



Interim Financial Statements and Independent Auditors' Review Report

Mermeren Kombinatska AD, Prilep

30 June 2020

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Independent Auditors' Review Report

To the Management and Shareholders of
Mermeren Kombinat AD, Prilep

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Introduction

We have reviewed the accompanying interim financial statements consisting of Statement of financial position of Mermeren Kombinat AD, Prilep (“the Company”) as at 30 June 2020 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 2020, and its financial performance and its cash flows for the six – months period that ended in accordance with International Accounting Standard 34.

Skopje,
31 August 2020

Grant Thornton Doo, Skopje

Director
Marjan Andonov

Certified Auditor
Maja Atanasovska

Interim financial statements
30 June 2020

Statement of Financial Position

	Notes	30 June 2020	30 June 2019	(Amounts in EUR) 31 December 2019
Assets				
Non-current assets				
Property, plant and equipment	9	15,638,533	9,346,054	13,174,619
Intangible assets	10	1,477,201	1,406,359	1,576,461
		17,115,734	10,752,413	14,751,080
Current assets				
Inventories	11	7,744,647	6,442,723	5,410,516
Trade and other receivables	12	5,879,021	5,082,944	8,564,561
Income tax receivables		1,050,697	47,692	-
Financial receivables	13	2,629,517	2,502,666	3,536,422
Cash and cash equivalents	14	10,384,743	3,737,898	9,169,255
		27,688,625	17,813,923	26,680,754
Total assets		44,804,359	28,566,336	41,431,834
Equity				
Capital and reserves attributable to equity holders				
Share capital	15	4,686,858	4,686,858	4,686,858
Other components of equity		12,939,871	9,072,821	9,085,499
Retained earnings		24,509,355	11,568,416	24,711,240
Total equity		42,136,084	25,328,095	38,483,597
Liabilities				
Non – current liabilities				
Interest – bearing borrowings	16	905,118	1,062,529	983,823
		905,118	1,062,529	983,823
Current liabilities				
Interest – bearing borrowings	16	157,412	157,851	157,412
Trade and other payables	17	1,527,127	1,924,437	1,430,444
Income tax payables		-	-	257,603
Tax payables	18	78,618	93,424	118,955
		1,763,157	2,175,712	1,964,414
Total liabilities		2,668,275	3,238,241	2,948,237
Total liabilities and shareholders' equity		44,804,359	28,566,336	41,431,834

These interim financial statements have been approved by the Board of Directors on 31 August 2020.

Signed on its behalf by,

Christoforos Pavlidis

Chairman

Vasileios Anagnostou

Chief Executive Officer

Nikos Michalopoulos

Chief Financial Officer

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

Interim financial statements
30 June 2020

Statement of Comprehensive Income

	Note	Six - month period ended 30 June		(Amounts in EUR) Year ended December 31
		2020	2019	2019
Sales	19	7,638,329	12,590,810	36,144,203
Cost of sales	20	(2,305,214)	(3,462,159)	(9,389,353)
Gross profit		5,333,115	9,128,651	26,754,850
Administrative and selling expenses	21	(1,550,899)	(1,331,522)	(4,440,223)
Other operating income	23	36,445	24,437	49,805
Operating profit		3,818,661	7,821,566	22,364,432
Finance income	24	98,758	173,925	228,259
Finance costs	24	(89,650)	(186,769)	(288,716)
Finance (costs), net		9,108	(12,844)	(60,457)
Profit before income tax		3,827,769	7,808,722	22,303,975
Income tax (expense)	25	(39,581)	(801,186)	(2,179,177)
Profit for the period		3,788,188	7,007,536	20,124,798
Other comprehensive income:				
Items that will not be reclassified subsequently to profit and loss		-	-	-
Translation differences	15.2	(135,701)	(30,829)	7,411
Other comprehensive income for the period, net of tax		(135,701)	(30,829)	7,411
Total comprehensive income		3,652,487	6,976,707	20,132,209
Profit attributable to the holders of ordinary shares		3,788,188	7,007,536	20,124,798
Total comprehensive income attributable to the holders of ordinary shares		3,652,487	6,976,707	20,132,209
Earnings per share (expressed in Euros per share):	27			
Basic earnings per share				
- Earnings from continuing operations		0,81	1.50	4.29
- Earnings from discontinued operations		-	-	-
Total		0,81	1.50	4.29
Diluted earnings per share				
- Earnings from continuing operations		0,81	1.50	4.29
- Earnings from discontinued operations		-	-	-
Total		0,81	1.50	4.29
EBITDA		4,941,909	8,781,392	24,063,340

