Grant Thornton

Financial statements and Independent Auditors' Report

Mermeren Kombinat AD, Prilep

31 December 2014

Contents

Independent Auditors' Report

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To the Management and Shareholders of

Mermeren Kombinat AD, Prilep

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 2014, and the Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes, included on pages 3 to 41.

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

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2014, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Skopje,

12 March 2015

Grant Thornton

Statement of financial position

(Amounts in Euro)

	Note	31 December 2014	31 December 2013
Assets			
Non-current assets			
Property, plant and equipment	5	11,792,813	12,938,540
Intangible assets	6	2,253,163	2,377,873
		14,045,976	**15,316,413**
Current assets			
Inventories	8	5,520,965	5,536,020
Trade and other receivables	9	2,776,444	3,822,046
Other short term financial assets	10	-	-
Cash and cash equivalents	11	1,827,323	1,290,427
		10,124,732	**10,648,493**
Total assets		**24,170,708**	**25,964,906**
Equity			
Shareholders' equity			
Share capital	12	8,845,171	8,845,171
Other components of equity		2,036,338	2,585,268
Retained earnings		6,950,602	5,315,109
Total shareholders' equity		**17,832,111**	**16,745,548**
Liabilities			
Non – current liabilities			
Borrowings	13	2,920,407	4,432,079
		2,920,407	**4,432,079**
Current liabilities			
Borrowings	13	2,159,765	1,689,305
Trade and other payables	14	1,173,357	3,003,003
Tax payables	15	85,068	94,971
		3,418,190	**4,787,279**
Total liabilities		**6,338,597**	**9,219,358**
Total liabilities and shareholders' equity		**24,170,708**	**25,964,906**

These financial statements have been approved by the Board of Directors (the "Board") on 12 March 2015 and signed on its behalf by,

Theodoros Malfas	Ilias Rigopoulos	Nikos Michalopoulos
Chairman of the Board	*Chief Executive Officer*	*Chief Financial Officer*

Statement of comprehensive income

	Note	(Amounts in Euro) Year ended 31 December 2014	2013
Sales	16	19,035,715	16,814,773
Cost of sales	17	(8,261,143)	(8,049,004)
Gross profit		**10,774,572**	**8,765,769**
Administrative and selling expenses	18	(3,718,090)	(7,462,937)
Other operating expenses	20	-	(163,032)
Other operating income	21	185,651	235,618
Operating profit		**7,242,133**	**1,375,418**
Finance income	22	115,726	170,849
Finance (costs)	22	(508,108)	(585,724)
Finance (costs), net		(392,382)	(414,875)
Profit before income tax		**6,849,751**	**960,543**
Income tax expense	23	-	-
Profit for the year		**6,849,751**	**960,543**
Other comprehensive income for the year			
Translation differences		22,197	(2,989)
Other comprehensive income for the year		**22,197**	**(2,989)**
Total comprehensive income for the year		**6,871,948**	**957,554**
Profit attributable to the holders of ordinary shares		**6,849,751**	**960,543**
Total comprehensive income attributable to the holders of ordinary shares		**6,871,948**	**957,554**
Earnings per share (expressed in Euros per share)	26		
Basic earnings per share			
- Earnings from continuing operations		1.46	0.20
- Earnings from discontinuing operations		-	-
Total		1.46	0.20
Diluted earnings per share			
- Earnings from continuing operations		1.46	0.20
- Earnings from discontinuing operations		-	-
Total		1.46	0.20

Statement of changes in equity

(Amounts in Euro)

	Share capital	Other components of equity	Retained earnings	Total
At 01 January 2014	**8,845,171**	**2,585,268**	**5,315,109**	**16,745,548**
Dividends declared	-	(424,337)	(5,361,048)	(5,785,385)
Total transactions with owners	***-***	***(424,337)***	***(5,361,048)***	***(5,785,385)***
Profit for the year	-	-	6,849,751	6,849,751
Other comprehensive income:				
Transfer of reval. reserves on tangible assets sold	-	(146,790)	146,790	-
Translation differences	-	22,197	-	22,197
Total other comprehensive income	**-**	**(124,593)**	**146,790**	**22,197**
Total comprehensive income	**-**	**(124,593)**	**6,996,541**	**6,871,948**
At 31 December 2014	**8,845,171**	**2,036,338**	**6,950,602**	**17,832,111**
At 01 January 2013	**8,845,171**	**2,588,292**	**4,354,531**	**15,787,994**
Total transactions with owners	-	-	-	-
Profit for the year	-	-	960,543	960,543
Other comprehensive income:				
Translation differences	-	(3,024)	35	(2,989)
Total other comprehensive income	**-**	**(3,024)**	**35**	**(2,989)**
Total comprehensive income	**-**	**(3,024)**	**960,578**	**957,554**
At 31 December 2013	**8,845,171**	**2,585,268**	**5,315,109**	**16,745,548**

Statement of cash flows

	Note		(Amounts in Euro)
		Year ended 31 December	
		2014	2013
Operating			
Profit before income tax		6,849,751	960,543
Adjusted for:			
Depreciation and amortization	5,6	2,613,672	2,431,834
Impairment and write offs on trade and other receivables	18	12,964	117,426
Shortages	18	390	-
Wastage, failure and fracture	18	51,131	8,152
Impairment of inventories	18	287,790	1,324,647
Revenues from previously impaired receivables	21	(100,000)	-
Net carrying amount of equipment written off	18	98,576	264,214
Loss from sale of government bonds		-	3
(Gain) on property, plant and equipment sold	21	(35,702)	(2,222)
Payables written off	21	(2,533)	(10,854)
Gains from previously impaired receivables	21	(1,593)	(143,286)
Finance result, net	22	309,527	323,324
Operating profit before working capital changes		10,083,973	5,273,781
Changes in working capital:			
Inventories		(324,256)	(541,152)
Trade and other receivables		1,134,411	1,023,568
Trade and other payables		(1,054,864)	(440,755)
Cash from operations		9,839,264	5,315,442
Interest paid		(319,143)	(448,027)
Income tax paid		(77,951)	(74,292)
Cash flows from operating activities, net		**9,442,170**	**4,793,123**
Investing			
Purchase of property, plant and equipment, net of proceeds from sales		(1,291,280)	(2,449,492)
Purchase of intangible assets , net of proceeds from sales		(161,370)	(250,274)
Proceeds from sale of equipment		51,082	-
Investments in government bonds, net		-	82
Interest received		7,405	30,786
Cash flows from investing activities, net		**(1,394,163)**	**(2,668,898)**
Financing			
(Repayment of borrowings) / New Borrowings, net		(1,041,212)	(2,094,958)
Dividends paid		(6,487,349)	-
Cash flows from financing activities, net		**(7,528,561)**	**(2,094,958)**
Translation differences		17,450	8,939
Net change in cash and cash equivalents		**536,896**	**38,206**
Cash and cash equivalents at beginning		1,290,427	1,252,221
Cash and cash equivalents at end	**11**	**1,827,323**	**1,290,427**

Notes to the financial statements

1 General

Mermeren Kombinat AD, Prilep (the "Company") is a Shareholders' Company incorporated and domiciled in the Republic of Macedonia. The address of its registered head office is str. Krushevski Pat b.b., Prilep, Republic of Macedonia.

