

Interim financial information and
independent auditors' review report

Mermeren Kombinat AD, Prilep

30 June 2009

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Independent auditors' review report

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To the Management and Shareholders of
Mermeren kombinat a.d., Prilep

Introduction

We have reviewed the accompanying Statement of financial position of **Mermeren kombinat a.d., Prilep** ("The Company") as of 30 June 2009 and the related statements of comprehensive income, changes in equity and cash flows for the six - month period then ended. Management is responsible for the preparation and presentation of this condensed interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim financial information is not prepared, in all material respects, in accordance with International Accounting Standard 34.



Grant Thornton

Skopje,
July 28 2009

Financial Statements
30 June 2009

Statement of financial position

			(Amounts in EUR)	
	Note	At 30 June 2009	At 30 June 2008	At 31 December 2008
Assets				
Non-current assets				
Property, plant and equipment	4	13,994,919	13,246,717	14,487,358
Intangible assets	5	19,750	23,948	22,276
Available – for – sale financial assets	6	999,997	1,670,020	1,663,543
		15,014,666	14,940,685	16,173,177
Current assets				
Inventories	8	5,948,169	6,478,526	6,332,315
Trade and other receivables	7	14,661,305	14,839,940	14,809,004
Cash and cash equivalents	9	483,861	27,512	3,094
		21,093,335	21,345,978	21,144,413
Total assets		36,108,001	36,286,663	37,317,590
Equity	10			
Capital and reserves attributable to equity holders				
Share capital		8,845,171	8,845,171	8,845,171
Reserves		7,528,471	7,528,497	7,528,471
Revaluation surplus		1,900,605	2,113,574	1,927,347
Retained earnings		3,381,771	2,936,610	3,192,410
Total equity		21,656,018	21,423,852	21,493,399
Liabilities				
Non – current liabilities				
Interest – bearing borrowings	11	8,592,477	6,434,782	8,003,901
		8,592,477	6,434,782	8,003,901
Current Liabilities				
Interest – bearing borrowings	11	220,603	2,472,420	1,932,740
Trade and other payables	12	5,018,687	4,978,545	4,861,469
Liabilities for taxes	13	620,216	977,064	1,026,081
		5,859,506	8,428,029	7,820,290
Total liabilities		14,451,983	14,862,811	15,824,191
Total liabilities and shareholders' equity		36,108,001	36,286,663	37,317,590

This condensed interim financial information was approved by the Board of Directors on July 28 2009. Signed on its behalf by,

Goran Poposki

General Executive Director

Statement of comprehensive income

	Note	(Amounts in EUR)		
		Six - month period ended 30 June 2009	30 June 2008	December 31 2008
Sales	14	6,082,177	5,096,061	10,266,748
Cost of sales	15	(3,526,565)	(3,437,872)	(6,933,667)
Gross profit		2,555,612	1,658,189	3,333,081
Administrative and selling expenses	16	(1,535,613)	(511,834)	(1,392,760)
Other operating income	18	136,193	35,644	179,497
Other income/losses	4	2,497	(3,710)	(222,317)
Operating profit		1,158,689	1,178,289	1,897,501
Finance income	19	133,343	35,481	117,067
Finance costs	19	(596,509)	(470,162)	(1,080,859)
Profit before income tax		695,523	743,608	933,709
Income tax (expense)	20	(64,221)	(106,868)	(230,610)
Profit for the period		631,302	636,740	703,099
Other comprehensive income		-	-	-
Total comprehensive income		631,302	636,740	703,099
Attributable to:				
Equity holders of the Company		631,302	636,740	703,099
Earnings per share for profit attributable to the equity holders of the Company	21			
- Basic (expressed in Euros per share)		0.13	0.14	0.15