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

Interim financial statements
30 June 2020

Statement of Changes in Equity

	(Amounts in EUR)			
	Share capital	Other components of the equity	Retained earnings	Total
At 1 January 2020	4,686,858	9,085,499	24,711,240	38,483,597
<u>Transaction with owners:</u>				
Allocation of profit		3,990,073	(3,990,073)	-
Dividends declared	-	-	-	-
Total transactions with owners	-	3,990,073	(3,990,073)	-
Profit for the period	-	-	3,788,188	3,788,188
<u>Other comprehensive income (Note 15.2):</u>				
Translation differences	-	(135,701)	-	(135,701)
Total other comprehensive income	-	(135,701)	-	(135,701)
Total comprehensive income	-	(135,701)	3,788,188	3,652,487
At 30 June 2020	4,686,858	12,939,871	24,509,355	42,136,084
At 1 January 2019	4,686,858	13,226,103	23,258,739	41,171,700
<u>Transaction with owners:</u>				
Allocation of profit		(4,122,453)	4,122,453	-
Dividends declared	-	-	(22,820,312)	(22,820,312)
Total transactions with owners	-	(4,122,453)	(18,697,859)	(22,820,312)
Profit for the period	-	-	7,007,536	7,007,536
<u>Other comprehensive income (Note 15.2):</u>				
Translation differences	-	(30,829)	-	(30,829)
Total other comprehensive income	-	(30,829)	-	(30,829)
Total comprehensive income	-	(30,829)	7,007,536	6,976,707
At 30 June 2019	4,686,858	9,072,821	11,568,416	25,328,095
At 1 January 2019	4,686,858	13,226,103	23,258,739	41,171,700
<u>Transactions with owners:</u>				
Allocation of profit to reinvested earnings	-	(4,122,882)	4,122,882	-
Dividends declared	-	-	(22,820,312)	(22,820,312)
Total transactions with owners	-	(4,122,882)	(18,697,430)	(22,820,312)
Profit for the year	-	-	20,124,798	20,124,798
<u>Other comprehensive income (Note 15.2):</u>				
Transfer of revaluation reserves on disposed tangible assets	-	(25,133)	25,133	-
Translation differences	-	7,411	-	7,411
Total other comprehensive income	-	(17,722)	25,133	7,411
Total comprehensive income	-	(17,722)	20,149,931	20,132,209
At 31 December 2019	4,686,858	9,085,499	24,711,240	38,483,597

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

Interim financial statements
30 June 2020

Statement of Cash Flows

		(Amounts in EUR)		
		Six - month period ended 30 June		Year ended
	Note	2020	2019	December 31 2019
Operating activities				
Net profit before income tax		3,827,769	7,808,722	22,303,975
<u>Adjusted for:</u>				
Depreciation and amortization	9,10	1,123,248	959,826	1,698,908
Net carrying amount of equipment sold	21	14,518	-	-
Impairment and write offs on trade and other receivables	21	3	19	6,817
Value adjustment of inventories	21	-	-	422,256
Wastage, failure and fracture of inventory	21	-	-	38,158
Net carrying amount of equipment written off		-	566	28,783
Shortages	21	-	-	8,099
Gain on property, plant and equipment sold	23	(5,478)	(2,520)	(2,520)
Gains from previously impaired receivables	12, 23	(461)	(300)	(300)
Payables written off	23	(3)	(83)	(6,079)
Liabilities for dividends written off		-	-	(393)
Finance result, net	24	8,479	(4,749)	(9,974)
Operating profit before working capital changes		4,968,075	8,761,481	24,487,730
<u>Changes in working capital:</u>				
Inventories		(2,334,131)	(1,588,082)	(1,024,388)
Trade and other receivables		2,686,081	(2,944,629)	(6,433,063)
Trade and other payables		(48,122)	612,686	185,323
Cash from operations		5,271,903	4,841,456	17,215,602
Interest paid		(21,082)	(23,989)	(46,613)
Income tax paid		(1,243,162)	(1,975,039)	(3,047,735)
Cash flows from operating activities, net		4,007,659	2,842,428	14,121,254
Investing activities				
Purchase of tangible assets, net of proceeds from sales	9	(3,540,232)	(591,839)	(5,195,402)
Purchase of intangible assets, net of proceeds from sales	10	(13,900)	(99,491)	(245,831)
Proceeds from sale of equipment	23	5,478	2,520	2,520
Financial receivables		906,905	2,507,223	1,473,467
Interest received	24	12,371	28,488	56,341
Cash flows from investing activities, net		(2,629,378)	1,846,901	(3,908,905)
Financing activities				
New borrowings	16	-	-	-
Repayment of borrowings	16	(78,705)	(78,267)	(157,412)
Dividends paid and related taxes	15.5	-	(22,781,440)	(22,816,154)
Cash flows from financing activities, net		(78,705)	(22,859,707)	(22,973,566)
Net change in cash and cash equivalents		1,299,576	(18,170,378)	(12,761,217)
Cash and cash equivalents at beginning	14	9,169,255	21,925,941	21,925,941
Effects of exchange rate changes on cash and cash equivalents		(84,088)	(17,665)	4,531
Cash and cash equivalents at end	14	10,384,743	3,737,898	9,169,255

Accompanying notes from 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 2020
(All amounts presented in Euros, unless otherwise stated)

Notes to the Interim Financial Statements

1 General

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

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

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

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

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

On 28 June 2018, Stoneworks acquired an additional 34,449 shares and on 12 July 2018 additional 5,082 shares. Therefore, on 30 June 2020 and 30 June 2019, as well as 31 December 2019, Stoneworks is the holder of 89.25% of the issued share capital.