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

The Company shares are listed on the Macedonian Stock Exchange and the Athens Stock Exchange via the ELPIS (Greek depository receipts) status.

The Company's main business activities include mining, processing and distribution of marble and decorative stones. The Company has signed a mining rights concession agreement that is valid until 2030. It operates in local and foreign markets and at 31 December 2014 was employing 329 persons (2013: 356 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 judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement 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 2014 and 2013. Current and comparative data stated in these financial statements are expressed in Euros, unless otherwise stated.

2.2 Changes in accounting policies

2.2.1 New and revised standards that are effective for annual periods beginning on or after 1 January 2014

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2014. Information on these new standards is presented below.

IFRIC 21 'Levies'
IFRIC 21 clarifies that:
• the obligating event that gives rise to the liability is the activity that triggers the payment of the levy, as identified by the government's legislation. If this activity arises on a specific date within an accounting period then the entire obligation is recognized on that date
• the same recognition principles apply in the annual and interim financial statements.

IFRIC 21 has no material effect on the annual financial statements but affects the allocation of the cost of certain property taxes between interim periods. The Company's past practice was to spread the cost of property taxes payable annually over the year, resulting in the recognition of a prepayment at interim reporting dates. The application of IFRIC 21 requires the Company to recognize the entire obligation as an expense at the beginning of the reporting period, which is the date specified in the relevant legislation.

IFRIC 21 has been applied retrospectively in accordance with its transitional provisions and had no material effect on the financial statements for any period presented.

Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 32)
These amendments clarify the application of certain offsetting criteria in IAS 32, including:
• the meaning of 'currently has a legally enforceable right of set-off'
• that some gross settlement mechanisms may be considered equivalent to net settlement.

The amendments have been applied retrospectively in accordance with their transitional provisions. As the Company does not currently present any of its financial assets and financial liabilities on a net basis using the provisions of IAS 32, these amendments had no material effect on the financial statements for any period presented.

Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
These amendments clarify that an entity is required to disclose the recoverable amount of an asset (or cash generating unit) whenever an impairment loss has been recognized or reversed in the period. In addition, they introduce several new disclosures required to be made when the recoverable amount of impaired assets is based on fair value less costs of disposal, including:

• additional information about fair value measurement including the applicable level of the fair value hierarchy, and a description of any valuation techniques used and key assumptions made
• the discount rates used if fair value less costs of disposal is measured using a present value technique.

The amendments have been applied retrospectively in accordance with their transitional provisions.

Changes in accounting policies (continued)

2.2.2 Early adoption of 'Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)

The Company has early adopted 'Defined Benefit Plans: Employee Contributions (Amendments to IAS 19)'. These amendments are effective for annual periods beginning on or after 1 July 2014 and:

• clarify the requirements of IAS 19 relating to contributions from employees or third parties
• introduce a practical expedient such that contributions that are independent of the number of years of service may be treated as a reduction of service cost in the period in which the related service is rendered.

The Company has applied the practical expedient as its accounting policy. This treatment is consistent with the Company's previous practice before the Amendments to IAS 19. Therefore, the initial application of the amendments has no effect on the Company's financial statements.

2.2.3 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, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Company. Information on those expected to be relevant to the Company's financial statements is provided below.

Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Company's financial statements.

IFRS 9 'Financial Instruments' (2014)

The IASB recently released IFRS 9 'Financial Instruments' (2014), representing the completion of its project to replace IAS 39 'Financial Instruments: Recognition and Measurement'. The new standard introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.

The Company's management have yet to assess the impact of IFRS 9 on these financial statements. The new standard is required to be applied for annual reporting periods beginning on or after 1 January 2018.

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts', and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after 1 January 2017. The Company's management have not yet assessed the impact of IFRS 15 on these financial statements.

Changes in accounting policies (continued)

Amendments to IFRS 11 Joint Arrangements

These amendments provide guidance on the accounting for acquisitions of interests in joint operations constituting a business. The amendments require all such transactions to be accounted for using the principles on business combinations accounting in IFRS 3 'Business Combinations' and other IFRSs except where those principles conflict with IFRS 11. Acquisitions of interests in joint ventures are not impacted by this new guidance.

The Company's only investment made to date in a joint arrangement (note 7.2) is characterized as a joint venture in which the Company has rights to a share of the arrangement's net assets rather than direct rights to underlying assets and obligations for underlying liabilities. Accordingly, if adopted today, these amendments would not have a material impact on the financial statements.

The amendments are effective for reporting periods beginning on or after 1 January 2016.

2.3 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 ("MKD" or "Denars"), which is the Company's "functional currency". These financial statements are presented in Euros ("EUR" or "Euros"), which is "presentation currency" of the Company's ultimate Parent.

The results and financial position of the Company are translated into the presentation currency as follows:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- Resulting exchange differences are recognised 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 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 2014	**31 December 2013**
1 USD	50.5604 Denars	44,6284 Denars
1 EUR end of period	61.4814 Denars	61.5113 Denars
1 EUR average for period	61.6228 Denars	61.5057 Denars

2.4 Property, plant and equipment

Items of property, plant and equipment are carried at their revaluated cost, based on the valuation performed by independent authorized appraisers, less subsequent accumulated depreciation and impairment losses. 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	20 years
Machines	4-10 years
Equipment	4-10 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 2.6).

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 it increases the future economic benefits embodied in the item of property, plant and equipment.

2.5 Intangible assets

Research and development costs

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 labour 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 years.

Intangible assets (continued)

Stripping costs

The Company recognises 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. They are 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 directly 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 and licenses is capitalized and amortized using the straight-line method over a period of five years.