Statement of changes in equity

	(Amounts in Eur)				
	Share Capital	Reserves	Revaluation Surplus	Retained earnings	Total
At 01 January 2009	8,845,171	7,528,471	1,927,347	3,192,410	21,493,399
Dividends declared	-	-	-	(468,683)	(468,683)
Transactions with owners	-	-	-	(468,683)	(468,683)
Profit for the period	-	-	-	631,302	631,302
Other comprehensive income:					
Transfer of surplus on tangible assets sold	-	-	(26,742)	26,742	-
Total comprehensive income	-	-	(26,742)	658,044	631,302
At 30 June 2009	8,845,171	7,528,471	1,900,605	3,381,771	21,658,018
At 01 January 2008	8,845,171	7,514,753	2,113,574	3,954,185	22,427,683
Dividends declared	-	-	-	(1,640,571)	(1,640,571)
Transactions with owners	-	-	-	(1,640,571)	(1,640,571)
Profit for the period	-	-	-	636,740	636,740
Other comprehensive income:					
Allocation of retained earnings	-	13,744	-	(13,744)	-
Total comprehensive income	-	13,744	-	622,996	636,740
At 30 June 2008	8,845,171	7,528,497	2,113,574	2,936,610	21,423,852
At 01 January 2008	8,845,171	7,514,753	2,113,574	3,954,185	22,427,683
Dividends declared	-	-	-	(1,637,383)	(1,637,383)
Transactions with owners	-	-	-	(1,637,383)	(1,637,383)
Profit for the year:	-	-	-	703,099	703,099
Other comprehensive income:					
Allocation of retained earnings	-	13,718	-	(13,718)	-
Transfer of surplus on tangible assets sold	-	-	(186,227)	186,227	-
Total comprehensive income	-	13,718	(186,227)	875,608	703,099
At 31 December 2008	8,845,171	7,528,471	1,927,347	3,192,410	21,493,399

Statement of cash flows

		(Amounts in EUR)		
	Note	Six - month period ended 30 June 2009	2008	December 31 2008
Operating				
Net profit before tax		695,523	743,608	933,709
<u>Adjusted for:</u>				
Depreciation and amortization		547,038	542,305	1,069,640
Write off of investment		668,937		
Write offs and allowances on trade receivables		460,680	-	385,552
Gain/Loss from fixed assets sold		(2,497)	6,570	222,317
Finance result, net		463,166	443,307	963,792
Operating profit before working capital changes		2,832,847	1,735,790	3,575,010
<u>Changes in working capital:</u>				
Inventories		384,146	104,939	248,216
Trade and other receivables		(312,940)	(601,859)	(1,025,157)
Trade and other payables		(697,903)	(760,040)	(771,719)
Cash from operations		2,206,150	478,830	2,026,350
Interest paid		(568,889)	(444,467)	(909,884)
Income tax paid		(64,221)	(106,868)	(152,195)
		1,573,040	(72,505)	964,271
Investing				
Purchase of equipment, net of proceeds from sales		8,158	(87,859)	(2,123,130)
Interest received		1,028	1,160	1,468
		9,186	(86,699)	(2,121,662)
Financing				
(Repayment of) / Proceeds from borrowings, net		(1,100,065)	346,118	1,383,889
Dividends paid		(12,710)	(162,222)	(225,423)
Cash flows from financing activities, net		(1,112,775)	183,896	1,158,466
Translation differences		11,316	(203)	(1,004)
Net change in cash and cash equivalents		480,767	24,489	71
Cash and cash equivalents at beginning	9	3,094	3,023	3,023
Cash and cash equivalents at end	9	483,861	27,512	3,094

Notes to the interim financial information

1 General

FHL Mermeren kombinat a.d., Prilep (the “Company”) is a Shareholders’ Company incorporated and domiciled in the Republic of Macedonia. The address of its registered head office is as follows: Krusevski Pat str bb., Prilep, Republic of Macedonia.

At 31 December 2008 and 2007, the majority of total issued shares -88.4% is owned by FHL Manufacturing & Trading Co, I.Kyriakidis Granites & Marbles S.A., Greece, which is the Company’s ultimate parent.

On 10 April 2009 the largest shareholder of the Company – FHL Manufacturing & Trading Co, I. Kyriakidis Granites & Marbles SA owning 88.4% of the Company’s shares sold its shares to the Stone Works Holding Cooperatif U.A Netherlands.

The Company’s main business activities include mining, processing and distribution of marble and decorative stones. The Company operates on local and foreign markets and at 30 June 2009 employs 387 persons (2008: 380).

2 Basis of preparation

This condensed interim financial information as of and for the six - month period ended 30 June 2009 has been prepared in accordance with IAS 34, ‘Interim financial reporting’. The condensed interim financial information should be read in conjunction with the annual financial statements for as of and the year ended 31 December 2008, which have been prepared in accordance with IFRSs.

