Financial statements prepared in accordance with International Financial Reporting Standards and Independent Auditor's Report

Mermeren Kombinat AD Prilep

31 December 2022

Contents

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Independent Auditor's Report

To: Shareholders of
Mermeren Kombinat a.d., Prilep

Report on financial statements

Opinion

We have audited the accompanying financial statements of Mermeren Kombinat AD, Prilep (the "Company"), which comprise the Statement of financial position as at 31 December 2022, and the Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mermeren Kombinat AD, Prilep as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements of the Company, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*How the matter was addressed in our audit*
Risk of fraud in revenue recognition ISAs presume there is a risk of fraud in revenue recognition on every audit engagement. We focused on recognition of revenue because there is a risk of intentional overstatement of revenues by management in order to meet sales target and secure performance incentives. In addition, there is a risk that the Company may have not properly recorded revenue transactions regarding sales returns and rebates at year end. Related accounting policies, judgments and estimates are disclosed in Note 2.2 2in the accompanying financial statements.	We assessed the consistency of the application of the revenue recognition policy by reconsidering the accounting policy for the different sources of the Company's revenues. We tested the design and operating effectiveness of the controls over revenue systems to determine the extent of additional substantive testing required. We found no deviation from our testing. Our tests of detail focused on transactions occurring within proximity before and after the year end, obtaining evidence to support the appropriate timing of revenue recognition, based on terms and conditions set out in agreements and delivery documents. No exceptions were noted from our audit procedures performed.
Risk of management override of internal controls Based on both ISA and our audit methodology, management override of controls should be considered as a significant risk in each audit engagement. Management may directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	We tested the appropriateness of journal entries recorded in the general ledger by making inquiries of individuals involved in the financial reporting process about inappropriate and unusual activity and tested journal entries. We considered whether there was evidence of bias by Management in the significant accounting estimates and judgements relevant to the financial statements. We also assessed the overall control environment of the Company and interviewed senior management. No issues were noted from our audit procedures performed.
Assumption used in the valuation of inventory Based on both ISA and our audit methodology, accounting estimates are areas that involve significant management judgements and require significant auditor attention. Management estimates the net realizable values of inventories taking into account the most reliable evidence available at each reporting date. In addition, management's assessment process is complex and highly judgmental and is based on the assumption for the selling prices for which the future realization may be affected by future technology or other market-driven changes that may reduce future selling prices. Related accounting policies, judgments and estimates are disclosed in Notes 2.13 and 8 in the accompanying financial statements.	We inspected whether the inventory is stated at the lower of cost or net realizable value by testing how management made the accounting estimate and the data on which it is based. This approach is appropriate due to no indication that management's process is not effective. The allowance is based on when each item was last sold, and we tested the completeness and accuracy of the inventory aging report and sales prices. Furthermore, when attending the physical inventory counting, we inspected the condition and characteristics of inventory (e.g. damaged inventory, aged or obsolete inventory, or scrapped inventory) and determined what items, if any, are subject of an inventory allowance. We also made inquiries of warehouse and other operational personnel as to inventory that may be slow-moving, damaged or obsolete. No issues were noted from our audit procedures performed.

Other Information

Management is responsible for other information. The other information comprises the Annual Report of the Board of Directors but does not include the financial statements and our auditor's report.

Our opinion on the financial statements does not cover other information and, except to the extent explicitly stated in our report, we do not express any assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and in doing so, consider whether the other information is materially inconsistent with financial statements or our knowledge obtained in audit, or otherwise appears to be materially misstated.

In addition, based on the knowledge and understanding of the entity and its environment in which it operates, obtained during the audit, we are required to report if we have identified any material misstatements of fact in other information. We have nothing to report in this respect.

Responsibilities of Management for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Matters

Assurance Report on the European Single Electronic Reporting Format

We examined the digital records of Mermeren Kombinat AD, Prilep (the "Company"), prepared in accordance with the European Single Electronic Format (ESEF) that is determined by the European Commission Delegated Regulation (EU) 2019/815, as amended by the Regulation (EU) 2020/1989 (the ESEF Regulation) that include the financial statements of the Company for the year ended as at 31 December 2022 in the XHTML format in the file XBRL (Financial statements_31.12.2022_el) with the appropriate mark-up of the those financial statements including the other explanatory information (Notes to financial statements).

Regulatory framework

The digital records of the European Single Electronic Format are prepared in accordance with the ESEF Regulation and the 2020/C 379/01 Commission Interpretative Communication issued on 10 November 2020, as required by the L. 3556/2007 and the relevant announcements of the Hellenic Capital Markets Commission and the Athens Stock Exchange (the "ESEF Regulatory Framework"). This Framework includes in summary, among others, the following requirements:

- All the annual financial reports must be prepared in XHTML format.

- With respects to the financial statements based on International Financial Reporting Standards (IFRS), the financial information that is included in the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statement of Cash Flows, must be marked up with XBRL tags, in accordance with the ESEF Taxonomy, as in force. The technical requirements for the ESEF, including the relevant taxonomy, are included in the ESEF Regulatory Technical Standards.

The requirements as defined in the ESEF Regulatory Framework as in force are appropriate criteria in order to express a reasonable assurance conclusion.

Responsibilities of management and those charged with governance

Management is responsible for the preparation and filing of the financial statements of the Company, for the year ended as at 31 December 2022, in accordance with the requirements determined by the ESEF Regulatory Framework, and for such internal control necessary to enable the preparation of digital files that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibilities

Our responsibility is to design and conduct this assurance engagement in accordance with the CEAOB guidelines on the auditors' involvement on financial statements in European Single Electronic Format (the "CEAOB ESEF Guidelines") issued by Committee of the European Auditing Oversight Bodies on 09 November 2021, as well as 214/4/11-02-2022 Decision of the Hellenic Accounting and Auditing Standards Oversight Board and the "Guidelines for the assurance engagement and report of Certified Auditors on the European Single Electronic Reporting Format of issuers with shares listed in a regulated market in Greece" issued by the Institute of Certified Public Accountants of Greece on 14/02/2022 , in order to obtain reasonable assurance that the financial statements of the Company, prepared by the management of the Company in accordance with the ESEF comply, in all material respects, with the ESEF Regulatory Framework as in force.

Our work was performed in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants, as it has been incorporated into Greek legislation and we have also fulfilled our independence requirements, in accordance with the L. 4449/2017 and the Regulation (EU) 537/2014.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000 "Assurance Engagements other than Audits or Reviews of Historical Financial Information" and our procedures are limited to the requirements of ESEF Guidelines. Reasonable assurance is a high level of assurance, but is not a guarantee that this work will always detect a material misstatement of non-compliance with the requirements of ESEF Regulation.