2.6 Impairment of non – financial assets

Property, plant and equipment, as well as intangibles, 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.

2.7 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, financial assets held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets.

Assets in this category are measured at fair value with gains or losses recognised in profit or loss.

This category of financial assets consists of government bonds presented as "other short – term financial assets".

Financial assets held to maturity

Financial assets held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's Management has the positive intention and ability to hold to maturity. The Company has no assets classified under this category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets.

The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents as of the statement of financial position date.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date.

Recognition and measurement of financial assets

Purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase or sell the asset.

All financial assets that are not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Financial assets carried at fair value through profit or loss are initially recognized at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Financial assets (continued)

All financial assets that are not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'other (losses)/gains – net' in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss as part of other income when the Company's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of comprehensive income as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income as part of finance income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the group's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques.

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the statement of comprehensive income. Impairment losses recognized in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. Impairment testing of trade receivables is described further within Note 2.7.

Impairment of financial assets

a. Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Financial assets (continued)

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

b. Assets classified as available for sale

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Company uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of comprehensive income.

2.8 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 recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 Inventories

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

2.10 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 90 days overdue) are considered indicators that the trade receivable is impaired. Individually significant debtors are tested for impairment on an individual basis. The remaining debtors are assessed collectively in groups that share similar credit risk characteristic.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Assets with a short maturity are not discounted. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of comprehensive income within 'selling and marketing costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the statement of comprehensive income.

2.11 Cash and cash equivalents

Cash and cash equivalents includes 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 Share capital, reserves, retained earnings and dividends

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

(b) Reserves
Legal reserves are created during the periods by distribution of retained earnings based on the legislation and decisions of the Management of the Company.

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

(d) Dividends
Dividends are recognized in the equity 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.

2.13 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at their fair value and subsequently measured at their amortized cost by applying the effective interest rate method.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the Statement of financial position date.

2.15 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 capitalisation.

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

2.16 Current and deferred tax expense

Current and deferred tax expense

Current tax expense for the reporting period represents total of current and deferred income tax.

Current income tax

During the period 01 January 2009 through 31 December 2013, the current tax expense at 10% rate is paid to non – recognized expenses for tax purposes adjusted for tax credit and the less declared revenue, as well as profit allocated for dividends to legal entities – non-residents and to individuals.

During 2014 new law on income tax was passed, applicable for tax periods starting 01 January 2014, according to which income taxes at the rate of 10% are 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 releases. Legal entities may use tax losses from current period for compensation of paid taxes related to certain period or for decrease or elimination of tax liabilities for following periods.

Current and deferred tax expense (continued)

Deferred income tax

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 2014 and 2013, as there are no temporary differences existing at that date.

2.17 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 employees recourse for vacation 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.

2.18 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.

2.19 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.

2.20 Revenue recognition

Revenue comprises revenue from sale of goods and the rendering of services. Revenue from major products and services is shown in Note 16.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts.

The Company applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction. The consideration received from these transactions is allocated to the separately identifiable component by taking into account the relative fair value of each component.

Revenue is recognized when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Company's different activities have been met. These activity-specific recognition criteria are based on the goods or solutions provided to the customer and the contract conditions in each case, and are described below:

Sales of goods – wholesale

Sales of goods are recognized when the products are delivered to the customer, when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company’s activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Sales of services

Sales of services are recognized in the period in which services are rendered, by reference to the stage of completion when can be measured reliably. The stage of completion is determined based on surveys of work performed.

Interest income

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

2.21 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.

2.22 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.

2.23 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.

2.24 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 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	2014 In Euro	2013 In Euro
Cash and cash equivalents	1,719,498	1,160,969
Trade receivables – foreign debtors	1,758,506	2,970,571
	3,478,004	**4,131,540**
Liabilities		
Trade payables – foreign suppliers	(134,295)	(846,089)
Borrowings	(3,975,165)	(4,628,262)
	(4,109,460)	**(5,474,351)**

Foreign currency sensitivity analysis

	Net amount in Euro	+1%	-1%
31 December 2014			
Gain or (loss)	(631,456)	(6,315)	6,315
31 December 2013			
Gain or (loss)	(1,342,811)	(13,428)	13,428

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 foreign currency rates. The positive / negative sign indicates increase/decrease in profit or other equity, which occurs when the Denar weakens/strengthens its value against foreign currencies by +/- 1%.

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 exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligation with a floating interest rate. 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:

	2014 In Euro	2013 In Euro
Assets		
Non-interest bearing:		
Trade and other receivables	1,718,909	2,738,906
Cash and cash equivalents	1,249	1,508
	1,720,158	**2,740,414**
With fixed interest rate:		
Cash and cash equivalents	1,826,074	1,288,919
	1,826,074	1,288,919
	3,546,232	**4,029,333**
Liabilities		
Non-interest bearing:		
Trade and other payables	1,077,299	2,701,051
	1,077,299	**2,701,051**
With fixed interest rate:		
Borrowings	43,451	39,105
	43,451	**39,105**
With variable interest rate:		
Borrowings	5,036,721	6,082,279
	5,036,721	6,082,279
Interest sensitivity gap	**6,157,471**	**8,822,435**

Nominal interest rates are 6 month Euribor +4% or 6 month Euro libor +4% (2013: 6 months Euribor +4% or 6 month Euro libor +4%).

Interest rate sensitivity analysis

At 31 December 2014	Net amount in Euro	2%	-2%
Borrowings with variable interest rate	(5,036,721)	(100,734)	100,734

At 31 December 2013	Net amount in Euro	2%	-2%
Borrowings with variable interest rate	(6,082,279)	(121,646)	121,646

3.3 Credit risk

Credit risk is the risk of financial loss inflicted to the Company if the customer or counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from the Company's trade receivables. 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. The Company's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position.

The Company establishes a provision for impairment that represents its estimate of incurred losses in respect to trade receivables based entirely on specific losses related to individually significant 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 summarised below:

Classes of financial assets – carrying amounts :	2014 (in Euro)	2013 (in Euro)
Cash and cash equivalents	1,827,323	1,290,427
Trade and other receivables	1,718,909	2,738,906
	3,546,232	**4,029,333**

The credit risk for cash and cash equivalents 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 the volatile Greek market (at around 60% of sales), the selected distributors are mostly export oriented, which minimizes the Greek 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 2014 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 debt servicing payments for long-term financial liabilities as well as forecasting cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time intervals. Net cash requirements are 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.