3 Accounting policies

The accounting policies applied are consistent with those of the annual financial statements, as of and for the year ended 31 December 2008, as described in those annual financial statements, except for the adoption of:

- IAS 1 *Presentation of Financial Statements (Revised 2007)*
- IFRS 8 *Operating Segments*
- IAS 23 *Borrowing Costs (Revised 2007)*
- IFRIC 13 *Customer Loyalty Programmes*

Accounting policies (continued)

IAS 1 (Revised) - Presentation of financial statements (effective from 1 January 2009). The revised standard prohibits the presentation of items of income and expenses (that is, “non-owner changes in equity”) in the statement of changes in equity, requiring “non-owner changes in equity” to be presented separately from owner changes in equity. All non-owner changes in equity require to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated balance sheet as at the beginning comparative period in addition to the current requirement to present balance sheets at the end of the current period and comparative period. The Company applies IAS 1 (Revised) from 1 January 2009. Both the income statement and statement of comprehensive income are presented as performance statements.

IFRS 8 - Operating segments (effective from 1 January 2009), introduces the ‘management approach’ to segment reporting, under which segment information is presented on the same basis as that used for internal reporting purposes. The adoption of this standard has no effect on the Company’s reported total profit or loss or equity. Currently the Company does not present segment information since there are no distinguishable business and geographical segments.

IAS 23 Borrowing Costs (Revised) (effective from 1 January 2009). The revised standard removes the option to expense borrowing costs and requires that an entity capitalize borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the asset’s cost. In accordance with the transitional requirements, the Company applies the revised IAS 23 to qualifying assets for which capitalization of borrowing costs commences on or after the effective date. Therefore there is no impact on prior periods in the Company’s 2009 financial statements.

IFRIC 13 - Customer loyalty programs, clarifies that where goods or services are sold together with a customer loyalty incentive (for example, loyalty points or free products), the arrangement is a multiple-element arrangement and the consideration receivable from the customer is allocated between the components of the arrangement in using fair values. IFRIC 13 is not relevant to the Company’s operations because the Company does not operate any loyalty programs.

Taxes on income in the interim periods are accrued using the tax rate that would be applicable to expected total annual earnings.

Notes to the interim financial information (continued)
As of and for the six - month period ended 30 June 2009
(All amounts presented in Euros, unless otherwise stated)

4 Additions and disposals of property, plant and equipment

	Land & Buildings	Machinery & equipment	Construct.in progress	Total
Six months period ended 30 June 2009				
At 01 January 2009				
Cost or Valuation	6,001,518	16,567,153	114,781	22,683,452
Accumulated Depreciation	(1,901,525)	(6,294,569)	-	(8,196,094)
Net Carrying Amount	4,099,993	10,272,584	114,781	14,487,358
Changes during the period				
Opening Net Carrying Amount	4,099,993	10,272,584	114,781	14,487,358
Translation differences	16,328	40,855	466	57,649
Additions, net of transfers from C.I.P.	7,065	35,570	-	42,635
Disposals-net	-	(48,606)	-	(48,606)
Depreciation charge for the year	(156,278)	(387,839)	-	(544,117)
Closing Carrying Amount	3,967,108	9,912,564	115,247	13,994,919
At 30 June 2009				
Cost or Valuation	6,032,941	16,530,880	115,247	22,679,068
Accumulated Depreciation	(2,065,833)	(6,618,316)	-	(8,684,149)
Net Carrying Amount	3,967,108	9,912,564	115,247	13,994,919
Six months period ended 30 June 2008				
At 01 January 2008				
Cost or Valuation	5,996,689	16,065,838	182,904	22,245,431
Accumulated Depreciation	(1,595,954)	(6,946,550)	-	(8,542,504)
Net Carrying Amount	4,400,735	9,119,288	182,904	13,702,927
Changes during the period				
Opening Net Carrying Amount	4,400,735	9,119,288	182,904	13,702,927
Translation differences	1,978	4,099	82	6,159
Additions, net of transfers from C.I.P.	13,192	70,765	-	83,957
Disposals-net	-	(6,571)	-	(6,571)
Depreciation charge for the year	(156,112)	(383,643)	-	(539,755)
Closing Carrying Amount	4,259,793	8,803,938	182,986	13,246,717
At 30 June 2008				
Cost or Valuation	6,012,577	16,136,486	182,986	22,332,049
Accumulated Depreciation	(1,752,784)	(7,332,548)	-	(9,085,332)
Net Carrying Amount	4,259,793	8,803,938	182,986	13,246,717
Year end. 31 December 2008				
At 01 January 2008				
Cost or Valuation	5,996,689	16,065,838	182,904	22,245,431
Accumulated Depreciation	(1,595,954)	(6,946,550)	-	(8,542,504)
Net Carrying Amount	4,400,735	9,119,288	182,904	13,702,927
Changes during the year				
Opening Net Carrying Amount	4,400,735	9,119,288	182,904	13,702,927
Translation differences	(15,099)	(31,287)	(628)	(47,014)
Additions, net of transfers from C.I.P.	25,402	2,724,226	(67,495)	2,682,133
Disposals-net	-	(786,520)	-	(786,520)
Depreciation charge for the year	(311,045)	(753,123)	-	(1,064,168)
Closing Carrying Amount	4,099,993	10,272,584	114,781	14,487,358
At 31 December 2008				
Cost or Valuation	6,001,518	16,567,153	114,781	22,683,452
Accumulated Depreciation	(1,901,525)	(6,294,569)	-	(8,196,094)
Net Carrying Amount	4,099,993	10,272,584	114,781	14,487,358