Conclusion

Based on the procedures performed and the evidence obtained, the financial statements of the Company for the year ended as of 31 December 2022 in XHTML format in the file XBRL (Financial statements_31.12.2022_el) with the appropriate mark-up on the above consolidated financial statements, including the other explanatory information, have been prepared, in all material respects, in accordance with the requirements of the ESEF Regulatory Framework

Marjan Andonov
Director
Grant Thornton DOO, Skopje

Maja Atanasovska
Certified auditor

Skopje, 27 April 2023

Statement of financial position

	Note	31 December 2022	(Amounts in Eur) 31 December 2021
Assets			
Non-current assets			
Property, plant and equipment	5	14,377,389	14,594,091
Intangible assets	6	1,141,217	1,212,339
		15,518,606	**15,806,430**
Current assets			
Inventories	8	5,270,027	5,148,046
Trade and other receivables	9	9,641,901	8,357,382
Income tax receivables		8,245	215,280
Financial receivables	10	5,308,308	4,043,186
Cash and cash equivalents	11	6,456,409	10,461,890
		26,684,890	**28,225,784**
Total assets		**42,203,496**	**44,032,214**
Equity			
Shareholders' equity			
Share capital	12	4,686,858	4,686,858
Other components of equity	12	16,446,027	14,500,035
Retained earnings		19,842,341	23,799,422
Total shareholders' equity		**40,975,226**	**42,986,315**
Liabilities			
Current liabilities			
Trade and other payables	13	1,138,234	932,503
Tax payables	14	90,036	113,396
		1,228,270	1,045,899
Total liabilities		**1,228,270**	**1,045,899**
Total liabilities and shareholders' equity		**42,203,496**	**44,032,214**

These financial statements have been approved by the Board of Directors on 27 April 2023 and signed on its behalf by,

Nikolaos Dimarelis	**Vasileios Anagnostou**	**Nikos Michalopoulos**
Chairman	Chief Executive Officer	Chief Financial Officer

Statement of comprehensive income

(Amounts in Eur)

	Note	Year ended 31 December 2022	2021
Sales	15	30,379,066	30,127,440
Cost of sales	16	(10,344,213)	(8,873,048)
Gross profit		**20,034,853**	**21,254,392**
Administrative and selling expenses	17	(4,724,730)	(4,826,177)
Other operating income	19	133,814	55,592
Operating profit		**15,443,937**	**16,483,807**
Finance income	20	147,696	264,682
Finance costs	20	(242,396)	(369,163)
Finance (costs), net		(94,700)	(104,481)
Profit before income tax		**15,349,237**	**16,379,326**
Income tax expense	21	(1,399,223)	(1,582,951)
Profit for the year		**13,950,014**	**14,796,375**
Other comprehensive income for the year:			
Items that will be reclassified subsequently to profit or loss			
Translation differences		70,123	63,750
Other comprehensive income for the year		70,123	63,750
Total comprehensive income for the year		**14,020,137**	**14,860,125**
Profit attributable to the holders of ordinary shares		**13,950,014**	**14,796,375**
Total comprehensive income attributable to the holders of ordinary shares		**14,020,137**	**14,860,125**
Earnings per share (expressed in Euros per share)	24	2.98	3.16
EBITDA		**17,574,582**	**18,708,458**

Statement of changes in equity

(Amounts in Eur)

	Share capital	Reserves	Retained earnings	Total
At 01 January 2022	**4,686,858**	**14,500,035**	**23,799,422**	**42,986,315**
Transaction with owners				
Allocation of profit to investment reserves	-	2,502,357	(2,502,357)	-
Dividends declared	-	-	(16,029,054)	(16,029,054)
Transfer of profit from reserves to retained earnings (Note 12)	-	(626,488)	624,316	(2,172)
Total transactions with owners	-	*1,875,869*	*(17,907,095)*	*(16,031,226)*
Profit for the year	-	-	13,950,014	13,950,014
Other comprehensive income:				
Exchange differences on translating (Note 12)	-	70,123	-	70,123
Total other comprehensive income	-	*70,123*	-	*70,123*
Total comprehensive income	-	*70,123*	*13,950,014*	*14,020,137*
At 31 December 2022	**4,686,858**	**16,446,027**	**19,842,341**	**40,975,226**
At 01 January 2021	**4,686,858**	**12,936,139**	**21,001,836**	**38,624,833**
Transaction with owners				
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
Other comprehensive income:				
Exchange differences on translating (Note 12)	-	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**

Statement of cash flows

(Amounts in Eur)

	Note	31 December 2022	31 December 2021
Operating			
Net profit before income tax		15,349,237	16,379,326
Adjusted for:			
Depreciation and amortization	5,6	2,130,645	2,224,651
Value adjustment of inventories	8,17	170,568	269,052
Wastage, failure and fracture	8,17	155,625	118,087
Impairment of obsolete consumables and spare parts	8,17	58,378	113,070
Impairment and write offs on trade and other receivables	9,17	31,904	1,719
Net carrying amount of equipment written off	5,17	25,644	25,034
Net carrying amount of equipment sold	5	20,227	-
Shortages	17	12,220	577
Payables written off and stock - count surplus	19	(94,207)	(12,710)
Gain on property, plant and equipment sold	5,19	(6,028)	(5,801)
Liabilities for dividends written off	19	(3,975)	-
Gains from previously impaired receivables	9,19	(25)	-
Finance result, net	20	(26,536)	(17,086)
Operating profit before working capital changes		17,823,677	19,095,919
Changes in working capital:			
Inventories		(438,021)	(280,851)
Trade and other receivables		(1,316,450)	(2,701,127)
Trade and other payables		196,604	(141,066)
Cash from operations		16,265,810	15,972,875
Interest paid		(14)	(19,483)
Income tax paid		(1,194,360)	(344,948)
Cash flows from operating activities, net		**15,071,436**	**15,608,444**
Investing			
Purchase of property, plant and equipment		(1,670,922)	(1,150,441)
Purchase of intangible assets		(184,051)	(45,073)
Proceeds from sale of equipment		6,028	5,801
Outflow for financial receivables		(1,265,122)	(34,467)
Interest received		26,550	35,032
Cash flows from investing activities, net		**(3,087,517)**	**(1,189,148)**
Financing			
Repayment of borrowings		-	(983,824)
Dividends paid and related taxes		(16,025,857)	(10,494,666)
Cash flows from financing activities, net		**(16,025,857)**	**(11,478,490)**
Net change in cash and cash equivalents		**(4,041,938)**	**2,940,806**
Cash and cash equivalents at beginning	11	10,461,890	7,475,610
Effects of exchange rate changes on cash and cash equivalents		36,457	45,474
Cash and cash equivalents at end	**11**	**6,456,409**	**10,461,890**

See accompanying notes to the financial statements

Notes to the financial statements

1 General

Mermeren Kombinat AD, Prilep (the “Company”) 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 Holdings Coöperatief U.A., (“Stoneworks”) 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. Ultimate Parent of the Company is Pavlidis.

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

On 26 February 2018, Pavlidis proceeded to a public offer to EL.PIS. holders in order to acquire EL.PIS. In the period 01/03/2018 to 28/03/2018, a total of 310,262 EL.PIS. 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 31 December 2022 and on 31 December 2021 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 31 December 2022 employs 270 persons (2021: 284 persons).

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) if any, at fair value through profit or loss. The measurement bases are more fully described in the accounting policies below.

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4: Critical accounting estimates and judgements.

The financial statements have been prepared as of and for the years ended 31 December 2022 and 2021. Current and comparative data stated in these financial statements are expressed in Euros, unless otherwise stated, which is presentation currency, functional currency of the Company is Macedonian Denar.

2.2 Going - concern assumptions

During 2022, the Company still faced the COVID-19 pandemic. The economic growth was stable, despite being accompanied by high energy prices that further increased due to the Russian invasion of Ukraine. High energy prices, increased inflation, and certain trade sanctions adopted by the United Nations Security Council (UN) and/or various governments, contributed to increased prices of natural gas and fuel on the market where we carry out our operational activities, and therefore increased transportation costs.

The Management of the Company conducted a comprehensive assessment of the impact of COVID-19 and the global political, economic, and energy crisis on the preparation and presentation of these financial statements, taking into account the following factors: current and expected profitability, the ability to continue providing services, and impairment of assets. The Company's management performed an additional assessment of the appropriateness of accounting policies, estimates, and assumptions used during 2022 and their impact on possible impairment of assets and financial position, future cash flows, and the results of the Company's operations. The assessments performed do not indicate any material uncertainty about the Company's ability to continue its business activities in the future.

