2,500,053	(14,784,094)	(12,284,041)
Dividends declared	-	-	(16,029,054)	(16,029,054)
Total transactions with owners	-	1,895,840	(17,924,894)	(16,029,054)
Profit for the period	-	-	6,378,665	6,378,665
<u>Other comprehensive income (Note 15.2):</u>				
Translation differences	-	(49,065)	-	(49,065)
Total other comprehensive income	-	(49,065)	-	(49,065)
Total comprehensive income	-	(49,065)	6,378,665	6,329,600
At 30 June 2022	4,686,858	16,346,810	12,253,193	33,286,861
At 1 January 2021	4,686,858	12,936,139	21,001,836	38,624,833
<u>Transactions with owners:</u>				
Allocation of profit to investment reserves	-	1,500,758	(1,500,758)	-
Dividends declared	-	-	-	-
Total transactions with owners	-	1,500,758	(1,500,758)	-
Profit for the period	-	-	6,688,797	6,688,797
<u>Other comprehensive income (Note 15.2):</u>				
Translation differences	-	(7,074)	-	(7,074)
Total other comprehensive income	-	(7,074)	-	(7,074)
Total comprehensive income	-	(7,074)	6,688,797	6,681,723
At 30 June 2021	4,686,858	14,429,823	26,189,875	45,306,556
At 1 January 2021	4,686,858	12,936,139	21,001,836	38,624,833
<u>Transactions with owners:</u>				
Allocation of profit to investment reserves	-	1,500,953	(1,500,953)	-
Dividends declared and paid	-	-	(10,498,562)	(10,498,562)
Transfer of profit from reserves to retained earnings (Note 12)	-	(807)	726	(81)
Total transactions with owners	-	1,500,146	(11,998,789)	(10,498,643)
Profit for the year	-	-	14,796,375	14,796,375
<u>Other comprehensive income (Note 15.2):</u>				
Exchange differences on translating	-	63,750	-	63,750
Total other comprehensive income	-	63,750	-	63,750
Total comprehensive income	-	63,750	14,796,375	14,860,125
At 31 December 2021	4,686,858	14,500,035	23,799,422	42,986,315

Interim financial statements
30 June 2022

Statement of Cash Flows

		(Amounts in EUR)		
		Six - month period ended 30 June	Year ended	
		2022	2021	December 31 2021
	Note			
Operating activities				
Net profit before income tax		7,097,394	7,401,338	16,379,326
<u>Adjusted for:</u>				
Depreciation and amortization	9,10	1,084,346	1,127,990	2,224,651
Wastage, failure and fracture of inventory	21	113,062	58,029	118,087
Net carrying amount of equipment sold		20,208	-	-
Net carrying amount of equipment written off		-	-	25,034
Impairment and write offs on trade and other receivables	21	3	3	1,719
Value adjustment of inventories	21	-	113,056	269,052
Value adjustment of obsolete consumables and spare parts	21	-	-	113,070
Shortages	21	-	-	577
Payables written off and stock count surplus	23	(41,621)	(3)	(12,710)
Gain on property, plant and equipment sold	23	(948)	-	(5,801)
Gains from previously impaired receivables	12, 23	(25)	-	-
Finance result, net	24	(15,252)	(5,168)	(17,086)
Operating profit before working capital changes		8,257,167	8,695,245	19,095,919
<u>Changes in working capital:</u>				
Inventories		21,171	(378,532)	(280,851)
Trade and other receivables		(2,041,248)	(3,097,000)	(2,701,127)
Trade and other payables		284,972	180,558	(141,066)
Cash from operations		6,522,062	5,400,271	15,972,875
Interest paid		(14)	(14,421)	(19,483)
Income tax paid		(360,107)	(343,667)	(344,948)
Cash flows from operating activities, net		6,161,941	5,042,183	15,608,444
Investing activities				
Purchase of tangible assets, net of proceeds from sales	9	(245,002)	(626,097)	(1,150,441)
Purchase of intangible assets, net of proceeds from sales	10	(42,650)	(7,567)	(45,073)
Proceeds from sale of equipment	23	948	-	5,801
Financial receivables proceeds	13	2,290,522	-	-
Financial receivables outflows	13	-	(18,200)	(34,467)
Interest received	24	15,266	18,522	35,032
Cash flows from investing activities, net		2,019,084	(633,342)	(1,189,148)
Financing activities				
Repayment of borrowings	16	-	(661,805)	(983,824)
Dividends paid and related taxes	15.6	(16,014,489)	-	(10,494,666)
Cash flows from financing activities, net		(16,014,489)	(661,805)	(11,478,490)
Net change in cash and cash equivalents		(7,833,464)	3,747,036	2,940,806
Cash and cash equivalents at beginning	14	10,461,890	7,475,610	7,475,610
Effects of exchange rate changes on cash and cash equivalents		(31,833)	(7,275)	45,474
Cash and cash equivalents at end	14	2,596,593	11,215,371	10,461,890

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2022
(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.