Construction in progress

Majority of construction in progress balance as of 30 June 2008, amounting 115,247 Euros consists of the cost of building part of filtering station.

Notes to the interim financial information (continued)
As of and for the six - month period ended 30 June 2009
(All amounts presented in Euros, unless otherwise stated)

Sale and disposal of machinery and equipment

During the period ended 30 June 2009 the Company sold machinery and equipment the net carrying value of which amount in total Eur.48,606 (cost or valuation: Eur. 138,836 and accumulated depreciation: Eur. 90,230). The sales value of those sold amounts to Eur. 51,103. The gain realized from the sale of assets in the amount of Eur. 2,497 is recognized as other operating income in the statement of comprehensive income(see Note 18). Related revaluation surplus transferred into retained earnings, amounts to Eur. 26,742.

Property, plant and equipment pledged

As of 30 June 2009, the Company has pledged part of its property, plant and equipment (business premises and Machinery & equipment) to secure loans (see Note 11). As of the balance sheet date, their appraised value is in the amount of Eur 1,299,323 (see Note 23).

5 Intangible assets

At 30 June 2009 intangible assets, the net carrying value of which amount to Eur. 19,750 (cost: Eur. 29,167 and accumulated depreciation: Eur. 9,417) entirely consist of costs related to acquisition of software and trade marks. Total acquisitions occurred during the period ended 30 June 2009 amount Eur. 310. Amortization charged in the profit and loss for the period ended June 30 2009 amounts to Eur. 2,921.

Allocation of depreciation charge

Out of the total depreciation and amortization for the year ended 30 June 2009 amounting 547,038 Euros, 469,405 Euros has been charged in “cost of sales” and the remaining, in the amount of 77,633 Euros - into administrative and selling expenses.

6 Available – for – sale financial assets

	30 June 2009	30 June 2008	31 December 2008
Balance, 01 January	1,663,542	1,669,270	1,669,270
Impairment loss	(668,937)	-	-
Translation differences	5,392	750	(5,727)
Balance, 30 June and 31 December	999,997	1,670,020	1,663,543

At 30 June 2009 and 31 December 2008, total available – for – sale securities entirely consist of Company’s equity interest into Kosmos Building Materials Shanghai Co, China - a foreign non - listed legal entity. The original value of this investment at both balance sheet dates amounts US Dollars 1,970,000 (equivalent to Eur 1,670,291 at 30 June 2009; Eur 1,670,020 at 30 June 2008 and Eur 1,663,543 at 31 December 2008), and represents 51% interest in the equity of the total investments.

On 24 March 2009 the Company signed an agreement with FHL Manufacturing & Trading Co, I.Kyriakidis Granites & Marbles SA. for sale of the investment in Kosmos Building Materials Shanghai Co, China in the amount of Eur 1,000,000. Therefore, at 30 June 2009 the Company recognized in its current profit and loss impairment in the amount of Eur 668,937 (see Note 16).