Liquidity risk (continued)

As at 31 December 2014 and 2013, the Company's liabilities have contractual maturities (including interest payments where applicable) as summarised below:

At 31 December 2014	Current 1 to 12 months (In Euro)	1 to 5 years (In Euro)	Non – current Later than 5 years (In Euro)
Interest – bearing borrowings	2,159,765	2,920,407	-
Trade and other payables	1,077,299	-	-
	3,237,064	**2,920,407**	**-**

At 31 December 2013	Current 1 to 12 months (In Euro)	1 to 5 years (In Euro)	Non – current Later than 5 years (In Euro)
Interest – bearing borrowings	1,689,305	4,432,079	-
Trade and other payables	2,701,051	-	-
	4,390,356	**4,432,079**	**-**

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. The 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:

	2014 (In Euro)	2013 (In Euro)
Interest-bearing borrowings	5,080,172	6,121,384
Cash and cash equivalents	(1,827,323)	(1,290,427)
Net liabilities	**3,252,849**	**4,830,957**
Shareholders' equity	17,832,111	16,745,548
Gearing ratio	**0.18**	**0.29**

3.6 Fair value estimation

Fair value represents the amount at which an asset could be replaced or a liability settled on an arm's length basis. No financial instrument is presented at fair value as of 31 December 2014.

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	
	2014 (In Euro)	2013 (In Euro)	2014 (In Euro)	2013 (In Euro)
Assets				
Trade and other receivables	1,718,909	2,738,906	1,718,909	2,738,906
Cash and cash equivalents	1,827,323	1,290,427	1,827,323	1,290,427
	3,546,232	**4,029,333**	**3,546,232**	**4,029,333**
Liabilities				
Borrowings	5,080,172	6,121,384	5,080,172	6,121,384
Trade and other payables (without tax liabilities)	1,077,299	2,701,051	1,077,299	2,701,051
	6,157,471	**8,822,435**	**6,157,471**	**8,822,435**

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 ongoing basis. Revisions to accounting estimates are recognised 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.

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 behaviour 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 amortised assets

The Management regularly reviews the useful lives of amortised 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 analysed in Note 5 and 6. However, the factual results may differ due to technological obsolescence.

Inventories are stated at the lower of cost and net realisable value. When determining the net realisable value, the most objective evidence / data available at the making of assessments are used.

(All amounts expressed in Euros, unless otherwise stated)

5 *Property, plant and equipment*

	Land & Buildings	Machinery & equipment	Construction in progress	Total
At 01 January 2013				
Cost or valuation	5,208,041	17,357,258	183,185	22,748,484
Accumulated depreciation	(1,681,949)	(7,989,453)	-	(9,671,402)
Net carrying amount	**3,526,092**	**9,367,805**	**183,185**	**13,077,082**
Year ended 31 December 2013				
Opening net carrying amount	3,526,092	9,367,805	183,185	13,077,082
Translation differences	(634)	(1,724)	(32)	(2,390)
Additions, net of transfers from C.I.P.	78,569	2,386,646	(15,723)	2,449,492
Disposals-net	(5,578)	(261,193)	-	(266,771)
Depreciation charge for the year	(227,092)	(2,091,781)	-	(2,318,873)
Closing carrying amount	**3,371,357**	**9,399,753**	**167,430**	**12,938,540**
At 31 December 2013 / 01 January 2014				
Cost or valuation	5,199,077	19,160,094	167,430	24,526,601
Accumulated depreciation	(1,827,720)	(9,760,341)	-	(11,588,061)
Net carrying amount	**3,371,357**	**9,399,753**	**167,430**	**12,938,540**
Year ended 31 December 2014				
Opening net carrying amount	3,371,357	9,399,753	167,430	12,938,540
Translation differences	1,605	2,058	11	3,674
Additions, net of transfers from C.I.P.	305,854	1,016,096	(30,670)	1,291,280
Disposals-net	(98,576)	(15,380)	-	(113,956)
Depreciation charge for the year	(233,351)	(2,093,374)	-	(2,326,725)
Closing carrying amount	**3,346,889**	**8,309,153**	**136,771**	**11,792,813**
At 31 December 2014				
Cost or valuation	5,329,350	20,110,733	136,771	25,576,854
Accumulated depreciation	(1,982,461)	(11,801,580)	-	(13,784,041)
Net carrying amount	**3,346,889**	**8,309,153**	**136,771**	**11,792,813**

Disposals

During year ended 31 December 2014, the Company sold part of its transport vehicles with net carrying value of 15,380 Euros (31 December 2013: 2,222 Euros). Sales value of the part related to assets sold is 51,082 Euros. Gain incurred from these transactions amounts to 35,702 Euros, included in other operating income (see Note 21).

Furthermore, during the year ended 31 December 2014, the Company has written off mechanical equipment with net carrying value of 4,854 Euros (31 December 2013: 24,785 Euros) (see Note 18). In addition, one mechanical workshop was demolished with net carrying value of 93,722 Euros (see Note 18).

During 2013, marble-cutting equipment related to the department where operation was suspended, was fully written off in amount of 239,429 Euros.

Construction in progress

As of 31 December 2014, the balance of construction in progress in the amount of 136,771 Euros consists of the cost of major repairs of equipment.

(All amounts expressed in Euros, unless otherwise stated)

Property, plant and equipment (continued)

Fair value estimation

As disclosed in Note 2.4 Company's property, plant and equipment are carried at their revaluation, based on non-recurring valuation performed by independent authorised valuers. Inputs used in valuation were observable either directly (such as prices) or indirectly (derived from prices), thus related to Level 2 according to IFRS 13.

Pledge over property, plant and equipment

As of 31 December 2014, the Company has pledged part of its property, plant and equipment to secure borrowings (see Note 13). As of the statement of financial position date, their appraised value is 8,923,600 Euros (see Note 27).