As at 30 June 2022 and 30 June 2021, as well as 31 December 2021, Stoneworks is the holder of 89.25% of the issued share capital. In addition, Pavlidis holds 310,262 ELPIS which represent 6.62% of the total shares of the Company.

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

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 2022 employs 271 persons (30 June 2021: 291 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 2022 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 2021.

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 2021.

New Standards adopted as at 1 January 2022

Accounting pronouncements

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2022
(All amounts presented in Euros, unless otherwise stated)

Significant accounting policies (continued)

Standards and amendments that are effective for the first time in 2022 (For entities with a 31 December 2022 year-end) are:

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- COVID-19-Related Rent Concessions beyond 30 June 2021 (Amendment to IFRS 16)
- Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
- Onerous Contracts – Cost of Fulfilling a Contract (Amendments to IAS 37)

- Annual Improvements (2018-2020 Cycle):
 - Subsidiary as a First-time Adopter (Amendments to IFRS 1)
 - Fees in the '10 per cent' Test for Derecognition of Financial Liabilities (Amendments to IFRS 9)
 - Lease Incentives (Amendments to IFRS 16)
 - Taxation in Fair Value Measurements (Amendments to IAS 41).

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. In addition, if practical expedients are going to be used, then this intention should be disclosed.

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:

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2022
(All amounts presented in Euros, unless otherwise stated)

Foreign currency translation (continued)

	30 June 2022	30 June 2021	31 December 2021
1 USD	58.6622 Denars	51.8969 Denars	54,3736 Denars
1 EUR	61.6950 Denars	61.6950 Denars	61,6270 Denars
Average EUR	61.6787 Denars	61.6355 Denars	61,6275 Denars

5 Estimates and judgements

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 2021.

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

The operations of the Company proceed according to the plan, yet there was a decrease in the profit compared to the same period of the previous year, due to a large degree to the increased cost of energy. The effects on the second semester of the year are difficult to quantify, given the unpredictable nature of the cost of energy.

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 2022 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.

Notes to the Interim Financial Statements (continued)
 As at and for the six - month period ended 30 June 2022
 (All amounts presented in Euros, unless otherwise stated)

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 2022, 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
Six months to 30 June 2022			
Sales	13,583,115	663,137	14,246,252
Profit / loss from operating activities	7,262,541	(164,411)	7,098,130
Financial result, net			(736)
Profit before tax			7,097,394
Income tax expense			(718,729)
Profit for the period			6,378,665
Other comprehensive income			(49,065)
Total comprehensive income for the period			6,329,600
Six months to 30 June 2021			
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)
Profit before tax			7,401,338
Income tax expense			(712,541)
Profit for the period			6,688,797
Other comprehensive income			(7,074)
Total comprehensive income for the period			6,681,723
Year to 31 December 2021			
Sales	29,640,967	486,473	30,127,440
Profit / loss from operating activities	16,549,459	(65,652)	16,483,807
Financial result, net			(104,481)
Profit before tax			16,379,326
Income tax expense			(1,582,951)
Profit for the year			14,796,375
Other comprehensive income			63,750
Total comprehensive income for the year			14,860,125

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2022
(All amounts presented in Euros, unless otherwise stated)

Segment reporting (continued)

Segment assets and liabilities as at 30 June 2022 and 2021 and 31 December 2021 are as follows:

	Quarry	Factory	Total
30 June 2022			
Total assets	28,468,146	6,307,490	34,775,636
Liabilities	1,419,475	69,300	1,488,775
Capital expenditures	151,006	136,646	287,652
30 June 2021			
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
31 December 2021			
Total assets	36,758,231	7,273,983	44,032,214
Liabilities	1,029,010	16,889	1,045,899
Capital expenditures	502,474	693,040	1,195,514

Sales per geographical regions are as follows:

	Six-month period ended 2022	2021	Year ended 2021
North Macedonia	57,438	86,491	156,736
China	10,901,279	11,896,711	25,434,002
Greece	2,840,403	1,195,662	3,930,063
Balkan region	166,627	151,308	365,220
Other markets	280,505	161,877	241,419
	14,246,252	13,492,049	30,127,440