2.3 Changes in accounting policies

a) New standards adopted as at 1 January 2022

Following accounting pronouncements became effective from 1 January 2022 and have therefore been adopted by the Company:

- Reference to the Conceptual Framework (Amendments to IFRS 3)
- COVID-19 – Related Rent Concessions beyond 30 June 2021 (Amendments 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 Liabilities (Amendments to IFRS 9)
- Lease Incentives (Amendments to IFRS 16)
- Taxation in Fair Value Measurements (Amendments to IAS 41)

The adoption of the above amendments do not have any impact on the Company’s financial results or position.

b) Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company

At the date of authorization of these financial statements, several new, but not yet effective, Standards and amendments to existing Standards, and Interpretations have been published by the IASB or IFRIC. None of these Standards or amendments to existing Standards have been adopted early by the Company and no Interpretations have been issued that are applicable and need to be taken into consideration by the Company at either reporting date. Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. New Standards, amendments and Interpretations not adopted in the current year have not been disclosed as they are not expected to have a material impact on the Company’s separate financial statements.

2.4 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, which is “presentation currency” of the Company’s ultimate Parent.

Foreign currency translation (continued)

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:

	31 December 2022	31 December 2021
1 USD	57.6535 Denars	54.3736 Denars
1 EUR	61.4932 Denars	61.6270 Denars
Average EUR	61.6219 Denars	61.6275 Denars

2.5 Property, plant and equipment

Items of property, plant and equipment are carried at cost, less subsequent accumulated depreciation and impairment losses, if any. The increase in the carrying amount of property, plant and equipment due to their revaluation is recognized within asset revaluation surplus, which forms part of the total reserves included within the Company's equity. When revaluated assets are disposed of or sold, the amounts included in the revaluation surplus are transferred to the retained earnings for the period.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Constructed assets are depreciated from the time they are put into use. Land and construction in progress are not depreciated.

The estimated useful lives 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 assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.7).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other expenses or other income in the statement of comprehensive income.

Interest costs on borrowings used to finance the construction of property, plant and equipment are capitalized, during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

The costs of regular maintenance and repairs are charged to operating expenses as incurred. Improvements to the existing assets are capitalized only when they increase the future economic benefits embodied in the item of property, plant and equipment.

2.6 Intangible assets

Exploration and evaluation assets

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the statement of comprehensive income as an expense as incurred. Expenditure on development activities, where by research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically or commercially feasible and the Company has sufficient resources to complete development. The expenditure capitalized includes the cost of materials, direct labor and an appropriate proportion of overheads. Other development expenditure is recognized in the statement of comprehensive income as an expense as incurred.

Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses. Amortization is charged to the statement of comprehensive income on a straight-line basis over the period of its expected benefit, which is estimated at five to sixteen years.

Stripping costs

The Company recognizes a stripping activity asset if, and only if, all of the following are met:

- It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the Company;

-The Company can identify the component of the ore body for which access has been improved, and

- The cost relating to the stripping activity associated with the component can be measured reliably.

The stripping activity asset is accounted for as an addition to the intangibles. It is initially measured at cost, this being the accumulation of costs directly incurred to perform the stripping activity that improves the access to the identified component or ore, plus an allocation of indirectly attributable overhead costs. The costs associated with the incidental operations are not included in the cost of stripping activity asset. After initial recognition, the stripping activity asset is carried at cost less accumulated amortization and less impairment losses, if any. The stripping activity asset shall be depreciated or amortized on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

Other intangible assets

Expenditure to acquire rights, licenses, trademarks and software is capitalized and amortized using the straight-line method over a period of five years.

2.7 Impairment of non – financial assets

Property, plant and equipment, as well as intangibles with defined useful life, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in statement of comprehensive income. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

2.8 Financial assets

Recognition and derecognition

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of a financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and substantially all the risks and rewards are transferred.

A financial liability is derecognized when it is extinguished, discharged, cancelled or expires.

Financial assets (continued)

Classification and initial measurement of financial assets

Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price in accordance with IFRS 15, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

Financial assets, other than those designated and effective as hedging instruments, are classified into the following categories:

- amortized cost;
- fair value through profit or loss (FVTPL);
- fair value through other comprehensive income (FVOCI);

In the periods presented the Company does not have any financial assets categorized as FVTPL and FVOCI.
The classification is determined by both:

- the entity's business model for managing the financial asset;
- the contractual cash flow characteristics of the financial asset.

Subsequent measurement of financial assets
Financial assets at amortized cost

Financial assets are measured at amortized cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortized cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, financial receivables and trade and other receivables fall into this category of financial instruments.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that are held within a different business model other than 'hold to collect' or 'hold to collect and sell' are categorized at fair value through profit and loss. Further, irrespective of business

model, financial assets whose contractual cash flows are not solely payments of principal and interest are accounted for as FVTPL.

Assets in this category are measured at fair value with gains or losses recognized in profit or loss. The fair values of financial assets in this category are determined by reference to active market transactions or using a valuation technique where no active market exists.

Financial assets at fair value through other comprehensive income (FVOCI)

The Company accounts for financial assets at FVOCI if the assets meet the following conditions:

- they are held under a business model whose objective it is "hold to collect" the associated cash flows and sell; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Any gains or losses recognized in other comprehensive income (OCI) will be recycled upon derecognition of the asset.

2.9 Impairment of financial assets

IFRS 9's impairment requirements use more forward-looking information to recognize expected credit losses – the 'expected credit loss (ECL) model'. This replaces IAS 39's 'incurred loss model'. Instruments within the scope of the new requirements include loans and other debt-type financial assets measured at amortized cost and FVOCI, trade receivables, contract assets recognized and measured under IFRS 15 and loan commitments and some financial guarantee contracts (for the issuer) that are not measured at fair value through profit or loss.

Recognition of credit losses is no longer dependent on the Company first identifying a credit loss event. Instead, the Company considers a broader range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1') and

- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2').

'Stage 3' would cover financial assets that have objective evidence of impairment at the reporting date.

'12-month expected credit losses' are recognized for the first category while 'lifetime expected credit losses' are recognized for the second category.

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

2.10 Trade and other receivables

The Company makes use of a simplified approach in accounting for trade and other receivables as well as contract assets and records the loss allowance as lifetime expected credit losses. These are the expected shortfalls in contractual cash flows, considering the potential for default at any point during the life of the financial instrument. In calculating, the Company uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses using a provision matrix.

The Company assess impairment of trade receivables on a collective basis as they possess shared credit risk characteristics they have been grouped based on the days past due.

2.11 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

2.13 Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.14 Share capital, reserves, retained earnings and dividends

(a) Share capital and share premium
Share capital consists of the fair value of monetary considerations contributed by the shareholders.

(b) Reserves
Reserves, which comprise revaluation, statutory and special reserves, are generated during the period, based on gains / losses from revaluation of tangible assets, in the case of revaluation reserves, as well as distributing accumulated gains based on legislation and decisions of the management and shareholders of the Company. Translation reserve comprises foreign currency translation differences arising from the translation of financial statements to the presentation currency Euro.

(c) Retained earnings
Retained earnings comprise of non-distributed earnings from the current and past periods.

(d) Dividends
Dividends are recognized as liabilities in the period when approved by the Company's owners. Dividends for the year that are published after the Statement of financial position date are disclosed in the Note for subsequent events.

2.15 Classification and measurement of financial liabilities

As the accounting for financial liabilities remains largely the same under IFRS 9 compared to IAS 39, the Company's financial liabilities were not impacted by the adoption of IFRS 9. However, for completeness, the accounting policy is disclosed below.

The Company's financial liabilities include borrowings and trade and other payables.

Financial liabilities are initially measured at fair value, and, where applicable, adjusted for transaction costs, unless the Company designated a financial liability at fair value through profit or loss.