Notes to the interim financial information (continued)
As of and for the six - month period ended 30 June 2009
(All amounts presented in Euros, unless otherwise stated)

7 Trade and other receivables

	30 June 2009	30 June 2008	31 December 2008
Trade receivables			
Local debtors	453,909	411,612	422,896
Foreign debtors	14,406,794	8,815,937	8,418,297
Related party's receivables	-	5,419,695	5,791,657
	14,860,703	14,647,244	14,632,850
Prepayments			
Expenses allocated on several years	13,112	5,018	13,076
Prepaid VAT	86,554	54,484	47,124
Overpaid income tax	10,267	-	10,226
Advances to suppliers	53,708	23,654	8,858
	163,641	83,156	79,284
Other current receivables			
Advances to and receivables from employees	196,193	207,359	194,310
	196,193	207,359	194,310
	15,220,537	14,937,759	14,906,444
Less: provision for impairment	(559,232)	(97,819)	(97,440)
Receivables and prepayments, net	14,661,305	14,839,940	14,809,004

Following table discloses the concentration of debts by major customers for the periods ended 30 June 2009 and 2008 and for the year ended on 31 December 2008:

	30 June 2009	30 June 2008	31 December 2008
Foreign debtors			
Falerco LTD Cyprus	7,115,288	7,415,186	7,415,192
FHL Manufacturing & Trading Co, I.Kyriakidis Granites & Marbles SA.	4,747,115	5,419,708	5,791,657
Other customers	2,544,391	1,400,738	1,003,105
Total	14,406,794	14,235,632	14,209,954

On 24 March 2009 the Company signed an agreement with Falerco Ltd. Cyprus for settlement of outstanding debts of Falerco toward the Company originated from the contracts from 20 June 2006 and 30 September 2006 as follows:

- Eur 300,000 up till 15 April 2009;
- Eur 7,115,288 up till 31 December 2011

At 30 June 2009 the age structure of trade receivables is as follows:

	Domestic trade receivables	Foreign trade receivables	Advances	Total
Up to 30 days	30,639	2,075,888	46,351	2,152,878
From 1-3 months	33,500	963,031	-	996,531
From 3-6 months	26,666	77,415	376	104,457
From 6-12 months	-	-	1,193	1,193
Over 1 year	363,104	11,290,460	5,788	11,659,352
	453,909	14,406,794	53,708	14,914,411
Less : provision for impairment	(97,835)	(461,397)	-	(559,232)
	356,074	13,945,397	53,708	14,355,179

At 30 June 2009 the credit quality of Company's trade receivables can be analysed as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	2,152,877	12,202,302	559,232	14,914,411
Less: Impairment provision	-	-	(559,232)	(559,232)
	2,152,877	12,202,302	-	14,355,179

Notes to the interim financial information (continued)
As of and for the six - month period ended 30 June 2009
(All amounts presented in Euros, unless otherwise stated)

Trade and other receivables (continued)

Following table provides for the movement of impairment provision account for the period ended 30 June 2009; 30 June 2008 and for the year ended on 31 December 2008:

	30 June 2009	30 June 2008	31 December 2008
At 01 January	97,440	97,775	97,775
Write off during the period	460,463	-	-
Translation differences	1,329	44	(335)
At 31 December	559,232	97,819	97,440

8 Inventories

	30 June 2009	30 June 2008	31 December 2008
Work in progress	5,230,936	5,870,998	5,688,926
Spare parts	471,534	385,228	428,058
Raw materials	201,408	149,344	168,712
Finished products	20,878	17,099	14,769
Trade goods	12,573	47,896	16,723
Other	10,840	7,961	15,127
	5,948,169	6,478,526	6,332,315

9 Cash and cash equivalents

	30 June 2009	30 June 2008	31 December 2008
Bank accounts	481,997	26,024	472
Cash on hand	1,864	1,488	2,622
	483,861	27,512	3,094

10 Equity

Shares issued

	Number of shares	Ordinary shares (Euros)	Share premium (Euros)	Amount (in Euros) Total (Euros)
<i>Authorized, issued and fully paid ordinary shares Eur. 1 at par</i>				
At 01 January 2009	4,686,858	4,686,858	4,158,313	8,845,171
Translation differences	-	-	-	-
At 31 December 2008 / 30 June 2009	4,686,858	4,686,858	4,158,313	8,845,171

The structure of share capital at 31 December 2008 and 30 June 2009 is as follows (amounts in Eur)

	Number	Amount	At 30 June 2009 %
Stone Works Holding Cooperatif U.A Netherlands	4,143,357	4,143,357	88.40
Piraeus Bank SA.	468,700	468,700	10.00
Other – minority	74,801	74,801	1.60
	4,686,858	4,686,858	100.00

	Number	Amount	At 31 December 2008 %
FHL Manufacturing & Trading Co, I.Kyriakidis Granites & Marbles SA.	4,143,357	4,143,357	88.40
Piraeus Bank SA.	468,700	468,700	10.00
Other – minority	74,801	74,801	1.60
	4,686,858	4,686,858	100.00

Notes to the interim financial information (continued)
As of and for the six - month period ended 30 June 2009
(All amounts presented in Euros, unless otherwise stated)

Equity (continued)

On 10 April 2009 the largest shareholder of the Company – FHL Manufacturing & Trading Co, I. Kyriakidis Granites & Marbles SA owning 88.4% of the Company's shares sold its shares to the Stone Works Holding Cooperatif U.A Netherlands.