As at 30 June 2022 Euros 6,601,340 or 46,34 % (30 June 2021 : Euro 3,638,827 or 26,97 % and 31 December 2021: Euro 11,879,425 or 39.43%) of the Company's revenues depended on two single customers (one from China and one from Greece) which individually represents more than 10% of revenues (30 June 2021: one single customer from China, and 31 December 2021: two single customers, one from China and one 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 2022 represented 47% (first six months of 2021: 61%) of the annual level of these revenues for the year ended 31 December 2021.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2022
(All amounts presented in Euros, unless otherwise stated)

9 Property, plant and equipment

	Land & buildings	Machinery & equipment	Construct.in progress	Total
At 1 January 2022				
Cost or valuation	6,780,389	28,855,820	541,045	36,177,254
Accumulated depreciation	(3,279,657)	(18,303,506)	-	(21,583,163)
Net carrying amount	3,500,732	10,552,314	541,045	14,594,091
Changes during the period				
Opening net carrying amount	3,500,732	10,552,314	541,045	14,594,091
Translation differences	(3,874)	(11,434)	(586)	(15,894)
Additions, net of transfers from C.I.P.	146,006	135,184	(36,188)	245,002
Disposals-net	-	(20,208)	-	(20,208)
Depreciation charge for the period	(88,939)	(857,744)	-	(946,683)
Closing carrying amount	3,553,925	9,798,112	504,271	13,856,308
At 30 June 2022				
Cost or valuation	6,895,703	28,835,721	504,271	36,235,695
Accumulated depreciation	(3,341,778)	(19,037,609)	-	(22,379,387)
Net carrying amount	3,553,925	9,798,112	504,271	13,856,308
At 1 January 2021				
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)
Net carrying amount	3,133,757	10,768,800	1,549,349	15,451,906
Changes during the period				
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
Depreciation charge for the period	(73,147)	(939,171)	-	(1,012,318)
Closing carrying amount	3,479,575	11,031,112	555,120	15,065,807
At 30 June 2021				
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)
Net carrying amount	3,479,575	11,031,112	555,120	15,065,807
At 1 January 2021				
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)
Net carrying amount	3,133,757	10,768,800	1,549,349	15,451,906
Changes during the year				
Opening net carrying amount	3,133,757	10,768,800	1,549,349	15,451,906
Translation differences	3,412	11,704	1,677	16,793
Additions, net of transfers from C.I.P.	533,050	1,627,372	(1,009,981)	1,150,441
Disposals-net	(8,215)	(16,770)	-	(24,985)
Depreciation charge for the year	(161,272)	(1,838,792)	-	(2,000,064)
Closing carrying amount	3,500,732	10,552,314	541,045	14,594,091
At 31 December 2021				
Cost or valuation	6,780,389	28,855,820	541,045	36,177,254
Accumulated depreciation	(3,279,657)	(18,303,506)	-	(21,583,163)
Net carrying amount	3,500,732	10,552,314	541,045	14,594,091

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2022
(All amounts presented in Euros, unless otherwise stated)

Property, plant and equipment (continued)

Construction in progress

As at 30 June 2022, the balance of construction in progress in the amount of Euro 504,271 mainly consists of the cost of construction of new factory installations, including a hall for four gang saws, installation of two gang saws and some major repairs of equipment.

Property, plant and equipment pledged

As at 30 June 2022, 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 1,718,959 (see Note 29).

10 Intangible assets

	Software	Trademarks	Exploration and evaluation assets	Intangibles in progress	Total
At 1 January 2022					
Cost or valuation	264,658	240,135	3,132,006	19,741	3,656,540
Accumulated amortization	(219,261)	(190,549)	(2,034,391)	-	(2,444,201)
Net carrying amount	45,397	49,586	1,097,615	19,741	1,212,339
Changes during the period					
Opening net carrying amount	45,397	49,586	1,097,615	19,741	1,212,339
Translation differences	(48)	(54)	(1,186)	(23)	(1,311)
Additions, net of transfers from intangibles in progress	3,617	4,864	29,951	4,218	42,650
Amortization charge for the period	(11,029)	(7,220)	(119,414)	-	(137,663)
Closing carrying amount	37,937	47,176	1,006,966	23,936	1,116,015
At 30 June 2022					
Cost or valuation	267,666	244,733	3,158,498	23,936	3,694,833
Accumulated amortization	(229,729)	(197,557)	(2,151,532)	-	(2,578,818)
Net carrying amount	37,937	47,176	1,006,966	23,936	1,116,015
At 1 January 2021					
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)
Net carrying amount	65,791	50,811	1,250,262	23,528	1,390,392
Changes during the period					
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)
Closing carrying amount	54,393	47,540	1,153,176	27,260	1,282,369
At 30 June 2021					
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)
Net carrying amount	54,393	47,540	1,153,176	27,260	1,282,369
At 1 January 2021					
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)
Net carrying amount	65,791	50,811	1,250,262	23,528	1,390,392