The Company’s main business activities include mining, processing and distribution of marble and decorative stones. The Company has signed a mining rights concession agreement that is valid until 2030, renewable then for another 30 years. The Company operates on local and foreign markets and at 30 June 2020 employs 360 persons (30 June 2019: 361 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 2020 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 2019.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2020
(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 2019.

New Standards adopted as at 1 January 2020

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

Other pronouncements

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

- Definition of Material
- Definition of Business
- Interest Rate Benchmark Reform

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:

	30 June 2020	30 June 2019	31 December 2019
1 USD	54.6748 Denars	54.1037 Denars	54,9518 Denars
1 EUR	61.6950 Denars	61.5700 Denars	61.4856 Denars
Average EUR	61.6530 Denars	61.5117 Denars	61.5053 Denars

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2020
(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 2019.

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 2020 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 2020
(All amounts presented in Euros, unless otherwise stated)

Segment reporting (continued)

During the six month period to 30 June 2020, 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 2020			
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
Profit before tax			3,827,769
Income tax expense			(39,581)
Profit for the period			3,788,188
Other comprehensive income			(135,701)
Total comprehensive income for the period			3,652,487
Six months to 30 June 2019			
Sales	11,553,236	1,037,574	12,590,810
Profit from operating activities	7,714,131	107,435	7,821,566
Financial result, net			(12,844)
Profit before tax			7,808,722
Income tax expense			(801,186)
Profit for the period			7,007,536
Other comprehensive income			(30,829)
Total comprehensive income for the period			6,976,707
Year to 31 December 2019			
Sales	33,983,158	2,161,045	36,144,203
Profit from operating activities	22,204,151	160,281	22,364,432
Financial result, net			(60,457)
Profit before tax			22,303,975
Income tax expense			(2,179,177)
Profit for the year			20,124,798
Other comprehensive income			7,411
Total comprehensive income for the year			20,132,209

Segment assets and liabilities as at 30 June 2020 and 2019 and 31 December 2019 are as follows:

	Quarry	Factory	Total
30 June 2020			
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
30 June 2019			
Total assets	22,612,647	5,953,689	28,566,336
Liabilities	3,071,955	166,286	3,238,241
Capital expenditures	490,105	201,225	691,330
31 December 2019			
Total assets	35,167,023	6,264,811	41,431,834
Liabilities	2,840,197	108,040	2,948,237
Capital expenditures	4,361,763	1,079,470	5,441,233

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2020
(All amounts presented in Euros, unless otherwise stated)

Segment reporting (continued)

Sales per geographical regions are as follows:

	Six months period ended		Year ended
	2020	2019	2019
North Macedonia	59,045	188,862	334,150
China	5,647,880	9,304,672	24,757,085
Greece	1,310,971	2,377,035	8,980,785
Balkan region	11,937	123,318	208,708
Italy	-	135,524	135,538
Other markets	608,496	461,399	1,727,937
	7,638,329	12,590,810	36,144,203

As at 30 June 2020 Euros 3,874,008 or 50,72 % (30 June 2019 : Euro 7,078,916 or 56,22 % and 31 December 2019: Euro 8,983,750 or 24.9%) of the Company's revenues depended on four single customers, one from Greece and three from China, which individually represent more than 10% of revenues (30 June 2019: four single customers, one from Greece and three from China, and 31 December 2019: one single customer 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 2020 represented 21% (first six months of 2019: 32%) of the annual level of these revenues for the year ended 31 December 2019.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2020
(All amounts presented in Euros, unless otherwise stated)