Subsequently, financial liabilities are measured at amortized cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognized in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

All interest-related charges and, if applicable, changes in an instrument's fair value that are reported in profit or loss are included within finance costs or finance income.

2.16 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

2.17 Lease

Company as a lessee

For any new contracts entered into on or after 1 January 2019, the Company considers whether a contract is, or contains a lease. A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’. To apply this definition the Company assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Company;
- the Company has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract; and
- the Company has the right to direct the use of the identified asset throughout the period of use. The Company assess whether it has the right to direct ‘how and for what purpose’ the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Company recognizes a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Company depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The Company also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Company measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Company’s incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

On the statement of financial position, the Company has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognizing a right-of-use asset and lease liability, the payments in relation to these are recognized as an expense in profit or loss on a straight-line basis over the lease term.

Company as a lessor

The Company’s accounting policy under IFRS 16 has not changed from the comparative period.

As a lessor the Company classifies its leases as either operating or finance leases. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of the underlying asset, and classified as an operating lease if it does not.

2.18 Current and deferred tax expense

Current tax expense for the period is the sum of current and deferred income tax.

Current income tax

Current tax expense at 10% rate is based on the profit shown in the Statement of comprehensive income, adjusted for certain under - declared revenue and non – recognized expenses for tax purposes, tax credit as well as other tax reductions. Legal entities may use tax losses from current period for compensation or elimination of tax liabilities for following periods.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax expense

Deferred tax expense is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used in determination of deferred tax expense. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

The Company has not recognized any deferred tax assets or liability or asset at 31 December 2022 and 2021, as there are no temporary differences existing at that date.

2.19 Employee benefits

Pension obligations

The Company has pension scheme as prescribed by the local social security legislation under which it contributes to its employees' post retirement plans. Contributions, based on salaries, are made to the first and second pension pillar responsible for the payment of pensions. There is no additional liability regarding these plans.

Short – term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The Company pays to the employee's recourse for short term benefits in accordance with the legislation and compensation for unused vacation.

Post – retirement obligations

The Company provides its retirees an amount equal to two months average salary according to the related local provisions. No provision has been made at the statement of financial position date in respect of this post – retirement obligations, since that amount would not have a material effect on the financial statements.

2.20 Value-added tax

Revenues, expenses and assets are recognized net of the amount of value added tax, except:

- When the value added tax from the purchase of assets or services is not reimbursable by the tax authority, in which case the value added tax is recognized as part of the expenses for the acquisition or as part of the cost where appropriate; and
- Receivables and liabilities which are presented with value added tax included.

The net amount of value added tax which is recoverable from, or payable to the tax authorities is included as part of the receivables or liabilities in the Statement of financial position.

2.21 Provisions

A provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognized for future operating losses.

2.22 Revenue and expense recognition

Revenue comprises of revenue from sale of goods – wholesale marble blocks and tiles and from rendering of services. Revenue from major products and services is shown in Note 15.

Revenue is measured at the fair value of the consideration received or receivable and represents amount receivable for goods and services provided in the normal course of business, net of discounts and sales related taxes.

To determine whether to recognize revenue from services, the Company follows a 5-step process:
1. Identifying the contract with a customer
2. Identifying the performance obligations
3. Determining the transaction price
4. Allocating the transaction price to the performance obligations
5. Recognizing revenue when/as performance obligation(s) are satisfied

Revenue is recognized either at a point in time or over time, when (or as) the Company satisfies performance obligations by transferring the promised goods or services to its customers.

Sales of goods – wholesale marble blocks and tiles
Revenue from the sale of marble blocks and tiles for a fixed fee is recognized when or as the Company transfers control of the assets to the customer. Invoices for goods or services transferred are due upon receipt by the customer.

Sales of services
Revenue from services is recognized over time as the services are provided.

Finance income and expenses
Finance income is recognized on a time proportion basis that reflects the effective yield on the assets.

Finance expense comprise interest expense on borrowings and default interest expense on late payments. Borrowing costs are recognized in profit or loss using the effective interest method.

Interest income
Interest income is recognized on a time proportion basis that reflects the effective yield on the assets.

Operating expenses
Operating expenses are recognized upon utilization of the service or at the date of the origin.

Netting of revenues and expenses
The Company undertakes, in the course of its ordinary activities, other transactions that do not generate revenue but are incidental to the main revenue-generating activities. The Company presents the results of such transactions, when this presentation reflects the substance of the transaction or other event, by netting any income with related expenses arising on the same transaction.

2.23 Commitments and contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

The amount of a contingent loss is recognized as a provision if it is probable that future events will confirm that, a liability incurred as at the statement of financial position date and a reasonable estimate of the amount of the resulting loss can be made.

2.24 Related party transactions

Related parties are those where one of the parties is controlled by the other or has significant influence in making financial or business decisions of the other party.

2.25 Segment reporting

A segment is a distinguishable group of assets and operating activities that is engaged in providing products or services, subject to risks and rewards that are different from those of other segments. Geographical segment provides products and services within a defined economic surrounding exposed to risks different from those of other geographical segments.

2.26 Events after the reporting date

Post-year-end events that provide additional information about a Company's position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

3 Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks, including credit risk, liquidity risk and risks associated with the effects of changes in foreign currency exchange rates and interest rates. The Company's risk management focuses on unpredictability of markets and seeks to minimize potential adverse effects over the Company's business performance.

Risk management is carried out by the Board of Directors based on certain pre – approved written policies and procedures that cover overall risk management, as well as specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of appropriate securities and investing excess liquidity.

3.2 Market risk

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro. The Company does not use any instrument to hedge the foreign exchange risk. The Company's Board of Directors is responsible to maintain adequate net position in each currency and in total and its operations are daily monitored by the Company's management.

The carrying value of the monetary assets and liabilities of the Company denominated in foreign currencies is as follows:

Assets		2022	2021
Financial receivables	EUR	5,308,308	4,043,186
Cash and cash equivalents	EUR	6,209,620	10,380,880
Trade receivables – foreign debtors	EUR	8,802,743	8,095,832
Trade receivables – foreign debtors	USD	330	25
		20,321,001	**22,519,923**
Liabilities			
Trade payables – foreign suppliers	EUR	(165,001)	(168,760)
		(165,001)	**(168,760)**

Foreign currency sensitivity analysis

	Net amount	+1%	+5%	-1%	-5%
31 December 2022					
EUR	20,155,670	201,557	-	(201,557)	-
USD	330	-	17	-	(17)
Gain or (loss)	20,156,000	201,557	17	(201,557)	(17)
	Net amount	+1%	+5%	-1%	-5%
31 December 2021					
EUR	22,351,138	223,511	-	(223,511)	-
USD	25	-	1	-	(1)
Gain or (loss)	22,351,163	223,511	1	(223,511)	(1)

The sensitivity analysis includes only monetary items denominated in foreign currencies at year end, and a correction of their value is made for a 1% change in the currency of the Euro and for 5% change in the other foreign currency rates. The positive, i.e., negative amount indicates increase/decrease in profit or other equity, which occurs when the Denar weakens/strengthens its value against the Euro by +/- 1% and against other foreign currencies by +/-5%.

Market risk (continued)
Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's management is primarily responsible for daily monitoring of the net interest rate risk position and it sets limits to reduce the potential of interest rate mismatch.

The table below summarizes the Company's exposure to interest rate risk.