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2022
(All amounts presented in Euros, unless otherwise stated)

Intangible assets (continued)

Changes during the period

Opening net carrying amount	65,791	50,811	1,250,262	23,528	1,390,392
Translation differences	72	55	1,357	26	1,510
Additions, net of transfers from C.I.P.	2,379	13,298	33,209	(3,813)	45,073
Disposals-net	(49)	-	-	-	(49)
Amortization charge for the year	(22,796)	(14,578)	(187,213)	-	(224,587)
Closing carrying amount	45,397	49,586	1,097,615	19,741	1,212,339

At 31 December 2021

Cost or valuation	264,658	240,135	3,132,006	19,741	3,656,540
Accumulated amortization	(219,261)	(190,549)	(2,034,391)	-	(2,444,201)
Net carrying amount	45,397	49,586	1,097,615	19,741	1,212,339

Exploration and evaluation assets

As of 30 June 2022, the balance of exploration and evaluation assets in amounting to Euro 1,006,996 (30 June 2021: Euro 1,153,176 and 31 December 2021: Euro 1,097,615) includes capitalized expenses related to quarry stripping activities with remaining amortization period for 8 years, geophysics and drilling research and quarry 10-year plan.

Intangibles in process of acquisition

As at 30 June 2022 the balance of intangibles in process of acquisition amounting to Euro 23,936 (30 June 2021: Euro 27,260 and 31 December 2021: Euro 19,741) 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 2022 amounting Euro 1,084,346 (30 June 2021: Euro 1,127,990 and 31 December 2021: Euro 2,224,651), Euro 1,043,675 (30 June 2021: Euro 1,069,894 and 31 December 2021: Euro 2,126,143) has been charged in cost of sales and the remaining in the amount of Euro 40,671 (30 June 2021: Euro 58,096 and 31 December 2021: Euro 98,508) into administrative and selling expenses (see Note 21).

11 Inventories

	30 June 2022	30 June 2021	31 December 2021
Work in progress	2,893,128	3,511,875	3,059,595
Finished products	996,721	919,243	994,203
Spare parts	809,781	829,616	804,903
Raw materials	258,689	209,086	191,872
Trade goods	75,623	75,623	75,707
Other	21,489	29,166	21,766
	5,055,431	5,574,609	5,148,046

As at 30 June 2022 the Company recognized expense for wastage, failure and fracture in the amount of Euro 113,062 (30 June 2021: Euro 58,029; 31 December 2021: Euro 118,087) (Note 26), charged administrative and selling expenses (see Note 21).

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2022
(All amounts presented in Euros, unless otherwise stated)

12 Trade and other receivables

	30 June 2022	30 June 2021	31 December 2021
Current trade receivables			
Local debtors	29,649	30,874	28,514
Foreign debtors	8,367,765	7,518,667	6,170,059
Related party's receivables (see Note 28)	906,431	708,049	1,925,795
	9,303,845	8,257,590	8,124,368
Less: provision for impairment	(70,171)	(70,245)	(70,223)
	9,233,674	8,187,345	8,054,145
Prepayments and other receivables			
Advances to suppliers	598,936	61,585	67,668
Prepaid VAT	333,481	243,455	154,298
Deferred expenses	216,593	246,527	30,993
Other current receivables	15,941	16,086	50,278
	1,164,951	567,653	303,237
	10,398,625	8,754,998	8,357,382

At 30 June 2022 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	8,872,077	361,597	70,171	9,303,845
Less: Impairment provision	-	-	(70,171)	(70,171)
	8,872,077	361,597	-	9,233,674

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)
	7,447,563	739,782	-	8,187,345

At 31 December 2021 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	6,114,099	1,940,046	70,223	8,124,368
Less: Impairment provision	-	-	(70,223)	(70,223)
	6,114,099	1,940,046	-	8,054,145

At 30 June 2022 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	5,247	356,313	361,560
Overdue more than 1 year	-	37	37
	5,247	356,350	361,597

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	-	-	-
	6,524	733,258	739,782

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2022
(All amounts presented in Euros, unless otherwise stated)

Trade and other receivables (continued)

At 31 December 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	4,003	1,936,043	1,940,046
Overdue more than 1 year	-	-	-
	4,003	1,936,043	1,940,046

Following table provides for the movement of impairment provision account:

	30 June 2022	30 June 2021	31 December 2021
At 1 January	70,223	70,245	70,245
Collected fully provided bad debts (Note 23)	(25)	-	-
Written off of previously impaired receivables	-	-	(177)
Impairment provision	-	-	128
Translation differences	(27)	-	27
At 30 June / 31 December	70,171	70,245	70,223