Revaluation surplus

Revaluation surplus, which at 30 June 2009 amounts Eur 1,900,605 (31 December 2008: Eur 1,927,347) was initially created during 2002, based upon the independent valuation of groups of Company's property, plant and equipment. Subsequent changes (transfers into retained earnings) relate to surpluses of those assets sold during the period considered.

Dividends and management fees

At 21 May 2009 and according to the Shareholders's Assembly Decision no. 02-677/6, part of the prior years retained earnings amounting Eur 468,683 (2008: Eur 1,637,383) were allocated for dividends. Included into the above gross total, Eur. 5,447 relates to taxes on dividends and fees.

During the period ended 30 June 2009, the Company has paid dividends and fees to its shareholders and Company's Management, in the total gross amount, including related local taxes, of Eur 12,710 (2008: Eur 225,423).

11 Borrowings

	30 June 2009	30 June 2008	31 December 2008
<u>Long – term interest bearing loans from banks</u>			
Komercijalna Banka ad, Skopje (Eur.11,700,000; 6m.eurib.+2.5% - 3.5%)	7,503,899	6,434,782	8,003,901
Komercijalna Banka ad, Skopje (Eur.11,700,000; 6m.rib.+5%)	499,998	-	-
Eurostandard banka (mkd. 36,000,000; 11%)	588,580	-	-
	8,592,477	6,434,782	8,003,901
<u>Short – term interest bearing loans from banks</u>			
Komercijalna Banka ad, Skopje (mkd.84,000,000;8% - 10%)	220,603	1,467,092	856,197
Eurostandard Banka ad, Skopje (mkd.61,500,000; 8% - 10%)	-	1,005,328	1,069,216
Other loans from non-financial entities	-	-	7,327
	220,603	2,472,420	1,932,740

Total loan additions during the year ended 30 June 2009 amounts Eur. 2,532,557 (2008: Eur. 7,523,878). Total loans repaid during the same period amounts Eur. 3,660,946 (2008: Eur. 6,139,989).

Loans from local financial institutions are secured by mortgage over part of the Company's properties (see also Notes 4 and 22).

The loan repayment schedule is as follows:

	30 June 2009	30 June 2008	31 December 2008
Failing due within 1 – 2 years	5,633,737	4,934,784	4,847,758
Failing due within 2 – 5 years	2,958,740	1,499,998	3,156,143
	8,592,477	6,434,782	8,003,901

Notes to the interim financial information (continued)
As of and for the six - month period ended 30 June 2009
(All amounts presented in Euros, unless otherwise stated)

12 Trade and other payables

	30 June 2009	30 June 2008	31 December 2008
Trade creditors			
Local suppliers	572,198	985,613	1,108,264
Foreign suppliers	355,567	249,436	63,879
	927,765	1,235,049	1,172,143
Other current liabilities			
Dividends payables (net of local taxes)	3,766,468	3,330,690	3,298,785
Liabilities to employees and management	243,917	286,167	240,082
Interest payable	31,979	58,015	63,131
Customers' prepayments	21,009	49,678	40,334
Other	27,549	18,946	46,994
	4,090,922	3,743,496	3,689,326
	5,018,687	4,978,545	4,861,469

13 Liabilities for taxes

	30 June 2009	30 June 2008	31 December 2008
Tax on personal income	556	78,040	84,999
Tax on profit	-	184,016	201,605
Tax on dividends distributed to non – residents	456,820	476,133	455,023
Tax penalties	40,301	82,633	82,312
Concession fees and other levies	122,539	156,242	202,142
	620,216	977,064	1,026,081

14 Sales

	Six - month period ended 30 June 2009	30 June 2008	December 31 2008
Local market	149,294	299,226	645,359
Foreign markets:			
- Greece and Cyprus	4,271,765	4,453,580	8,964,856
- Other markets	1,661,118	343,255	656,533
	5,932,883	4,796,835	9,621,389
Total sales	6,082,177	5,096,061	10,266,748