	2022 In Euro	2021 In Euro
Assets		
Non-interest bearing:		
Trade and other receivables	8,805,420	8,104,423
Cash and cash equivalents	189	110
	8,805,609	**8,104,533**
With fixed interest rate:		
Financial receivables	5,308,308	4,043,186
Cash and cash equivalents	6,456,220	10,461,780
	11,764,528	14,504,966
	20,570,137	**22,609,499**
Liabilities		
Non-interest bearing:		
Trade and other payables	945,607	891,205
Interest sensitivity gap	**945,607**	**891,205**

3.3 Credit risk

Credit risk is the risk of financial loss inflicted to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from the Company's trade receivables, financial receivables and cash and cash equivalents. The Company's exposure to credit risk is principally influenced by the individual characteristics of each customer.

The Company has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit history. It also has policies that limit the amount of credit exposure to any counter party. Credit terms to the foreign customers are secured with letter of credits that mature in 90 days.

The Company establishes a provision for impairment that represents its estimate of incurred losses in respect to the trade receivables, based entirely on specific and individual exposures.

The Company's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position as summarized below:

	2022	2021
Classes of financial assets – carrying amounts (in Euro):		
Financial receivables	5,308,308	4,043,186
Cash and cash equivalents	6,456,409	10,461,890
Trade and other receivables	8,805,420	8,104,423
	20,570,137	**22,609,499**

The credit risk for cash and cash equivalents and financial receivables is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Company secures its credit exposure to customers with bank guarantees, letter of credits, cash deposits, prepayments etc. Though the Company has a big exposure to Chinese customers at around 80% of sales (Including Hong – Kong, 2021: Chinese customers at around 84% of sales), the selected distributors are mostly export oriented, which minimizes the Chinese market exposure risk. To the best of our knowledge, the Company's major customers have not experienced significant financial difficulties to date. Credit quality of trade receivables as at 31 December 2022 is considered to be good. As of the statement of financial position date the credit quality of Company's trade receivables and advances to suppliers is disclosed in Note 9.

3.4 Liquidity risk

The Company manages its liquidity needs by carefully monitoring scheduled and forecasting cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time intervals. Net cash requirement is compared to available borrowing facilities in order to determine any shortfalls. This analysis shows if available borrowing facilities are expected to be sufficient over the lookout period. The Company maintains cash to meet its liquidity requirements for 30-day periods at the least. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

As at 31 December 2022 and 2021, the Company's liabilities have contractual maturities (including interest payments where applicable) as summarized below:

At 31 December 2022	Current 1 to 12 months (In Euro)	1 to 5 years (In Euro)	Non – current Later than 5 years
Trade and other payables	945,607	-	-
	945,607	**-**	**-**

At 31 December 2021	Current 1 to 12 months (In Euro)	1 to 5 years (In Euro)	Non – current Later than 5 years
Trade and other payables	891,205	-	-
	891,205	**-**	**-**

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

3.5 Capital risk management

The Company's objectives when managing capital are the following:

- To safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders
- To maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Gearing ratio

The structure of the Company's equity comprises of liabilities, cash and cash equivalents and equity, which comprises of share capital, reserves, revaluation surplus and retained earnings. Management reviews the capital structure on annual basis as a relation between the net loan liabilities and the total capital.

The net loan liabilities are calculated as total liabilities for borrowings less the amount for cash and cash equivalents. The debt indicator at year end is as follows:

	2022 (In Euro)	2021 (In Euro)
Cash and cash equivalents and financial receivables	(11,764,717)	(14,505,076)
Net liabilities	**(11,764,717)**	**(14,505,076)**
Shareholders' equity	40,975,226	42,986,315
Gearing ratio	**-**	**-**

3.6 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 31 December 2022.

3.6.1 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:

	Carrying value		Fair value	
	2022	2021	2022	2021
	(In Euro)	(In Euro)	(In Euro)	(In Euro)
Assets				
Trade and other receivables	8,805,4	8,104,423	8,805,420	8,104,423
Financial receivables	5,308,3	4,043,186	5,308,308	4,043,186
Cash and cash equivalents	6,456,409	10,461,890	6,456,409	10,461,890
Total assets	**20,570,**	**22,609,499**	**20,570,137**	**22,609,499**
Liabilities				
Trade and other payables (without tax liabilities)	945,607	891,205	945,607	891,205
	945,607	**891,205**	**945,607**	**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.

4 Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described in Note 2, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Uncertainty in judgments

Impairment of non- financial assets

Impairment losses are recognized in the amount for which the carrying value of the asset or the cash generating unit exceeds the recoverable amount. When determining the recoverable amount, the Management evaluates expected prices and cash flows from each cash generating unit and determines an appropriate interest rate when calculating the present value of such cash flows. Management of the Company has taken into consideration the overall impact of COVID-19 and global political and economic crise in assessing impairment and consider that there is no effect on the impairment of the assets.

Impairment of financial assets

Impairment of trade and other receivables

The Company calculates impairment for trade and other receivables based on estimated losses resulting from the inability of customers to make required payments. The estimation is based on the ageing of account receivables balance and historical write-off experience, customer credit-worthiness and changes in customer payment terms when evaluating the adequacy of the impairment loss for doubtful accounts.

These involve assumptions about future customer behavior and the resulting future cash collections. If the financial condition of customers were to deteriorate, actual write-offs of currently existing receivables may be higher than expected and may exceed the level of the impairment losses recognized so far.

Useful life of amortized assets

The Management regularly reviews the useful lives of amortized assets as at the statement of financial position date. Management estimates that the determined useful life of assets represents the expected usefulness (utility) of assets. The carrying values of such assets are analyzed in Note 5 and 6. However, the factual results may differ due to technological obsolescence.

Inventories

Management estimates the net realisable values of inventories, taking into account the most reliable evidence available at each reporting date. The future realisation of these inventories may be affected by future technology or other market-driven changes that may reduce future selling prices.

Provisions

Provisions are reviewed at each Statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation. During 2022 there are no changes made to previous assumption used.

All amounts expressed in Euros, unless otherwise stated

5 Property, plant and equipment

	Land & Buildings	Machinery & equipment	Construction in progress	Total
01 January 2021				
Cost or valuation	6,389,561	27,549,009	1,549,349	35,487,919
Accumulated depreciation and impairment	(3,255,804)	(16,780,209)	-	(20,036,013)
Net carrying amount	**3,133,757**	**10,768,800**	**1,549,349**	**15,451,906**
Year ended 31 December 2021				
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 / 01 January 2022				
Cost or valuation	6,780,389	28,855,820	541,045	36,177,254
Accumulated depreciation and impairment	(3,279,657)	(18,303,506)	-	(21,583,163)
Net carrying amount	**3,500,732**	**10,552,314**	**541,045**	**14,594,091**
Year ended 31 December 2022				
Opening net carrying amount	3,500,732	10,552,314	541,045	14,594,091
Translation differences	8,480	21,989	766	31,235
Additions, net of transfers from C.I.P.	607,550	1,259,928	(196,556)	1,670,922
Disposals-net	(13,663)	(32,208)	-	(45,871)
Depreciation charge for the year	(181,027)	(1,691,961)	-	(1,872,988)
Closing carrying amount	**3,922,072**	**10,110,062**	**345,255**	**14,377,389**
At 31 December 2022				
Cost or valuation	7,380,544	30,057,038	345,255	37,782,837
Accumulated depreciation and impairment	(3,458,472)	(19,946,976)	-	(23,405,448)
Net carrying amount	**3,922,072**	**10,110,062**	**345,255**	**14,377,389**

Disposals

During year ended 31 December 2022, the Company has written off equipment, furniture and computer hardware with net carrying value of Euro 25,644 (31 December 2021: Euro 25,034) included in the administrative and selling expenses (see Note 17).