13 Financial receivables

	30 June 2022	30 June 2021	31 December 2021
Short-term deposits in local banks	1,752,664	4,026,919	4,043,186
	1,752,664	4,026,919	4,043,186

14 Cash and cash equivalents

	30 June 2022	30 June 2021	31 December 2021
Bank accounts	2,596,334	11,215,150	10,461,780
Cash on hand	259	221	110
	2,596,593	11,215,371	10,461,890

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 2022	4,686,858	4,686,858	-	4,686,858
At 30 June 2021	4,686,858	4,686,858	-	4,686,858
At 31 December 2021	4,686,858	4,686,858	-	4,686,858

The structure of share capital at 30 June 2022, 30 June 2021 and 31 December 2021 is as follows
(amounts in Euros):

At 30 June 2022/30 June 2021/ 31 December 2021	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

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

Equity (continued)

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

15.2 Other components of equity

	Translation reserve	Investment reserves	Statutory reserves	Revaluation reserve	Total
At 1 January 2022	(30,737)	8.684.015	4.623.476	1,223,281	14,500,035
Transfer of profit from investment reserves to retained earnings	-	(604,213)	-	-	(604,213)
Allocation of profit to investment reserves	-	2.500.053	-	-	2,500,053
Translation differences	(49,065)	-	-	-	(49,065)
At 30 June 2022	(79,802)	10,579,855	4.623.476	1,223,281	16,346,810
At 1 January 2021	(94,487)	7.183.869	4.623.476	1,223,281	12,936,139
Allocation of profit to investment reserves	-	1.500.758	-	-	1,500,758
Translation differences	(7,074)	-	-	-	(7,074)
At 30 June 2021	(101,561)	8.684.627	4.623.476	1,223,281	14,429,823
At 1 January 2021	(94,487)	7,183,869	4,623,476	1,223,281	12,936,139
Allocation of profit to investment reserves	-	1,500,953	-	-	1,500,953
Transfer of profit from investment reserves to retained earnings	-	(807)	-	-	(807)
Translation differences	63,750	-	-	-	63,750
At 31 December 2021	(30,737)	8,684,015	4,623,476	1,223,281	14,500,035

15.3 Revaluation reserve

Revaluation reserve, which at 30 June 2022 amounts to Euro 1,223,281 (30 June 2021: Euro 1,223,281 and 31 December 2021: 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 or disposed of.

15.4 Statutory reserves

Reserves, which at 30 June 2022 amount to Euro 4,623,476 (30 June 2021: Euro 4,623,476 and 31 December 2021: Euro 4,623,476) 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.

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

15.5 Investment reserves

At 20 April 2022 and according to the Shareholders' Annual Assembly decision no. 02-1705/6, part of the profit for the year 2021, in the amount of 2,500,053 Euros was allocated to reinvested earnings for financing the investment program of the Company. Furthermore, part of reinvested earnings in amount of 604,213 Euros that was not utilized in 2021 has been transferred in retained earnings.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2022
(All amounts presented in Euros, unless otherwise stated)

Equity (continued)

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.

15.6 Dividends

At 20 April 2022 and according to the Shareholders' Annual Assembly decision no. 02-1705/6, the retained earnings realized till 31 December 2020 and part of the profit for the year 2021 in the amount of 16,029,054 Euros were allocated for dividends distribution.

During the period ended 30 June 2022 the Company paid dividends to its shareholders in net amount of 15,843,573 Euros and in addition 170,916 Euros relating to taxes on dividend paid.

16 Interest-bearing borrowings

	30 June 2022	30 June 2021	31 December 2021
<u>Long – term interest bearing borrowings from local banks</u>			
Komerijalna Banka ad, Skopje (original amount: Eur.1.338.000; interest rate 6m.Euribor+3,8%)	-	322,019	-
Long – term borrowings	-	322,019	-
Less: current maturity of long term borrowings	-	(56,003)	-
Non-current portion of long - term borrowings	-	266,016	-
<u>Short – term interest bearing borrowings from local banks</u>			
Add: current maturity of long term borrowings	-	56,003	-
Total short-term borrowings and current maturity	-	56,003	-
Total debt	-	322,019	-

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 2022 amounts to Euro 0 (30 June 2021: Euro 661,805 and 31 December 2021: Euro 983,824).