6 Intangible assets

	Software and development expenditure	Intangibles in progress	Total
At 01 January 2013			
Cost or valuation	555,690	1,858,246	2,413,936
Accumulated depreciation	(168,388)	-	(168,388)
Net carrying amount	**387,302**	**1,858,246**	**2,245,548**
Year ended 31 December 2013			
Opening net carrying amount	387,302	1,858,246	2,245,548
Translation differences	(90)	(333)	(423)
Additions, net of transfers from intangibles in progress	333,018	(82,744)	250,274
Disposals-net	(4,565)	-	(4,565)
Depreciation charge for the year	(112,961)	-	(112,961)
Closing carrying amount	**602,704**	**1,775,169**	**2,377,873**
At 31 December 2013 / 01 January 2014			
Cost or valuation	854,689	1,775,169	2,629,858
Accumulated depreciation	(251,985)	-	(251,985)
Net carrying amount	**602,704**	**1,775,169**	**2,377,873**
Year ended 31 December 2014			
Opening net carrying amount	602,704	1,775,169	2,377,873
Translation differences	4,080	(3,213)	867
Additions, net of transfers from intangibles in progress	1,933,326	(1,771,956)	161,370
Depreciation charge for the year	(286,947)	-	(286,947)
Closing carrying amount	**2,253,163**	**-**	**2,253,163**
At 31 December 2014			
Cost or valuation	2,792,877	-	2,792,877
Accumulated depreciation	(539,714)	-	(539,714)
Net carrying amount	**2,253,163**	**-**	**2,253,163**

Intangibles in process of acquisition

As of 31 December 2013 the balance of intangibles in progress in the amount of 1,775,169 Euros related to various earth-moving and stripping activities in a sector of the Quarry. Since the activities performed are related to development and pre-production phase, the Company has capitalized all the expenses as intangible asset in its Statement of financial position. Production in the same sector of the quarry commenced in 2014, in which case the relevant intangible asset was recognized as complete and amortization was calculated in proportion to the production per period.

(All amounts expressed in Euros, unless otherwise stated)

Intangible assets (continued)

Allocation of depreciation charged

Out of the total depreciation and amortization for the year ended 31 December 2014 amounting to 2,613,672 Euros (2013: 2,431,834 Euros), the amount of 2,498,644 Euros (2013: 2,322,966 Euros) has been charged to cost of sales and the remaining amount of 115,028 Euros (2013: 108,868 Euros) to administrative and selling expenses (see Note 18).

7 Financial instruments by categories

The carrying amounts of the Company's financial assets and liabilities as recognised at the statement of financial position date may also be categorised as follows:

	Loans and receivables	Assets at fair value through profit and loss	Available – for -sale	Total
31 December 2014				
Assets according to the Statement of financial position				
Trade and other receivables (excluding prepayments)	1,718,909	-	-	1,718,909
Cash and cash equivalents	1,827,323	-	-	1,827,323
	3,546,232	**-**	**-**	**3,546,232**

	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total
Liabilities according to the Statement of financial position			
Interest bearing borrowings	-	5,080,172	5,080,172
Trade and other payables	-	1,077,299	1,077,299
	-	**6,157,471**	**6,157,471**

	Loans and receivables	Assets at fair value through profit and loss	Available – for – sale	Total
31 December 2013				
Assets according to the Statement of financial position				
Trade and other receivables (excluding prepayments)	2,738,906	-	-	2,738,906
Cash and cash equivalents	1,290,427	-	-	1,290,427
	4,029,333	**-**	**-**	**4,029,333**

	Liabilities at fair value through profit and loss	Other financial liabilities at amortised cost	Total
Liabilities according to the Statement of financial position			
Interest bearing borrowings	-	6,121,384	6,121,384
Trade and other payables	-	2,701,051	2,701,051
	-	**8,822,435**	**8,822,435**

(All amounts expressed in Euros, unless otherwise stated)

8 Inventories

	2014	2013
Work in progress	4,333,919	4,163,463
Finished products	403,243	698,020
Spare parts	500,283	423,911
Raw materials	134,845	156,004
Trade goods	95,359	79,962
Other	53,316	14,660
	5,520,965	**5,536,020**

As of 31 December 2014 the carrying values of certain semi – finished products (low quality blocks) were reduced to their net realizable values, using the results of independent evaluation. The total value adjustment charged to the current profit and loss amounts to 287,790 Euros (2013: 1,324,647 Euros) (see Note 18). In addition, the expense for wastage, failure and fracture was recognized at 51,131 Euros (2013: 8,152 Euros) in the current profit and loss (see Note 18).

9 Trade and other receivables

	2014	2013
Current trade receivables		
Local debtors	25,806	297,689
Foreign debtors	1,589,326	2,130,233
Related parties' receivables (see Note 25)	156,026	636,895
	1,771,158	**3,064,817**
Less: impairment provision	(72,972)	(368,459)
	1,698,186	**2,696,358**
Prepayments		
Advance dividend	703,241	-
Prepaid VAT	144,710	194,025
Advances to suppliers	107,517	93,955
Prepaid corporate income tax	78,130	747,078
Deferred expenses	23,937	48,082
Other current receivables	20,723	42,548
	1,078,258	**1,125,688**
Less: impairment provision	-	-
	1,078,258	**1,125,688**
Trade and other receivables, net	**2,776,444**	**3,822,046**

In 2013 the Company submitted request for refund of prepaid corporate income tax, to the Public Revenue Office. In May 2013, the Company received a decision by the Public Revenue Office partly confirming the tax refund for a first amount of 296,215 Euros that was returned to the Company during the year ended December 2013. Final decisions were received in December 2013 confirming the tax refund for a further and final amount of 656,961 Euros. (i.e. a total amount of 953,176 Euros). During the year ended 31 December 2014, the final amount was fully refunded.

At 31 December 2014 the age structure of trade receivables and advances to suppliers is as follows:

	Domestic trade receivables	Foreign trade receivables	Advances to suppliers	Total
Amount not due	1,117	1,440,324	-	1,441,441
Overdue up to 1 year	2,644	254,101	107,217	363,962
Overdue more than 1 year	22,045	50,927	300	73,272
	25,806	**1,745,352**	**107,517**	**1,878,675**
Less: impairment provision	(22,045)	(50,927)	-	(72,972)
	3,761	**1,694,425**	**107,517**	**1,805,703**

(All amounts expressed in Euros, unless otherwise stated)

Trade and other receivables (continued)

At 31 December 2013 the age structure of trade receivables and advances to suppliers is as follows:

	Domestic trade receivables	Foreign trade receivables	Advances to suppliers	Total
Amount not due	-	1,883,946	-	1,883,946
Overdue up to 1 year	20,324	811,258	90,485	922,067
Overdue more than 1 year	277,365	71,924	3,470	352,759
	297,689	**2,767,128**	**93,955**	**3,158,772**
Less: impairment provision	(216,951)	(151,508)	-	(368,459)
	80,738	**2,615,620**	**93,955**	**2,790,313**

At 31 December 2014 the credit quality of Company's trade receivables and advances to suppliers can be analysed as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	1,441,441	364,262	72,972	1,878,675
Less: Impairment provision	-	-	(72,972)	(72,972)
	1,441,441	**364,262**	**-**	**1,805,703**