Furthermore, during year ended 31 December 2022, the Company sold transportation vehicles and equipment with total net carrying value of Euro 20,227 (31 December 2021: Euro 0). Sale value of the part related to assets sold is Euro 26,254 (31 December 2021: Euro 5,801). Gain incurred from these transactions amounts to Euro 6,028 (31 December 2021: Euro 5,801), included in other operating income (see Note 19).

Construction in progress

As of 31 December 2022, the balance of construction in progress in the amount of Euro 345,255 (2021: Euro 541,045) mainly consists of the cost of construction of new factory installations, one crawler excavator and some major repairs of equipment.

Pledge over property, plant and equipment

As of 31 December 2022, the Company has pledged part of its property, plant and equipment to secure borrowings. As of the statement of financial position date, their appraised value is in the amount of 3,342,752 Euro (31 December 2021: 3,342,752 Euro) (see Note 25).

All amounts expressed in Euros, unless otherwise stated

6 Intangible assets

	Software	Trademarks	Exploration and evaluation assets	Intangibles in progress	Total
At 01 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**
Year ended 31 December 2021					
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 / 01 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**
Year ended 31 December 2022					
Opening net carrying amount	45,397	49,586	1,097,615	19,741	1,212,339
Translation differences	76	142	2,232	34	2,484
Additions, net of transfers from C.I.P.	10,880	31,432	145,896	(4,157)	184,051
Amortization charge for the year	(21,982)	(15,085)	(220,590)	-	(257,657)
Closing carrying amount	**34,371**	**66,075**	**1,025,153**	**15,618**	**1,141,217**
At 31 December 2022					
Cost or valuation	275,819	272,155	3,285,023	15,618	3,848,615
Accumulated amortization	(241,448)	(206,080)	(2,259,870)	-	(2,707,398)
Net carrying amount	**34,371**	**66,075**	**1,025,153**	**15,618**	**1,141,217**

Exploration and evaluation assets

As of 31 December 2022, the balance of exploration and evaluation assets in the amount of Euro 1,025,153 (31 December 2021: Euro 1,097,615) includes capitalized expenses related to quarry stripping activities with remaining amortization period for 8 years, geophysics research and quarry 10-year plan.

Intangibles in process of acquisition

As of 31 December 2022, the balance of intangibles in progress in the amount of Euro 15,618 (31 December 2021: Euro 19,741) relates mainly to projects for the factory, as well as new corporate web site.

Allocation of depreciation and amortization charged

Out of the total depreciation and amortization for the year ended 31 December 2022 amounting Euro 2,130,645 (2021: Euro 2,224,651) disclosed in Note 22, Euro 2,048,872 (2021: Euro 2,126,143) has been charged in cost of sales and the remaining in the amount of Euro 81,773 (2021: Euro 98,508) into administrative and selling expenses (see Note 17).

All amounts expressed in Euros, unless otherwise stated

7 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.

	2022	2021
Assets		
Assets carried at amortized cost		
Trade and other receivables	8,805,420	8,104,423
Financial receivables	5,308,308	4,043,186
Cash and cash equivalents	6,456,409	10,461,890
	20,570,137	**22,609,499**
Liabilities		
Other financial liabilities at amortized cost		
Trade and other payables	945,607	891,205
	945,607	**891,205**

8 Inventories

	2022	2021
Work in progress	3,050,325	3,059,595
Finished products	1,030,299	994,203
Spare parts	816,837	804,903
Raw materials	272,898	191,872
Trade goods	73,475	75,707
Other	26,193	21,766
	5,270,027	**5,148,046**

During 2022, the Company recognized expense for wastage, failure and fracture in the amount of Euro 155,625 (2021: Euro 118,087) and stock count shortages in the amount of Euro 12,220 (2021: Euro 577) accounted for administrative and selling expenses (see Note 17).

Furthermore, as at 31 December 2022 the Company has assessed the net realizable value of the inventories and has decreased its value in total amount of Euro 172,324 (2021: Euro 276,808) (Note 22). The net amount of Euro 170,568 (2021: Euro 269,052) decreased for income from value adjustment of previously written-off inventory in the amount of Euro 1,756 (2021: Euro 7,756), has been charged into administrative and selling expenses (see Note 17 and 22).

As at 31 December 2022 the Company has assessed the net realizable value of spare parts and consumables and has decreased the corresponding value in total amount of Euro 58,378 (31 December 2021: Euro 113,070) (Note 22). The amount of Euro 58,378 has charged administrative and selling expenses (see Note 17). Cost of raw materials, spare parts and other materials included in the cost of sale for the year ended 31 December 2022 amounts to Euro 4,260,063 (2021: Euro 3,468,188).

All amounts expressed in Euros, unless otherwise stated

9 Trade and other receivables

	2022	2021
Current trade receivables		
Local debtors	24,949	28,514
Foreign debtors	6,973,958	6,170,059
Related parties' receivables (Note 23)	1,829,094	1,925,795
	8,828,001	**8,124,368**
Less: impairment provision	(69,511)	(70,223)
	8,758,490	**8,054,145**
Prepayments		
Advances to suppliers	565,520	67,668
Prepaid VAT	243,213	154,298
Deferred expenses	27,748	30,993
Other current receivables	46,930	50,278
	883,411	**303,237**
Trade and other receivables, net	**9,641,901**	**8,357,382**

At 31 December 2022 the credit quality of Company's trade receivables and advances to suppliers can be analyzed as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	7,822,333	936,157	69,511	8,828,001
Less: Impairment provision	-	-	(69,511)	(69,511)
	7,822,333	**936,157**	**-**	**8,758,490**

At 31 December 2021 the credit quality of Company's trade receivables and advances to suppliers can be analyzed 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 31 December 2022 the age structure of past due not impaired trade receivables and advances to suppliers is as follows:

	Domestic trade receivables	Foreign trade receivables	Total
Overdue up to 1 year	495	935,662	936,157
Overdue more than 1 year	-	-	-
	495	**935,662**	**936,157**

At 31 December 2021 the age structure of past due not impaired trade receivables and advances to suppliers 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**

Trade and other receivables (continued)

The following table presents the movement of impairment provision account for the years ended 31 December 2022 and 2021:

	2022	2021
At 01 January	70,223	70,245
Write off of previously impaired receivables	(1,104)	(177)
Collected fully provided bad debts (Note 19)	(25)	-
Impairment provision (Note 17)	365	128
Translation differences	52	27
At 31 December	**69,511**	**70,223**

As at 31 December 2022, based on the assessment of collection of receivables, the Company wrote off fully non-collectible trade receivables in its current profit and loss in the amount of Euro 31,539 (2021 Euro 1,591) (See note 17).

10 Financial receivables

	2022	2021
Short-term deposits in local banks	5,308,308	4,043,186
	5,308,308	**4,043,186**

11 Cash and cash equivalents

	2022	2021
Bank accounts	6,456,220	10,461,780
Cash on hand	189	110
	6,456,409	**10,461,890**

12 Equity

Shares issued

	Number of shares	Ordinary shares (Euros)	Share premium	Total (Euros)
Authorized, issued and fully paid ordinary shares 1 Euro				
At 01 January 2022 and 2021	**4,686,858**	**4,686,858**	**-**	**4,686,858**
At 31 December 2022 and 2021	**4,686,858**	**4,686,858**	**-**	**4,686,858**

The structure of share capital at 31 December 2022 and 2021 is as follows (amounts in Euro):

	Number of shares	Amount in Euros	%
Stone Works Holding Coöperatief U.A Netherlands	4,182,888	4,182,888	89,25
Piraeus Bank S.A. [1]	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.