The borrowings repayment schedule is as follows:

	30 June 2022	30 June 2021	31 December 2021
Due within 12 months	-	56,003	-
Due within 1 – 2 years	-	56,003	-
Due within 2 – 5 years	-	168,010	-
Due in over 5 years	-	42,003	-
	-	322,019	-

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2022
(All amounts presented in Euros, unless otherwise stated)

17 Trade and other payables

	30 June 2022	30 June 2021	31 December 2021
Trade creditors			
Local suppliers	407,671	410,618	423,285
Foreign suppliers	190,068	190,658	168,760
Related parties' payables (see Note 28)	-	-	-
	597,739	601,276	592,045
Other current liabilities			
Accrued expenses	313,939	261,221	-
Liabilities to employees and management	269,513	268,182	291,071
Customers' prepayments	41,542	131,777	41,298
Dividend's payables (net of local taxes)	19,802	4,814	6,700
Interest payable	-	469	-
Other	1,386	1,385	1,389
	646,182	667,848	340,458
	1,243,921	1,269,124	932,503

18 Tax payables

	30 June 2022	30 June 2021	31 December 2021
Concession fees and other levies	98,526	105,594	105,474
Personal income tax liabilities	2,976	1,172	1,896
Withholding tax	10	17	6,026
	101,512	106,783	113,396

19 Sales

	Six - month period ended 30 June 2022	30 June 2021	Year ended 31 December 2021
Local market	57,438	86,491	156,736
Foreign markets:			
- China ¹	10,901,279	11,896,711	25,434,002
- Greece	2,840,403	1,195,662	3,930,063
- Balkan region	166,627	151,308	365,220
- Other markets	280,505	161,877	241,419
Sub- total – sales on foreign markets	14,188,814	13,405,558	29,970,704
Total sales	14,246,252	13,492,049	30,127,440

¹ Includes China and Hong Kong

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2022
(All amounts presented in Euros, unless otherwise stated)

20 Cost of sales

	Six - month period ended 30 June		Year ended 31
	2022	2021	December 2021
Stock of finished products and W.I.P. at the beginning of the period	4,053,798	4,076,542	4,076,542
Plus: Total production cost for the period ended 30 June	4,938,545	4,513,230	9,442,575
Plus: Income from value adjustment of previously written-off inventory	14,570	-	-
Plus: Income from value adjustment of obsolete consumables and spare parts consumed	10,038	-	10,334
Plus: Cost of various material sold	5,503	-	2,838
Use of own products	(24,724)	(48,205)	(112,669)
Wastage, failure and fracture of products (excluding VAT effect)	(101,711)	(58,029)	(100,074)
Shortages (excluding VAT effect)	-	-	(244)
Less: Valuation allowance of inventories	-	(113,056)	(269,052)
Less: Valuation allowance of obsolete consumables and spare parts	-	-	(113,070)
Less: Income from released value adjustment of inventories sold	(14,570)	-	-
Less: Income from value adjustment of obsolete consumables and spare parts consumed	(10,038)	-	(10,334)
Less: Stock of finished products and W.I.P. at the end of period	(3,889,849)	(4,431,118)	(4,053,798)
	4,981,562	3,939,364	8,873,048

21 Administrative and selling expenses

	Six - month period ended 30 June 2022		Six - month period ended 30 June 2021		Year ended 31 December 2021	
	Administrative	Selling	Administrative	Selling	Administrative	Selling
Staff costs	306,681	73,223	357,473	91,706	794,436	158,100
Employee benefits	239,550	-	372,404	-	409,062	-
Marketing and promotion	74,120	597	58,705	1,307	118,465	1,949
Professional advisory services	44,003	-	44,327	-	85,815	-
Materials, supplies and utilities	34,890	39,073	28,732	30,277	54,464	60,512
Depreciation and amortization (Note 10)	34,814	5,857	37,566	20,530	72,421	26,087
Services	32,782	8,650	48,663	15,954	90,033	24,242
Expenses for operating lease	10,674	-	10,682	-	21,366	-
Taxes and other levies	5,973	971	4,268	1,549	14,890	2,797
Transport of products	-	1,069,097	-	781,192	-	2,309,961
Wastage, failure and fracture of inventories	-	113,062	-	58,029	-	118,087
Impairment and write off of receivables	-	3	-	3	-	1,719
Value adjustment of inventories	-	-	-	113,056	-	269,052
Value adjustment of obsolete consumables and spare parts	-	-	-	-	-	113,070
Present value of equipment sold and written off	-	-	-	-	-	25,034
Stock count shortages of inventory	-	-	-	-	-	577
Other expenses and provisions	114,498	25,880	50,906	13,602	42,943	11,095
	897,985	1,336,413	1,013,726	1,127,205	1,703,895	3,122,282

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2022
(All amounts presented in Euros, unless otherwise stated)

22 Staff costs

	Six - month period ended 30 June		Year ended 31
	2022	2021	December 2021
Net salaries	1,066,484	1,161,439	2,286,097
Personal tax and mandatory contributions	492,120	549,302	1,066,695
Less: amount corresponding to future periods	(214,287)	(244,222)	-
Business trips	1,183	2,032	17,216
Other allowances	400,303	334,351	842,293
	1,745,803	1,802,902	4,212,301

Out of the total staff costs for the six-month period ended 30 June 2022 amounting Euro 1,745,803, Euro 1,365,899 charge the cost of sales and the remaining amount of Euro 379,904 administrative and selling expenses (see Note 21).