9 Property, plant and equipment

	Land & buildings	Machinery & equipment	Construct.in progress	Total
At 1 January 2020				
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)
Net carrying amount	2,966,193	9,414,931	793,495	13,174,619
Changes during the period				
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)
Closing carrying amount	2,995,632	10,816,834	1,826,067	15,638,533
At 30 June 2020				
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)
Net carrying amount	2,995,632	10,816,834	1,826,067	15,638,533
At 1 January 2019				
Cost or valuation	5,773,641	20,417,701	204,490	26,395,832
Accumulated depreciation	(2,938,802)	(13,944,832)	-	(16,883,634)
Net carrying amount	2,834,839	6,472,869	204,490	9,512,198
Changes during the period				
Opening net carrying amount	2,834,839	6,472,869	204,490	9,512,198
Translation differences	(3,467)	(7,544)	(429)	(11,440)
Additions, net of transfers from C.I.P.	88,420	314,336	189,083	591,839
Disposals-net	-	(566)	-	(566)
Depreciation charge for the period	(74,217)	(671,760)	-	(745,977)
Closing carrying amount	2,845,575	6,107,335	393,144	9,346,054
At 30 June 2019				
Cost or valuation	5,854,943	20,888,658	393,144	27,136,745
Accumulated depreciation	(3,009,368)	(14,781,323)	-	(17,790,691)
Net carrying amount	2,845,575	6,107,335	393,144	9,346,054
At 1 January 2019				
Cost or valuation	5,773,641	20,417,701	204,490	26,395,832
Accumulated depreciation	(2,938,802)	(13,944,832)	-	(16,883,634)
Net carrying amount	2,834,839	6,472,869	204,490	9,512,198
Changes during the year				
Opening net carrying amount	2,834,839	6,472,869	204,490	9,512,198
Translation differences	475	1,932	219	2,626
Additions, net of transfers from C.I.P.	301,516	4,305,100	588,786	5,195,402
Disposals-net	(20,580)	(8,202)	-	(28,782)
Transfers to inventory	-	-	-	-
Depreciation charge for the year	(150,057)	(1,356,768)	-	(1,506,825)
Closing carrying amount	2,966,193	9,414,931	793,495	13,174,619
At 31 December 2019				
Cost or valuation	6,037,535	24,324,981	793,495	31,089,630
Accumulated depreciation	(3,071,342)	(14,910,050)	-	(17,915,011)
Net carrying amount	2,966,193	9,414,931	793,495	13,174,619

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2020
(All amounts presented in Euros, unless otherwise stated)

Property, plant and equipment (continued)

Construction in progress

As at 30 June 2020, the balance of construction in progress in the amount of Euro 1,826,067 mainly consist of the cost of four gang saws and their installation, water treatment system for the factory and some major repairs of equipment.

Property, plant and equipment pledged

As at 30 June 2020, the Company has pledged part of its property, plant and equipment to secure borrowings (see Note 16). As at the statement of financial position date, their appraised value is Euro 3,342,752 and their present value is Euro 2,022,808 (see Note 29).

10 Intangible assets

	Software	Trademarks	Exploration and evaluation assets	Intangibles in progress	Total
At 1 January 2020					
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)
Net carrying amount	83,846	54,370	1,427,798	10,447	1,576,461
Changes during the period					
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)
Closing carrying amount	76,076	47,717	1,333,027	20,381	1,477,201
At 30 June 2020					
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)
Net carrying amount	76,076	47,717	1,333,027	20,381	1,477,201
At 1 January 2019					
Cost or valuation	176,740	207,507	2,873,815	90,390	3,348,452
Accumulated amortization	(162,327)	(150,848)	(1,512,814)	-	(1,825,989)
Net carrying amount	14,413	56,659	1,361,001	90,390	1,522,463
Changes during the period					
Opening net carrying amount	14,413	56,659	1,361,001	90,390	1,522,463
Translation differences	(90)	(66)	(1,556)	(34)	(1,746)
Additions, net of transfers from intangibles in progress	87,127	2,806	89,482	(79,924)	99,491
Amortisation charge for the period	(10,621)	(6,185)	(197,043)	-	(213,849)
Closing carrying amount	90,829	53,214	1,251,884	10,432	1,406,359
At 30 June 2019					
Cost or valuation	263,569	210,058	2,959,711	10,432	3,443,770
Accumulated amortization	(172,740)	(156,844)	(1,707,827)	-	(2,037,411)
Net carrying amount	90,829	53,214	1,251,884	10,432	1,406,359
At 1 January 2019					
Cost or valuation	176,740	207,507	2,873,815	90,390	3,348,452
Accumulated amortization	(162,327)	(150,848)	(1,512,814)	-	(1,825,989)
Net carrying amount	14,413	56,659	1,361,001	90,390	1,522,463

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2020
(All amounts presented in Euros, unless otherwise stated)

Intangible assets (continued)

Changes during the period					
Opening net carrying amount	14,413	56,659	1,361,001	90,390	1,522,463
Translation differences	24	8	229	(11)	250
Additions, net of transfers from intangibles in progress	91,222	10,107	224,434	(79,932)	245,831
Amortization charge for the year	(21,813)	(12,404)	(157,866)	-	(192,083)
Closing carrying amount	83,846	54,370	1,427,798	10,447	1,576,461
At 31 December 2019					
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)
Net carrying amount	83,846	54,370	1,427,798	10,447	1,576,461

Exploration and evaluation assets

As of 30 June 2020 the balance of exploration and evaluation assets amounting to Euro 1,333,027 (30 June 2019: Euro 1,251,884 and 31 December 2019: Euro 1,427,798) includes capitalized expenses related to quarry stripping activities with remaining amortization period for 10 years, geophysics and drilling research and quarry 10-year plan.

Intangibles in process of acquisition

As at 30 June 2020 the balance of intangibles in process of acquisition amounting to Euro 20,381 (30 June 2019: Euro 10,432 and 31 December 2019: Euro 10,447) 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 2020 amounting Euro 1,123,248 (30 June 2019: Euro 959,826 and 31 December 2019: Euro 1,698,908), Euro 1,074,751 (30 June 2019: Euro 915,299 and 31 December 2019: Euro 1,604,756) has been charged in cost of sales and the remaining in the amount of Euro 48,497 (30 June 2019: Euro 44,527 and 31 December 2019: Euro 94,152) into administrative and selling expenses (see Note 21).