At 31 December 2013 the credit quality of Company's trade receivables and advances to suppliers can be analysed as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	1,883,946	906,367	368,459	3,158,772
Less: Impairment provision	-	-	(368,459)	(368,459)
	1,883,946	**906,367**	**-**	**2,790,313**

The following table provides for the movement of impairment provision account for the years ended 31 December 2014 and 2013:

	2014	2013
At 01 January	**368,459**	**404,049**
Write off of previously impaired receivables	(201,688)	(603)
Release of previously impaired receivables (Note 21)	(100,000)	-
Collected fully provided bad debts	(1,597)	(143,286)
Impairment provision	7,692	108,332
Translation differences	106	(33)
At 31 December	**72,972**	**368,459**

In addition, during 2014 due to their entire non-collectability, receivables amounting 5,272 Euros (2013: 9,094 Euros) were directly written off in the profit and loss.

10 Other short term financial assets

Other short term financial assets consist entirely of bonds issued by the Government of the Republic of Macedonia, the majority of which were used to settle the Company's concession liabilities towards the Ministry of Economy of the Republic of Macedonia. Government bonds are carried at fair value.

	2014	2013
At 01 January	**-**	**85**
Sold government bonds	-	(82)
Matured government bonds	-	-
Loss from sale of government bonds	-	(3)
Translation differences	-	-
At 31 December	**-**	**-**

11 Cash and cash equivalents

	2014	2013
Bank accounts	1,826,074	1,288,919
Cash on hand	1,249	1,508
	1,827,323	**1,290,427**

12 Share capital

Shares issued

			Amounts (in Euros)	
	Number of shares	Ordinary shares	Share premium	Total
Authorized, issued and fully paid ordinary shares 1 Euro at par		(Euros)	(Euros)	(Euros)
At 31 December 2014 and 2013	**4,686,858**	**4,686,858**	**4,158,313**	**8,845,171**

The structure of share capital at 31 December 2014 and 2013 is as follows:

	Number of shares	Amount in Euros	%
Stone Works Holdings Cooperatief U.A. Netherlands	4,143,357	4,143,357	88.40
Piraeus Bank S.A. [1]	468,700	468,700	10.00
Other – minority	74,801	74,801	1.60
	4,686,858	**4,686,858**	**100.00**

Other components of equity

	Translation reserve	Statutory reserves	Revaluation reserve	Total
At 1 January 2014	**(43,038)**	**1,045,730**	**1,582,576**	**2,585,268**
Dividends declared	-	(424,337)	-	(424,337)
Transfer of revaluation res. on disposed tangible assets	-	-	(146,790)	(146,790)
Translation differences	22,197	-	-	22,197
At 31 December 2014	**(20,841)**	**621,393**	**1,435,786**	**2,036,338**
At 1 January 2013	**(40,014)**	**1,045,730**	**1,582,576**	**2,588,292**
Translation differences	(3,024)	-	-	(3,024)
At 31 December 2013	**(43,038)**	**1,045,730**	**1,582,576**	**2,585,268**

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

Share capital (continued)

Revaluation reserve
Revaluation surplus, which at 31 December 2014 amounts to 1,435,786 Euros (31 December 2013: 1,582,576 Euros) 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.

Statutory reserves
Reserves, which at 31 December 2014 amount to 621,393 Euros (31 December 2013: 1,045,730 Euros) 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% (2012: 20%) of the registered capital.

With an assembly decision reserves can be distributed as dividends to the shareholders and/or for purchase of its own shares.

Dividends
At 17 February 2014 and according to the Shareholders' Extraordinary Assembly decision no. 02-637/2, part of the prior years retained earnings accumulated in the years till 31 December 2012 in the amount 2,447,581 Euros (2013: none) were allocated for dividends distribution.

During March 2014 the Company paid dividends to its shareholders in the total amount of 2,447,240 Euros (2013: none) out of which 244,758 Euros relates to taxes on dividends (2013: none).

At 21 November 2014 and according to the Shareholders' Extraordinary Assembly decision no. 02-7241/2, part of the prior years retained earnings accumulated in the years till 31 December 2013 and reserves generated (allocated) before 2009 in the amount 3,337,805 Euros (2013: none) were allocated for dividends distribution.

During December 2014 the Company paid dividends to its shareholders in the total amount of 3,337,393 Euros (2013: none) out of which 291,347 Euro relates to taxes on dividends (2013: none).

At 11 November 2014 and according to the Board od Directors of the Company decision no. 02-7000/3, advance payment of the dividend for 2014 was made, based on interim financial reports for the period 1 January 2014 to 30 June 2014 audited by certified auditor, the profit of the Company for 2014 achieved by 30 June 2014.

During December 2014 the Company paid advance dividends to its shareholders in the total amount of 702,906 Euros (2013: none).

(All amounts expressed in Euros, unless otherwise stated)

13 Borrowings

	2014	2013
Long – term interest bearing borrowings from banks		
Komercijalna Banka ad, Skopje (original amount: Eur. 4,*700,000*; Interest rate 6m. Euro Libor. +4%)	2,350,000	3,378,262
Komercijalna Banka ad, Skopje (original amount: Eur. *1,904,000*; Interest rate 6m.Euribor. +4%)	1,625,165	1,250,000
Komercijalna Banka ad, Skopje (original amount: Denars 123,280,000; interest rate 6.5% p.a.)	1,061,556	1,454,017
Finance lease liabilities	25,047	21,040
	5,061,768	**6,103,319**
Less: current maturity of long term borrowings	(2,141,361)	(1,671,240)
Total long – term borrowings	**2,920,407**	**4,432,079**
Short – term interest bearing borrowings from banks		
Komercijalna Banka ad, Skopje, Visa credit card	61	3,157
Finance lease liabilities	18,343	14,908
	18,404	**18,065**
Add: current maturity of long term borrowings	2,141,361	1,671,240
Total short-term borrowings	**2,159,765**	**1,689,305**

Loans from financial institutions are secured by mortgage over part of the Company's properties (see also Note 27).

Total loans and finance lease additions during the year ended 31 December 2014 amounts to 686,581 Euros (2013: 1,288,637 Euros). Total loan repaid during the same period amounts to 1,727,793 Euros (2013: 3,383,595 Euros).