23 Other operating income

	Six - month period ended 30 June		Year ended 31
	2022	2021	December 2021
Income from re invoicing of transport cost and other services	101,589	-	124,726
- Less: Cost associated with the above services	(98,237)	-	(120,051)
Payables write offs and stock count surplus	41,621	3	12,710
Raw materials sold	12,509	715	13,636
Income from health insurance	8,570	13,907	13,908
Gains on property, plant and equipment sold	948	-	5,801
Income from collected fully provided bad debts	25	-	-
Income from court verdicts	-	184	184
Income from rents	-	49	49
Other income	813	1,852	4,629
	67,838	16,710	55,592

24 Finance income and costs

	Six - month period ended 30 June		Year ended 31
	2022	2021	December 2021
Finance income			
Interest income	15,266	18,522	35,032
Foreign exchange gains	73,534	120,311	229,650
	88,800	138,833	264,682
Finance costs			
Interest (expense)	(14)	(13,354)	(17,946)
Bank (charges)	(35,866)	(35,110)	(76,970)
Foreign exchange (losses)	(53,656)	(117,495)	(274,247)
	(89,536)	(165,959)	(369,163)
Net finance costs	(736)	(27,126)	(104,481)

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2022
(All amounts presented in Euros, unless otherwise stated)

25 Income tax

The charge for the year can be reconciled to the profit per Statement of comprehensive income at 30 June 2022 and 2021 and 31 December 2021 as follows:

	Six - month period ended 30 June		Year ended 31
	2022	2021	December 2021
Profit before income tax	7,097,394	7,401,338	16,379,326
Non – deductible expenses	634,461	672,459	1,008,208
Tax deductions	(338,751)	(472,205)	(896,243)
Temporary differences of the tax base	97,372	-	-
Income tax base	7,490,476	7,601,592	16,491,291
Current tax charge at rate of 10%	749,048	760,159	1,649,129
Income tax reduction	(30,319)	(47,618)	(66,178)
Income tax (expense)	718,729	712,541	1,582,951
Effective tax rate	10,13%	9,63%	9,66%

26 Expenses by nature

	Six - month period ended 30 June		Year ended 31
	2022	2021	December 2021
Staff costs	1,745,803	1,802,902	3,803,239
Energy and water	1,317,399	879,879	1,989,876
Depreciation and amortization	1,084,346	1,127,990	2,224,651
Transport of products	1,069,097	781,192	2,309,961
Consumed materials, spare parts and small inventory	921,468	827,371	1,617,751
Employee benefits	239,550	372,404	409,062
Services	188,828	185,524	374,941
Other expenses and provisions	140,378	115,106	54,038
Wastage, failure and fracture	113,062	58,029	118,087
Marketing and promotion	74,717	60,012	120,414
Taxes and other contributions	53,157	39,347	101,165
Professional advisory services	44,003	44,327	85,815
Insurance	36,406	7,262	14,583
Expenses for operating leasing	10,674	10,682	21,366
Representation	6,883	6,516	14,141
Transport costs	6,237	3,269	7,940
Write off of receivables	3	3	1,719
Value adjustment of inventories	-	113,056	269,052
Value adjustment of obsolete consumables and spare parts	-	-	113,070
Present value of assets sold and written off	-	-	25,034
Shortages	-	-	577
	7,052,011	6,434,871	13,676,482
Changes of stock of work in progress and finished products	163,949	(354,576)	22,744
	7,215,960	6,080,295	13,699,226

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 2022 and 2021 and the year ended 31 December 2021.