11 Inventories

	30 June 2020	30 June 2019	31 December 2019
Work in progress	5,535,610	4,328,193	3,303,557
Spare parts	1,049,223	881,957	990,092
Finished products	803,944	894,313	806,261
Raw materials	239,325	216,498	210,920
Trade goods	75,623	76,165	75,881
Other	40,922	45,597	23,805
	7,744,647	6,442,723	5,410,516

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 2020	30 June 2019	31 December 2019
Current trade receivables			
Local debtors	33,169	25,047	28,095
Foreign debtors	4,907,719	2,066,886	3,937,730
Related party's receivables (see Note 28)	409,523	64,147	1,195,979
	5,350,411	2,156,080	5,161,804
Less: provision for impairment	(69,235)	(63,851)	(69,779)
	5,281,176	2,092,229	5,092,025
Prepayments and other receivables			
Deferred expenses	245,224	377,641	37,559
Prepaid VAT	203,944	561,436	772,536
Advances to suppliers	128,639	2,014,946	2,624,639
Other current receivables	20,038	36,692	37,802
	597,845	2,990,715	3,472,536
	5,879,021	5,082,944	8,564,561

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)
	4,107,123	1,174,053	-	5,281,176

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

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

At 31 December 2019 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	4,644,534	447,491	69,779	5,161,804
Less: Impairment provision	-	-	(69,779)	(69,779)
	4,644,534	447,491	-	5,092,025

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
	5,882	1,168,171	1,174,053

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

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

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

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

	Domestic trade receivables	Foreign trade receivables	Total
Overdue up to 1 year	1,671	445,820	447,491
Overdue more than 1 year	-	-	-
	1,671	445,820	447,491

Following table provides for the movement of impairment provision account:

	30 June 2020	30 June 2019	31 December 2019
At 1 January	69,779	64,173	64,173
Collected fully provided bad debts (Note 23)	(461)	(300)	(300)
Written off of previously impaired receivables	-	-	(888)
Impairment provision	-	-	6,791
Translation differences	(83)	(22)	3
At 30 June / 31 December	69,235	63,851	69,779

13 Financial receivables

	30 June 2020	30 June 2019	31 December 2019
Short-term deposits in local banks	2,629,517	2,502,666	3,536,422
	2,629,517	2,502,666	3,536,422

14 Cash and cash equivalents

	30 June 2020	30 June 2019	31 December 2019
Bank accounts	10,383,276	3,735,729	9,167,773
Cash on hand	1,467	2,169	1,482
	10,384,743	3,737,898	9,169,255

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 2020	4,686,858	4,686,858	-	4,686,858
At 30 June 2019	4,686,858	4,686,858	-	4,686,858
At 31 December 2019	4,686,858	4,686,858	-	4,686,858

The structure of share capital at 30 June 2020, 30 June 2019 and 31 December 2019 is as follows (amounts in Euros):

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

Equity (continued)

At 30 June 2020 / 31 December 2019	Number	Amount	%
Stone Works Holding Coöperatief U.A Netherlands	4,183,021	4,183,021	89.25
Piraeus Bank SA.	468,700	468,700	10.00
Other – minority	35,137	35,137	0.75
	4,686,858	4,686,858	100.00

At 30 June 2019	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

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

15.2 Other components of equity

	Translation reserve	Statutory reserves	Revaluation reserve	Total
At 1 January 2020	38,299	7,818,643	1,228,557	9,085,499
Allocation of profit to reinvested earnings	-	3,990,073	-	3,990,073
Translation differences	(135,701)	-	-	(135,701)
At 30 June 2020	(97,402)	11,808,716	1,228,557	12,939,871
At 1 January 2019	30,888	11,941,525	1,253,690	13,226,103
Allocation of profit to reinvested earnings	-	(4,122,453)	-	(4,122,453)
Translation differences	(30,829)	-	-	(30,829)
At 30 June 2019	59	7,819,072	1,253,690	9,072,821
At 1 January 2019	30,888	11,941,525	1,253,690	13,226,103
Allocation of profit to reinvested earnings	-	(4,122,882)	-	(4,122,882)
Transfer of revaluation reserves on disposed property, plant and equipment	-	-	(25,133)	(25,133)
Translation differences	7,411	-	-	7,411
At 31 December 2019	38,299	7,818,643	1,228,557	9,085,499

15.3 Revaluation reserve

Revaluation reserve, which at 30 June 2020 amounts to Euro 1,228,557 (30 June 2019: Euro 1,253,690 and 31 December 2019: Euro 1,228,557) was initially created during 2002, based upon the independent valuation of groups of the Company's property, plant and equipment. Subsequent changes (transfers into retained earnings) relate to net carrying amounts of those assets sold or destroyed.