[1] In its capacity of the issuer of the ELPIS certificates

All amounts expressed in Euros, unless otherwise stated

Equity (continued)

Other components of equity

	Translation reserves	Investment reserves	Statutory and other reserves	Revaluation reserve	Total
At 1 January 2022	**(30,737)**	**8,684,015**	**4,623,476**	**1,223,281**	**14,500,035**
Allocation of profit to investment reserves	-	2,502,357	-	-	2,502,357
Transfer of profit from investment reserves to retained earnings	-	(626,488)	-	-	(626,488)
Translation differences	70,123	-	-	-	70,123
At 31 December 2022	**39,386**	**10,559,884**	**4,623,476**	**1,223,281**	**16,446,027**
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**

Revaluation reserve

Revaluation surplus, which at 31 December 2022 and 2021 amounts 1,223,281 Euro 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 the assets sold or disposed of.

Statutory reserves

Reserves, which at 31 December 2022 and 2021 amount to 4,623,476 Euro 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% (2012: 15%) from its annual net income after tax, until the level of such reserves reach 10% of the registered capital.

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

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 2,502,357 Euros was allocated to reinvested earnings for financing the investment program of the Company. Furthermore, part of reinvested earnings in amount of 626,488 Euros that was not utilized in 2021 has been transferred in retained earnings.

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 1,500,953 Euros was allocated to reinvested earnings for financing the investment program of the Company.

Dividends

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

During the period ended 31 December 2022 the Company paid dividends to its shareholders in the net amount of 15,853,804 Euro and in addition 172,053 Euro relating to taxes on dividends paid.

All amounts expressed in Euros, unless otherwise stated

13 Trade and other payables

	2022	2021
Trade creditors		
Local suppliers	488,169	423,285
Foreign suppliers	165,001	168,760
Related parties payables (see Note 23)	-	-
	653,170	**592,045**
Other current liabilities		
Liabilities to employees and management	284,549	291,071
Customers prepayments	106,866	41,298
Accrued expenses	85,761	-
Dividends payable (net of local taxes)	6,216	6,700
Other	1,672	1,389
	485,064	**340,458**
Total trade and other payables	**1,138,234**	**932,503**

14 Tax payables

	2022	2021
Concession fees and other levies	86,814	105,474
Personal income tax liabilities	3,161	1,896
Withholding tax	61	6,026
	90,036	**113,396**

15 Sales

	2022	2021
Local market	97,984	156,736
Foreign markets:		
- China[2]	24,194,961	25,434,002
- Greece	5,340,023	3,930,063
- Balkan region	355,199	365,220
- Other markets	390,899	241,419
Subtotal sales on foreign markets	30,281,082	29,970,704
Total sales	**30,379,066**	**30,127,440**

[2] Includes mainland China and Hong Kong

All amounts expressed in Euros, unless otherwise stated

16 Cost of sales

	2022	2021
Stock of finished products and W.I.P. at 01 January	4,053,798	4,076,542
Plus: Total production cost for the year ended 31 December	10,767,196	9,442,575
Plus: Income from value adjustment of previously written-off inventory	23,693	-
Plus: Income from value adjustment of obsolete consumables and spare parts consumed	13,515	10,334
Plus: Cost of various material sold	5,508	2,838
Use of own products	(30,282)	(112,669)
Wastage, failure and fracture of products (excluding VAT effect)	(131,886)	(100,074)
Shortages (excluding VAT effect)	(10,551)	(244)
Less: Valuation allowance of inventories (Note 8)	(170,568)	(269,052)
Less: Valuation allowance of obsolete consumables and spare parts (Note 8)	(58,378)	(113,070)
Less: Income from released value adjustment of inventories sold	(23,693)	-
Less: Income from value adjustment of obsolete consumables and spare parts consumed	(13,515)	(10,334)
Less: Stock of finished products and W.I.P. at 31 December	(4,080,624)	(4,053,798)
	10,344,213	**8,873,048**

17 Administrative and selling expenses

	Year ended 31 December 2022		Year ended 31 December 2021	
	Administrative	Selling	Administrative	Selling
Staff costs (Note 18)	600,368	142,785	794,436	158,100
Employee benefits	251,988	-	409,062	-
Marketing and promotion	181,953	1,461	118,465	1,949
Professional advisory services	98,375	-	85,815	-
Depreciation and amortization (Note 6)	69,855	11,918	72,421	26,087
Services	68,202	21,958	90,033	24,242
Materials, supplies and utilities	61,179	67,248	54,464	60,512
Expenses for operating lease	20,813	-	21,366	-
Taxes and other levies	17,631	2,042	14,890	2,797
Transport of products	-	2,456,845	-	2,309,961
Value adjustment of inventories (Note 8)	-	170,568	-	269,052
Wastage, failure and fracture (Note 8)	-	155,625	-	118,087
Value adjustment of obsolete consumables and spare parts (Note 8)	-	58,378	-	113,070
Impairment and write off receivables (Note 9)	-	31,904	-	1,719
Present value of equipment sold and written off (Note 5)	-	25,644	-	25,034
Stock count shortages of inventory (Note 8)	-	12,220	-	577
Other expenses and provisions	159,585	36,185	42,943	11,095
	1,529,949	**3,194,781**	**1,703,895**	**3,122,282**

18 Staff costs

	2022	2021
Net salaries	2,159,441	2,286,097
Personal tax and mandatory contributions	1,012,028	1,066,695
Business trips	1,958	17,216
Other allowances	501,589	433,231
	3,675,016	**3,803,239**

All amounts expressed in Euros, unless otherwise stated

Staff costs (continued)

Out of the total staff costs for the year ended 31 December 2022, Euro 2,931,863 (2021: Euro 2,850,703) has been charged in cost of sales and the remaining in the amount of Euro 743,153 (2021: Euro 952,536) into administrative and selling expenses (see Note 17).

19 Other operating income

	2022	2021
Income from reinvoicing of transport cost and other services	184,263	124,726
- Less: Cost associated with the above services	(177,889)	(120,051)
Payables write offs and stock count surplus	94,207	12,710
Raw materials sold	13,422	13,636
Income from health insurance	8,578	13,908
Gain on property, plant and equipment sold (Note 5)	6,028	5,801
Liabilities for dividends written off	3,975	-
Income from court verdicts	65	184
Collected fully provided bad debts (Note 9)	25	-
Income from rents	-	49
Other income	1,140	4,629
	133,814	**55,592**

20 Finance income and costs

	2022	2021
Finance income		
Interest income	26,550	35,032
Foreign exchange gains	121,146	229,650
	147,696	**264,682**
Finance (costs)		
Interest (expense)	(14)	(17,946)
Bank (charges)	(85,439)	(76,970)
Foreign exchange (losses)	(156,943)	(274,247)
	(242,396)	**(369,163)**
Finance (costs), net	**(94,700)**	**(104,481)**

21 Income tax expense

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

	2022	2021
Profit before income tax	15,349,237	16,379,326
Non – deductible expenses	1,033,267	1,008,208
Tax basis deductions	(1,701,398)	(896,243)
Translation differences	-	-
At 31 December – Taxable profit	14,681,106	16,491,291
Current tax charge at rate of 10%	**1,468,111**	**1,649,129**
Income tax reduction	(68,888)	(66,178)
Income tax (expense)	**1,399,223**	**1,582,951**
Effective tax rate	**9,12%**	**9,66%**

All amounts expressed in Euros, unless otherwise stated

22 Expenses by nature

	2022	2021
Staff costs (Note 18)	3,675,016	3,803,239
Energy and water	3,227,095	1,989,876
Transport of products	2,456,845	2,309,961
Depreciation and amortization (Note 6)	2,130,645	2,224,651
Consumed materials, spare parts and small inventory	1,817,632	1,617,751
Services	392,940	374,941
Employee Benefits	251,988	409,062
Other expenses and provisions	195,770	54,038
Marketing and promotion	183,414	120,414
Value adjustment of inventories* (Note 8)	170,568	269,052
Wastage, failure and fracture (Note 8)	155,625	118,087
Taxes and other contributions	119,649	101,165
Professional advisory services	98,375	85,815
Value adjustment of obsolete consumables and spare parts	58,378	113,070
Insurance	42,414	14,583
Write off of receivables (Note 9)	31,904	1,719
Present value of assets written off (Note 5)	25,644	25,034
Expenses for operating leasing	20,813	21,366
Representation	16,382	14,141
Transport costs	12,452	7,940
Shortages (Note 8)	12,220	577
	15,095,769	**13,676,482**
Changes of stock of work in progress and finished products	(26,826)	22,744
	15,068,943	**13,699,226**

*Valuation allowance of inventories in the amount of Euro 170,568 (2021: Euro 269,052) represents net amount of recognized expenses of Euro 172,324 (2021: Euro 276,808) (Note 8), decreased for income from value adjustment of previously written-off inventory in the amount of Euro 1,756 (2021: Euro 7,756) (see Note 17).