The long-term borrowings repayments schedule is as follows:

	2014	2013
Due within 12 months	2,141,361	1,671,240
Due within 1 – 2 years	2,141,361	1,932,684
Due within 2 – 5 years	753,999	2,478,355
	5,036,721	**6,082,279**

The long-term finance lease liabilities relate to lease of vehicle. Repayment schedule of finance lease liabilities is as follows:

	2014	2013
Present value of payment:		
Due within 1 year	18,343	14,908
Due between 1 – 5 years	25,047	21,040
Due over 5 years	-	-
	43,390	**35,948**

(All amounts expressed in Euros, unless otherwise stated)

14 Trade and other payables

	2014	2013
Trade creditors		
Local suppliers	685,553	1,556,578
Foreign suppliers	65,863	766,129
Related parties' payables (see Note 25)	68,432	79,960
	819,848	**2,402,667**
Other current liabilities		
Liabilities to employees and management	242,364	281,377
Customers' prepayments	96,058	276,957
Interest payable	12,230	14,443
Dividends payables (net of local taxes)	1,561	1,547
Accrued expenses	-	24,995
Other	1,296	1,017
	353,509	**600,336**
Total trade and other payables	**1,173,357**	**3,003,003**

15 Tax payables

	2014	2013
Concession fees and other levies	75,552	72,718
Personal income tax liabilities	9,438	8,492
Withholding tax	78	13,761
	85,068	**94,971**

16 Sales

	2014	2013
Local market	839,757	740,381
Foreign markets:		
- Greece	11,280,776	6,050,605
- Cyprus	928,952	3,711,268
- Balkan region	477,653	455,522
- Other markets	5,508,577	5,856,997
Sub- total – sales on foreign markets	18,195,958	16,074,392
Total sales	**19,035,715**	**16,814,773**

17 Cost of sales

	2014	2013
Stock of finished products and W.I.P. at 01 January	4,861,483	5,780,699
Plus: Total production cost for the year ended 31 December	8,475,743	8,462,587
Plus: Income from value adjustment of previously written-off inventory	1,057,556	298,861
Less: Impairment, wastage, failure and fracture of inventories	(338,921)	(1,332,799)
Lees: Income from released value adjustment of inventories sold	(1,057,556)	(298,861)
Less: Stock of finished products and W.I.P. at 31 December	(4,737,162)	(4,861,483)
	8,261,143	**8,049,004**

(All amounts expressed in Euros, unless otherwise stated)

18 Administrative and selling expenses

	Year ended 31 December 2014		Year ended 31 December 2013	
	Administrative	Selling	Administrative	Selling
Customers' discounts	-	500,511	-	2,775,279
Impairment of inventories	-	287,790	-	1,324,647
Professional advisory services	732,735	-	792,943	-
Staff costs	738,392	205,132	392,211	230,833
Marketing and promotion	107,537	146,503	201,337	118,902
Services	152,282	119,449	141,575	304,781
Depreciation (Note 6)	78,899	36,129	107,574	1,294
Taxes and other levies	95,086	7,985	64,554	1,255
Materials, supplies and utilities	49,214	6,471	24,551	8,639
Impairment and write off of receivables	-	12,964	-	117,426
Present value of assets destroyed and written off	-	98,576	-	264,214
Wastage, failure and fracture (Note 8)	-	51,131	-	8,152
Shortages	-	390	-	-
Other expenses and provisions	177,453	113,461	509,470	73,300
	2,131,598	**1,586,492**	**2,234,215**	**5,228,722**

19 Staff costs

	2014	2013
Net salaries	2,037,080	1,958,941
Personal tax and mandatory contributions	893,950	882,191
Other allowances	68,081	46,290
	2,999,111	**2,887,422**

20 Other operating expenses

	2014	2013
Interest on profit tax	-	163,032
	-	**163,032**

21 Other operating income

	2014	2013
Income from reinvoicing of transport cost and other services	422,322	155,335
- minus:Cost associated with the above services	(418,126)	(145,060)
Revenues from previously impaired receivables	100,000	-
Gains on property, plant and equipment sold	35,702	2,222
Raw materials sold	22,267	32,628
Income from rents	8,367	604
Payables write offs and stock count surplus	2,533	10,854
Gains from previously impaired receivables	1,593	143,286
Other income	10,993	35,749
	185,651	**235,618**

(All amounts expressed in Euros, unless otherwise stated)

22 Finance income and costs

	2014	2013
Finance income		
Interest income	7,405	114,612
Foreign exchange gains	108,321	56,237
	115,726	**170,849**
Finance (costs)		
Interest (expense)	(316,932)	(437,936)
Bank (charges)	(70,963)	(73,625)
Foreign exchange (losses)	(120,213)	(74,163)
	(508,108)	**(585,724)**
Finance (costs), net	**(392,382)**	**(414,875)**

23 Income tax expense

The charge for the year can be reconciled to the profit per Statement of comprehensive income for 2014 and 2013 as follows:

	2014	2013
At 31 January	(7,758,368)	(9,029,024)
Profit before income tax	6,849,751	-
Non – deductible expenses	821,064	1,413,942
Non – taxable revenues	(101,694)	(143,286)
Translation differences	14,742	-
At 31 December tax credit of expenses with deferred recognition	(174,505)	(7,758,368)
Current tax charge at rate of 10%	**-**	-

The tax credit in the amount of 9,029,024 Euros relates to expenses for impairment of receivables from Phalerco LTD Cyprus and FHL H. Kyriakidis Marbles - Granites S.A. ("FHL") recognized in 2011, when no appropriate documentation as required by the tax authorities was available in order these receivables to be recognized as tax deductible expenses. Hence, these expenses were considered as non-deductible expenses and the tax charge of 10% was recognized in the financial statements as of and for the year ended 31 December 2011. However, in 2012 the Company obtained all the relevant documentation such as Confirmation of receipt of the claim and acceptance of the receivables by the liquidator for Phalerco and award by the International Court of Arbitration for FHL and it declared the tax credit of expenses with deferred recognition at 9,029,024 Euros. By final Decisions from Public Revenue Office received in December 2013, tax credit was decreased by the amount of 291,286 Euros for impairment of receivables and interest on loan. For the years ending 31 December 2014 and following, the law on the corporate income tax has changed and now tax is calculated on both profit and non-deductible expenses. Previously, non – distributed profit was not taxed. This is the reason for the difference in presentation of the tax.