15.4 Statutory reserves

Reserves, which at 30 June 2020 amount to Euro 11,808,716 (30 June 2019: Euro 7,819,072 and 31 December 2019: Euro 7,818,643) are created during the years by allocation of parts of the net income after tax. According to the applicable local legal regulations, the Company is required to set aside each year, minimum 5% from its annual net income after tax, until the level of such reserves reach 10% of the registered capital.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2020
(All amounts presented in Euros, unless otherwise stated)

Equity (continued)

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

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 earning 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.

15.5 Dividends

During the period ended 30 June 2020 no allocation of profit to dividend took place.

16 Interest-bearing borrowings

	30 June 2020	30 June 2019	31 December 2019
<u>Long – term interest bearing borrowings from local banks</u>			
Komercijalna Banka ad, Skopje (original amount: Eur.1.338.000; interest rate 6m.Euribor+3,8%)	1,062,530	1,219,941	1,141,235
Long – term borrowings	1,062,530	1,219,941	1,141,235
Less: current maturity of long term borrowings	(157,412)	(157,412)	(157,412)
Non-current portion of long - term borrowings	905,118	1,062,529	983,823
<u>Short – term interest bearing borrowings from local banks</u>			
Komercijalna Banka ad, Skopje, other short term	-	439	-
Short – term borrowings	-	439	-
Add: current maturity of long term borrowings	157,412	157,412	157,412
Total short-term borrowings and current maturity	157,412	157,851	157,412
Total debt	1,062,530	1,220,380	1,141,235

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 2020 amounts to Euro 78,705 (30 June 2019: Euro 78,267 and 31 December 2019: Euro 157,412).

The borrowings repayment schedule is as follows:

	30 June 2020	30 June 2019	31 December 2019
Due within 12 months	157,412	157,412	157,412
Due within 1 – 2 years	157,412	157,412	157,412
Due within 2 – 5 years	472,235	472,235	472,235
Due in over 5 years	275,471	432,882	354,176
	1,062,530	1,219,941	1,141,235

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2020
(All amounts presented in Euros, unless otherwise stated)

17 Trade and other payables

	30 June 2020	30 June 2019	31 December 2019
Trade creditors			
Local suppliers	620,219	749,133	653,890
Foreign suppliers	356,328	222,929	284,264
	976,547	972,062	938,154
Other current liabilities			
Liabilities to employees and management	302,623	297,418	368,895
Accrued expenses	192,233	271,034	76,039
Customers' prepayments	46,494	360,355	38,012
Dividends payables (net of local taxes)	5,906	20,012	5,926
Interest payable	1,549	1,778	1,782
Other	1,775	1,778	1,636
	550,580	952,375	492,290
	1,527,127	1,924,437	1,430,444

18 Tax payables

	30 June 2020	30 June 2019	31 December 2019
Concession fees and other levies	75,979	86,013	109,968
Personal income tax liabilities	2,639	4,660	2,735
Withholding tax	-	2,751	6,252
	78,618	93,424	118,955

19 Sales

	Six - month period ended 30 June 2020	30 June 2019	Year ended 31 December 2019
Local market	59,045	188,862	334,150
Foreign markets:			
-China ¹	5,647,880	9,304,672	24,757,085
- Greece	1,310,971	2,377,035	8,980,785
- Balkan region	11,937	123,318	208,708
- Italy	-	135,524	135,538
- Other markets	608,496	461,399	1,727,937
Sub- total – sales on foreign markets	7,579,284	12,401,948	35,810,053
Total sales	7,638,329	12,590,810	36,144,203

20 Cost of sales

	Six - month period ended 30 June 2020	30 June 2019	Year ended 31 December 2019
Stock of finished products and W.I.P. at the beginning of the period	4,109,818	3,738,030	3,738,030
Plus: Total production cost for the period ended 30 June	4,595,871	4,969,194	10,275,532
Plus: Income from value adjustment of previously written-off inventory	-	13,849	43,018
Plus: Cost of various material sold	36	13,103	22,687
Use of own products	(60,957)	(35,662)	(75,621)
Wastage, failure and fracture of products (excluding VAT effect)	-	-	(32,337)
Shortages (excluding VAT effect)	-	-	(6,864)
Less: Value adjustment of inventories	-	-	(422,256)
Less: Income from released value adjustment of inventories sold	-	(13,849)	(43,018)
Less: Stock of finished products and W.I.P. at the end of period	(6,339,554)	(5,222,506)	(4,109,818)
	2,305,214	3,462,159	9,389,353