15 Cost of sales

	Six - month period ended 30 June 2009	30 June 2008	December 31 2008
Stock of finished products and W.I.P. at the beginning of the period	5,703,695	5,898,849	5,898,849
Add: Total production for the period ended 30 June/31 December	3,074,684	3,427,119	6,738,513
Less: Stock of finished products and W.I.P. at the end of period	(5,251,814)	(5,888,096)	(5,703,695)
	3,526,565	3,437,872	6,933,667

Notes to the interim financial information (continued)
As of and for the six - month period ended 30 June 2009
(All amounts presented in Euros, unless otherwise stated)

16 Administrative and selling expenses

	Six - month period ended 30 June		December 31
	2009	2008	2008
Impairment losses on investments	668,937	-	-
Impairment on bad and doubtful receivables	460,480	-	385,552
Staff costs	106,236	112,473	239,255
Depreciation	77,633	76,110	152,870
Taxes and other levies	49,112	38,357	82,976
Materials, supplies and utilities	33,563	35,922	74,788
Services	30,218	33,013	106,203
Marketing and promotion	12,759	20,413	38,854
Customers' discounts	1,485	9,888	17,942
Other expenses	95,190	185,658	294,320
	1,535,613	511,834	1,392,760

17 Staff costs

	Six - month period ended 30 June		December 31
	2009	2008	2008
Net salaries	862,726	757,814	1,531,474
Personal tax and mandatory contributions	432,824	455,335	940,611
Other allowances	61,741	142,855	298,775
	1,357,291	1,356,004	2,770,860

18 Other operating income

	Six - month period ended 30 June		December 31
	2009	2008	2008
Write off of tax and contributions payables	103,462	1,078	103,381
Income from rents	18,780	18,092	36,358
Raw materials sold	10,442	7,142	7,340
Other income	3,509	9,332	32,418
	136,193	35,644	179,497

19 Finance income and costs

	Six - month period ended 30 June		December 31
	2009	2008	2008
Finance Income			
Interest income	1,028	1,160	1,468
Foreign exchange gains	132,315	34,321	115,599
	133,343	35,481	117,067
Finance Expense			
Interest (expense)	(508,678)	(419,380)	(829,727)
Bank (charges)	(29,059)	(25,087)	(90,120)
Foreign exchange (loses)	(58,772)	(25,695)	(161,012)
	(596,509)	(470,162)	(1,080,859)
Finance costs, net	(463,166)	(434,681)	(963,792)

20 Income tax expense

	Six - month period ended 30 June		December 31
	2009	2008	2008
Current tax expense	64,221	106,868	230,610
Deferred tax expense / (benefit)	-	-	-
	64,221	106,868	230,610

Notes to the interim financial information (continued)
As of and for the six - month period ended 30 June 2009
(All amounts presented in Euros, unless otherwise stated)

Following is the reconciliation of the total income tax expense to the profit as per income statement:

	Six - month period ended 30 June		December 31
	2009	2008	2008
Profit before tax	1,810,503	743,608	933,709
Tax at rate of 10%	181,050	74,361	231,148
Adjusted for:			
Origination and reversal of temporary differences	-	-	-
Non – deductible charges	-	-	14,468
Non – taxable income	-	-	(15,006)
Re – invested profits from prior periods	-	-	-
Income tax liability/Prepaid income tax carried forward	(116,829)	32,507	-
Tax charge	64,221	106,868	230,610

21 Earnings per share

Basic

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.

	Six - month period ended 30 June		December 31
	2009	2008	2008
Profit attributable to equity holders of the Company	631,302	636,740	703,099
Weighted average number of ordinary shares (in thousands)	4,687	4,687	4,687
Basic earnings per share (Euros per share)	0.13	0.14	0.15

22 Contingent liabilities

Mortgages and guarantees

Mortgages and guarantees provided as of 31 December 2008 are as follows:

	Eur	000 MKD
Business premises and Machinery & equipment	1,299,323	79,332
	1,299,323	79,332

Litigations

At 30 June 2009, the estimated Euro equivalent of the legal proceedings raised against the Company amount in total 95,807 Euros. No significant liabilities have been anticipated from these proceedings, as professional advice indicates that it is unlikely that any significant loss will arise.



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