(All amounts expressed in Euros, unless otherwise stated)

24 Expenses by nature

	2014	2013
Staff costs	3,206,167	3,020,243
Depreciation and amortization	2,613,672	2,431,834
Energy and water	1,743,478	1,798,160
Spent materials, spare parts and small inventory	1,280,354	1,365,289
Professional advisory services	732,735	792,943
Services	649,792	815,876
Customers' discounts	500,511	2,775,279
Other expenses and provisions	290,914	582,770
Marketing and promotion	254,040	320,239
Taxes and other contributions	159,048	126,769
Present value of assets destroyed and written off	98,576	264,214
Impairment and other changes of inventories	83,297	797,195
Wastage, failure and fracture	51,131	8,152
Direct write off of receivables	12,964	117,426
Transport costs	10,970	6,276
Representation	10,451	8,081
Insurance	6,718	5,056
Shortages	389	-
Other expenses	274,026	276,139
	11,979,233	**15,511,941**

25 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 2014 and 2013:

31 December 2014	Cash	Receivables	Payables	Revenues	Expenses
Stone Works Holding Cooperatief U.A Netherlands	-	-	-	-	400,475
Castleblock Limited Nicosia Cyprus	-	-	-	928,952	9,073
NBGI Private Equity London	-	156,026	68,432	155,668	71,588
Stopanska Banka AD Skopje	6,768	-	-	-	-
Key management remuneration	-	-	-	-	448,241
	6,768	**156,026**	**68,432**	**1,084,620**	**929,377**

31 December 2013	Cash	Receivables	Payables	Revenues	Expenses
Stone Works Holding Cooperatief U.A Netherlands	-	-	-	-	400,346
Castleblock Limited Nicosia Cyprus	-	488,194	-	3,711,268	37,111
NBGI Private Equity London	-	148,701	79,960	148,714	80,153
Stopanska Banka AD Skopje	25,855	-	-	-	-
Key management remuneration	-	-	-	-	336,263
	25,855	**636,895**	**79,960**	**3,859,982**	**853,873**

26 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.

	2014	2013
Profit attributable to equity holders of the Company	6,849,751	960,543
Weighted average number of ordinary shares	4,686,858	4,686,858
Basic earnings per share (Euros per share)	**1.46**	**0.20**

(All amounts expressed in Euros, unless otherwise stated)

27 Contingent liabilities

Mortgages

Mortgages provided are as follows:

	2014	2013
Business premises	2,572,000	2,572,000
Machinery & equipment	6,351,600	6,351,600
	8,923,600	**8,923,600**

Guarantees

Guarantees provided are as follows:

	2014	2013
Issued by Komercijalna Banka AD Skopje	154,938	541,828
	154,938	**541,828**

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

Litigations

At 31 December 2014, the estimated Euro equivalent of the legal proceedings raised against the Company amounts 44,445 Euros (2013: 22,760 Euros). No significant liabilities have been anticipated from these proceedings, as professional advice indicates that it is unlikely that any significant loss will arise.

Tax inspections

Up to 31 Decemcer 2014 the Company was subject of following tax inspections by tax authorities:

- for VAT until 30 June 2009;
- for Personal Income tax for period from 1 January 2007 until 31 December 2008;
- for Corporate Income tax for period from 1 January 2007 until 31 December 2012;
- for tax on concessions for the period until 31 December 2011;
- for Withholding tax 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. The Company is conducting regular assessment for potential liabilities which are expected to arise from tax inspections of past years. The management is considering that such amounts which might occur will not have any material effect on the financial results and cash flows.

28 Commitments

Operating lease liabilities

As of 31 December 2014 the operating lease liabilities relates to lease of vehicles. Repayment schedule of operating lease liabilities is as follows:

	2014	2013
Operating lease liabilities		
Present value of payment:		
Due within 1 year	29,664	16,712
Due between 1 – 5 years	75,222	23,340
	104,886	**40,052**

(All amounts expressed in Euros, unless otherwise stated)

29 Concession agreements

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

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

- Annual fee for the use of territory on which the concession has been granted in the amount of 5,742 Euros; and
- Concession fee on sold quantities of commercial marble according to the Methodology established by the Ministry of Economy of RM for:
  - blocks at 5% of the value of the material determined at 294 Euros /m3;
  - tombolons at 5% of the value of material determined at 147 Euros /m3 and
  - material other than blocks and tombolons, that is crushed or milled 0,325 Euros/t.

On 27 January 2014 and in the framework of the mining rights concession that is valid until 2030, the Company was granted a new exploitation license for the Quarry Sivec, based on a mining project that covers the period from 2014 to 2019.

30 Information on operating segments

As of 31 December 2014 and 2013, the Company is organized into the following operating segments:

- quarry;
- factory.

Operating results per segments for the years ended 31 December 2014 and 2013, are as follows:

	Quarry	Factory	Total
Year ended 31 December 2014			
Sales	15,364,877	3,670,838	19,035,715
Profit from operating activities	7,190,637	51,496	7,242,133
Financial result, net			(392,382)
Profit before income tax			**6,849,751**
Income tax expense			-
Profit for the year			**6,849,751**
Other comprehensive income			22,197
Total comprehensive income for the year			**6,871,948**
Year ended 31 December 2013			
Sales	13,392,260	3,422,513	16,814,773
Profit / loss from operating activities	2,264,238	(888,820)	1,375,418
Financial result, net			(414,875)
Profit before income tax			**960,543**
Income tax expense			-
Profit for the year			**960,543**
Other comprehensive income			(2,989)
Total comprehensive income for the year			**957,554**

(All amounts expressed in Euros, unless otherwise stated)

Information on operating segments (continued)

Segment assets and liabilities as of 31 December 2014 and 2013 are as follows:

	Quarry	Factory	Total
31 December 2014			
Total assets	16,389,598	7,781,110	24,170,708
Liabilities	5,438,029	900,568	6,338,597
Capital expenditures	1,302,581	150,070	1,452,651
31 December 2013			
Total assets	16,839,851	9,125,055	25,964,906
Liabilities	7,636,718	1,582,640	9,219,358
Capital expenditures	2,632,554	67,212	2,699,766

Sales per geographical regions are as follows:

	2014	2013
Macedonia	839,757	740,381
Greece	11,280,776	6,050,605
Cyprus	928,952	3,711,268
Balkan region	477,653	455,522
Other markets	5,508,577	5,856,997
	19,035,715	**16,814,773**

31 Events after the reporting date

After 31 December 2014 – the reporting date until the approval of these financial statements, there are no adjusting events reflected in the financial statements or events that are materially significant for disclosure in these financial statements.

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