¹ Includes China and Hong Kong

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

21 Administrative and selling expenses

	Six - month period ended 30 June 2020		Six - month period ended 30 June 2019		Year ended 31 December 2019	
	Administrative	Selling	Administrative	Selling	Administrative	Selling
Staff costs	324,613	67,937	348,720	67,814	740,378	151,369
Marketing and promotion	106,762	1,084	74,242	5,180	253,494	8,750
Professional advisory services	72,085	-	46,505	-	97,369	-
Transport of production	-	706,405	-	546,343	-	2,107,224
Services	30,831	41,856	25,154	20,633	95,240	86,850
Depreciation and amortization (Note 10)	24,134	24,363	25,658	18,869	49,738	44,414
Materials, supplies and utilities	14,841	12,335	16,710	8,314	35,116	23,623
Expenses for operating lease	10,584	-	10,506	-	21,013	-
Taxes and other levies	5,023	487	7,817	903	19,242	1,401
Impairment and write off of receivables	-	3	-	19	-	6,817
Value adjustment of inventories	-	-	-	-	-	422,256
Wastage, failure and fracture of inventories	-	-	-	-	-	38,158
Present value of equipment sold and written off	-	-	566	-	-	28,782
Shortages	-	-	-	-	-	8,099
Other expenses and provisions	100,804	6,752	91,824	15,745	165,442	35,448
	689,677	861,222	647,702	683,820	1,477,032	2,963,191

22 Staff costs

	Six - month period ended 30 June		Year ended 31
	2020	2019	December 2019
Net salaries	1,133,687	1,276,602	2,517,803
Personal tax and mandatory contributions	571,640	636,193	1,264,970
Less: amount corresponding to future periods	(243,684)	(189,459)	-
Business trips	1,009	1,557	6,063
Other allowances	381,959	264,193	534,478
	1,844,611	1,989,086	4,323,314

Out of the total staff costs for the six-month period ended 30 June 2020 amounting Euro 1,844,611 Euro 1,452,061 has been charged in the cost of sales and the remaining amount of Euro 392,550 to 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)

23 Other operating income

	Six - month period ended 30 June		Year ended 31
	2020	2019	December 2019
Income from health insurance	13,903	14,631	14,633
Raw materials sold	11,678	2,740	5,868
Gains on property, plant and equipment sold	5,478	2,520	2,520
Income from collected fully provided bad debts	461	300	300
Income from rents	-	98	98
Income from re-invoicing of transport cost and other services	-	2,599	7,832
- minus: Cost associated with the above services	-	(2,468)	(7,477)
Payables write offs and stock count surplus	3	83	6,079
Reimbursement of participation in trade fair	-	-	13,483
Income from court verdicts	-	-	2,167
Liabilities for dividends written off	-	-	393
Other income	4,922	3,934	3,909
	36,445	24,437	49,805

24 Finance income and costs

	Six - month period ended 30 June		Year ended 31
	2020	2019	December 2019
Finance income			
Interest income	12,371	28,488	56,341
Foreign exchange gains	86,387	145,437	171,918
	98,758	173,925	228,259
Finance costs			
Interest (expense)	(20,850)	(23,739)	(46,367)
Bank (charges)	(18,086)	(19,603)	(57,577)
Foreign exchange (losses)	(50,714)	(143,427)	(184,772)
	(89,650)	(186,769)	(288,716)
Net finance costs	9,108	(12,844)	(60,457)

25 Income tax

The charge for the year can be reconciled to the profit per Statement of comprehensive income at 30 June 2020 and 2019 and 31 December 2019 as follows:

	Six - month period ended 30 June		Year ended 31
	2020	2019	December 2019
Profit before income tax	3,827,769	7,808,722	22,303,975
Non – deductible expenses	224,456	310,361	721,596
Tax deductions	(3,343,904)	(512)	(512)
Temporary differences of the tax base	(52,991)	(106,708)	-
Translation differences	-	-	2
Income tax base	655,330	8,011,863	23,025,061
Current tax charge at rate of 10%	65,533	801,186	2,302,506
Income tax reduction	(25,952)	-	(123,329)
Income tax (expense)	39,581	801,186	2,179,177
Effective tax rate	1,03%	10,26%	9.77%

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2020
(All amounts presented in Euros, unless otherwise stated)

26 Expenses by nature

	Six - month period ended 30 June		Year ended 31
	2020	2019	December 2019
Staff costs	1,844,611	1,989,086	4,323,314
Depreciation and amortization	1,123,248	959,826	1,698,908
Consumed materials, spare parts and small inventory	918,019	833,956	1,651,829
Energy and water	850,612	973,564	1,970,451
Transport of products	706,405	546,343	2,107,224
Services	253,435	664,523	1,352,279
Other expenses and provisions	138,033	107,569	56,228
Marketing and promotion	107,846	79,422	262,244
Professional advisory services	72,085	46,505	97,369
Taxes and other contributions	38,170	43,162	92,608
Expenses for operating leasing	10,584	10,506	21,013
Representation	9,018	7,324	18,112
Transport costs	6,699	9,353	32,022
Insurance	7,081	6,433	13,561
Write off of receivables	3	19	6,817
Present value of assets sold and written off	-	566	28,872
Value adjustment of inventories	-	-	422,256
Wastage, failure and fracture	-	-	38,158
Shortages	-	-	8,099
	6,085,849	6,278,157	14,201,364
Changes of stock of work in progress and finished products	(2,229,736)	(1,484,476)	(371,788)
	3,856,113	4,793,681	13,829,576

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 2020 and 2019 and the year ended 31 December 2019.