23 Related party transactions

The table below provides for the volume and balances from the related party transactions as of and for the years ended 31 December 2022 and 2021:

31 December 2022	Receivables	Payables	Revenues	Expenses
Stone Works Holding Coöperatief U.A Netherlands	-	-	-	-
Pavlidis S.A Marble-Granite Drama Greece	1,829,094	-	5,548,571	68,456
Key management remuneration	-	-	-	454,308
	1,829,094	**-**	**5,548,571**	**522,764**

31 December 2021	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**

All amounts expressed in Euros, unless otherwise stated

24 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

	2022	2021
Profit attributable to equity holders of the Company	13,950,014	14,796,375
Weighted average number of ordinary shares (Note 12)	4,686,858	4,686,858
Basic earnings per share (Euros per share)	**2.98**	**3.16**

25 Contingent liabilities

Mortgages

Mortgages provided with appraised value are as follows:

	2022	2021
Business premises	2,378,952	2,378,952
Machinery & equipment	963,800	963,800
	3,342,752	**3,342,752**

Mortgages provided with present value are as follows:

	2022	2021
Business premises	985,654	1,136,154
Machinery & equipment	539,230	651,858
	1,524,884	**1,788,012**

Guarantees

Guarantees provided are as follows:	2022	2021
Issued by Komercijalna Banka AD Skopje	30,898	-
	30,898	**-**

The beneficiary of the guarantee is Ministry of Economy. The guarantee serves as security that the Company will pay its liabilities on time towards the beneficiary.

Litigations

At 31 December 2022, the estimated Euro equivalent of the legal proceedings raised against the Company amounts Euro 1,951 (2021: Euro 1,298). No significant liabilities are anticipated from these proceedings, as professional advice indicates that it is unlikely that any significant loss will arise.

Tax risk

Up to 31 December 2022 the Company was subject of following tax inspections by tax authorities:

- for VAT until 30 June 2009 except control made for June 2019;
- for Personal Income tax for period from 1 January 2007 until 31 December 2008;
- for Corporate Income tax for period from 1 January 2007 until 31 December 2012;
- for tax on concessions for the period until 31 December 2011 and except control made for the period from 1 January 2018 until 31 March 2022;
- for Withholding tax for the period until 31 March 2012.

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

Contingent liabilities (continued)

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 2022 latest by 30 September 2023 (for 2021: latest by 30 September 2022) 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 2021 was prepared and submitted by 30 September 2022, and until the date of this report, the Company did not prepare a report on transfer pricing for 2022. Furthermore, based on the performed transfer pricing analyze for the year ended as of 31 December 2021, there are no tax corrections.

The Company is conducting regular assessment for potential tax effect 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.

26 Commitments

Operating lease liabilities

As of 31 December 2022, the operating lease liabilities relates to lease of vehicles. Repayment schedule of operating lease liabilities is as follows:

Operating lease liabilities	2022	2021
Present value of payment:		
Due within 1 year	8,204	11,280
	8,204	**11,280**

During 2022, the entity has recognized expenses for operating lease in the amount of Euro 20,813 (2021: Euro 21,366) (Note 22).

27 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 Euro 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 / m^3;
  - tombolons at 5% of the value of material determined at 190 Euros /m^3 and
  - material other than blocks and tombolons, that is crashed 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.

28 Information on operating segments

As of 31 December 2022 and 2021, the Company is organized into the following operating segments:

a. quarry;

b. factory.

Operating results per segments for the years ended 31 December 2022 and 2021, are as follows:

All amounts expressed in Euros, unless otherwise stated

Information on operating segments (continued)

Year ended 31 December 2022	Quarry	Factory	Total
Sales	29,409,573	969,493	30,379,066
Profit/loss from operating activities	15,735,142	(291,205)	15,443,937
Financial result, net			(94,700)
Profit before income tax			**15,349,237**
Income tax expense			(1,399,223)
Profit for the year			**13,950,014**
Other comprehensive income			70,123
Total comprehensive income for the year			**14,020,137**

Year ended 31 December 2021	Quarry	Factory	Total
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 income 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**

Segment assets and liabilities as of 31 December 2022 and 2021 are as follows:

	Quarry	Factory	Total
31 December 2022			
Total assets	34,364,820	7,838,676	42,203,496
Liabilities	1,189,072	39,198	1,228,270
Capital expenditures	1,499,310	355,663	1,854,973
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:

	2022	2021
North Macedonia	97,984	156,736
China[3]	24,194,961	25,434,002
Greece	5,340,023	3,930,063
Balkan region	355,199	365,220
Other markets	390,899	241,419
	30,379,066	**30,127,440**

During 2022, Euros 12,500,394 or 41.14% (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 (2021: two single customers one from China and one from Greece).

[3] Includes mainland China and Hong Kong

29 Events after the reporting date

After 31 December 2022 to the reporting date until the approval of the Financial Statements, there are no adjusting events reflected in the following Financial Statements. The following event is materially significant for disclosure in these Financial Statements:

On 13 January 2023, Mermeren Kombinat AD, Prilep ("Mermeren") has been informed that the shareholders of Pavlidis S.A Marble-Granite ("Pavlidis") have signed a definitive agreement with funds managed by ECM Partners Inc Lubljana Slovenia to sell 100% of Pavlidis Marble-Granite shares, which owns 100% of the equity of Stone Works Holding Cooperatief UA ("Stoneworks") the holder of 89,25% of Mermeren's issued share capital.

The completion of the transaction was conditional only upon the obtaining necessary approvals from the Commission for Protection of Competition in Greece and North Macedonia.

On 10 February 2023, the public was informed that the provisions of the Law on the Takeover of Joint Stock Companies will be applied to Mermeren Kombinat AD Prilep.

On 13 March 2023, the public was informed that the transaction has been closed od 10 March 2023. Dolit Investments SA ("Dolit") acquired Pavlidis and the ultimate parent of the Company became ECM Partners Inc Ljubljana Slovenia as indirect 100% owner of Dolit. On the same date, the Chairman of the Board of directors Mr. Christoforos Pavlidis resigned.

On 30 March 2023 Mermeren Kombinat AD Prilep has been informed that Dolit pursuant to Article 22, paragraph 1 of the Law on the Takeover of Joint Stock Companies of the Republic of North Macedonia, intends to make a takeover bid for all the ordinary shares with voting rights issued by Mermeren Kombinat AD Prilep.

On 10 April 2023 Mr. Nikolaos Dimarelis was elected as Chairman of the Board of Directors with decision number 02-1547/1.

On 27 April 2023 Dolit proceeded to a takeover bid for additionally 4.13% from the remaining ordinary shares with voting rights issued by Mermeren and not already controlled indirectly by Dolit.

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