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:

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

Earnings per share (continued)

	Six - month period ended 30 June		Year ended 31
	2022	2021	December 2021
Profit attributable to equity holders of the Company	6,378,665	6,688,797	14,796,375
Weighted average number of ordinary shares	4,686,858	4,686,858	4,686,858
Basic and diluted earnings per share (Euro per share)	1.36	1.43	3.16

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 2022, 30 June 2021 and 31 December 2021:

30 June 2022	Cash	Receivables	Payables	Revenues	Expenses
Stone Works Holding Coöperatief U.A Netherlands	-	-	-	-	-
Pavlidis S.A. Marble-Granite Drama Greece	-	906,431	-	2,965,434	61,390
Key management remuneration	-	-	-	-	271,574
	-	906,431	-	2,965,434	332,964

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
	-	708,049	-	1,175,051	393,561

31 December 2021	Cash	Receivables	Payables	Revenues	Expenses
Stone Works Holding Coöperatief U.A Netherlands	-	-	-	-	-
Pavlidis S.A. Marble-Granite Drama Greece	-	1,925,795	-	4,033,683	317,995
Key management remuneration	-	-	-	-	402,861
	-	1,925,795	-	4,033,683	720,856

29 Contingent liabilities

Mortgages

Mortgages provided with appraised value are as follows:

	Six - month period ended 30 June		Year ended 31
	2022	2021	December 2021
Business premises	2,378,952	2,378,952	2,378,952
Machinery & equipment	963,800	963,800	963,800
	3,342,752	3,342,752	3,342,752

Mortgages provided with present value are as follows:

	Six - month period ended 30 June		Year ended 31
	2022	2021	December 2021
Business premises	1,124,657	1,160,581	1,136,154
Machinery & equipment	594,302	707,976	651,858
	1,718,959	1,868,557	1,788,012

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2022
(All amounts presented in Euros, unless otherwise stated)

Contingent liabilities (continued)

Guarantees

Guarantees provided are as follows:

	Six - month period ended 30 June		Year ended 31
	2022	2021	December
			2021
Issued by Komercijalna Banka AD Skopje	1,416,590	10,536	-
	1,416,590	10,536	-

The beneficiary of the guarantee is a Company's supplier. The guarantee serves as security that the Company will pay its liabilities on time towards the beneficiary.

Litigations

At 30 June 2022, the estimated Euro equivalent of the legal proceedings raised against the Company amounts Euro 1,780 (30 June 2021: Euro 1,780; 31 December 2021: Euro 1,298). 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 2022 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 until 31 December 2011 and except control made for the period from 1 January 2018 until 31 March 2022;
- 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.

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 2021 latest by 30 September 2022 (for 2020: latest by 30 September 2021) 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 2020 was prepared and submitted by 30 September 2021, and until the date of this report, the Company did not prepare a report on transfer pricing for 2021. Furthermore, based on the performed transfer pricing analyses for the year ended as of 31 December 2020, there are no tax corrections.

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 reported taxes.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2022
(All amounts presented in Euros, unless otherwise stated)

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
	2022	2021	December
			2021
Operating lease liabilities			
Present value of payment:			
Due within 1 year	823	20,913	11,280
Due between 1 – 5 years	-	823	-
	823	21,736	11,280

As at 30 June 2022, the Company recognized expenses for operating lease in the amount of Euro 10,674 (30 June 2021: Euro 10,682 and 31 December 2021: Euro 21,366) (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; 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
 - tombolones at 5% of the value of material determined at 190 Euros /m³ and
 - material different than blocks and tombolones, that is crushed or milled 0.325 Euros/t

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 km². 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 km².

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.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2022
(All amounts presented in Euros, unless otherwise stated)

SS

Financial instruments by category (continued)

Assets	30 June 2022	30 June 2021	31 December 2021
Assets carried at amortized cost			
Trade and other receivables	9,249,615	8,203,431	8,104,423
Financial receivables	1,752,664	4,026,919	4,043,186
Cash and cash equivalents	2,596,593	11,215,371	10,461,890
	13,598,872	23,445,721	22,609,499
Liabilities			
Other financial liabilities at amortized cost			-
Borrowings	-	322,019	-
Trade and other payables	888,440	876,126	891,205
	888,440	1,198,145	891,205

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 2022.

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:

	30 June 2022 (In Euro)	30 June 2021 (In Euro)	Carrying value 31 December 2021 (In Euro)
Assets			
Trade and other receivables	9,249,615	8,203,431	8,104,423
Financial receivables	1,752,664	4,026,919	4,043,186
Cash and cash equivalents	2,596,593	11,215,371	10,461,890
Total assets	13,598,872	23,445,721	22,609,499
Liabilities			
Borrowings	-	322,019	-
Trade and other payables (without tax liabilities)	888,440	876,126	891,205
	888,440	1,198,145	891,205

Loans and receivables

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

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.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2022
(All amounts presented in Euros, unless otherwise stated)

34 Events after the reporting date

Subsequent to 30 June 2022 until the approval of these interim financial statements, there are no adjusting events reflected in these interim financial statements or events that are materially significant for disclosure in these interim financial statements.