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
	2020	2019	December 2019
Profit attributable to equity holders of the Company	3,788,188	7,007,536	20,124,798
Weighted average number of ordinary shares	4,686,858	4,686,858	4,686,858
Basic and diluted earnings per share (Euro per share)	0.81	1.50	4.29

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

28 Related parties

The table below provides for the volume and balances from the related party transactions as at and for the periods ended 30 June 2020, 30 June 2019 and 31 December 2019:

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
	-	409,523	-	1,317,132	278,485

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

31 December 2019	Cash	Receivables	Payables	Revenues	Expenses
Stone Works Holding Coöperatief U.A Netherlands	-	-	-	-	-
Pavlidis S.A. Marble-Granite Drama Greece	-	1,195,979	-	8,986,045	22,889
Key management remuneration	-	-	-	-	419,808
	-	1,195,979	-	8,986,045	442,697

29 Contingent liabilities

Mortgages

Mortgages provided with appraised value are as follows:

	Six - month period ended 30 June		Year ended 31
	2020	2019	December 2019
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
	2020	2019	December 2019
Business premises	1,201,159	1,284,814	1,246,062
Machinery & equipment	821,649	930,265	874,834
	2,022,808	2,215,079	2,120,896

Guarantees

Guarantees provided are as follows:

	Six - month period ended 30 June		Year ended 31
	2020	2019	December 2019
Issued by Komercijalna Banka AD Skopje	-	-	-
	-	-	-

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2020
(All amounts presented in Euros, unless otherwise stated)

Contingent liabilities (continued)

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

Litigations

At 30 June 2020, the estimated Euro equivalent of the legal proceedings raised against the Company amounts Euro 41,231 (30 June 2019: Euro 47,406; 31 December 2019: Euro 41,371). 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 2020 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 until 31 December 2008;
- for Corporate Income tax until 31 December 2012;
- for tax on concessions until 31 December 2011;
- for withholding tax until 31 March 2012.

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

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 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 RSM no.59/2019). Until the date of this report, the Company did not prepare a report on transfer pricing.

The Company is conducting regular assessment for potential liabilities which are expected to arise from tax inspections of past years. The management is considering that such amounts which might occur will not have any material effect on the financial results and cash flows.

30 Commitments

Operating lease liabilities

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

	Six - month period ended 30 June		Year ended 31
	2020	2019	December
			2019
Operating lease liabilities			
Present value of payment:			
Due within 1 year	20,913	20,913	20,913
Due between 1 – 5 years	21,736	42,649	32,193
	42,649	63,562	53,106

As at 30 June 2020, the Company recognized expenses for operating lease in the amount of Euro 10,584 (30 June 2019: Euro 10,506 and 31 December 2019: Euro 21,013) (Note 26).

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2020
(All amounts presented in Euros, unless otherwise stated)

31 Concession agreements

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

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

- Annual fee for use of territory on which the concession has been granted in the amount of 5,742 Euros; and
- Concession fee on sold quantities of commercial marble according to the Methodology established by the Ministry of Economy of RNM for:
 - blocks at 5% of the value of the material determined at 294 Euros /m3
 - tombolones at 5% of the value of material determined at 147 Euros /m3 and
 - material different than blocks and tombolones, that is crushed or milled 0.325 Euros/t

32 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.

Assets	30 June 2020	30 June 2019	31 December 2019
Assets carried at amortized cost			
Trade and other receivables	5,301,214	2,128,921	5,129,827
Financial receivables	2,629,517	2,502,666	3,536,422
Cash and cash equivalents	10,384,743	3,737,898	9,169,255
	18,315,474	8,369,485	17,835,504
Liabilities			
Other financial liabilities at amortized cost			
Borrowings	1,062,530	1,220,380	1,141,235
Trade and other payables	1,288,400	1,293,048	1,316,393
	2,350,930	2,513,428	2,457,628

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2020
(All amounts presented in Euros, unless otherwise stated)

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 2020.

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 2020 (In Euro)	30 June 2019 (In Euro)	Carrying value 31 December 2019 (In Euro)
Assets			
Trade and other receivables	5,301,214	2,128,921	5,129,827
Financial receivables	2,629,517	2,502,666	3,536,422
Cash and cash equivalents	10,384,743	3,737,898	9,169,255
Total assets	18,315,474	8,369,485	17,835,504
Liabilities			
Borrowings	1,062,530	1,220,380	1,141,235
Trade and other payables (without tax liabilities)	1,288,400	1,293,048	1,316,393
	2,350,930	2,513,428	2,457,628

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.

34 Events after the reporting date

Subsequent to 30 June 2020 until the approval of these interim financial statements, there are no adjusting events reflected in these interim financial statements, or materially significant for disclosure in these interim financial statements.



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