



Interim Financial Statements and Independent Auditors' Review Report

Mermeren Kombinat AD, Prilep

30 June 2015

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Independent Auditors' Review Report

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To the Management and Shareholders of
Mermeren Kombinat AD, Prilep

Introduction

We have reviewed the accompanying Statement of financial position of Mermeren Kombinat AD, Prilep ("the Company") as of 30 June 2015 and the related statements of comprehensive income, changes in equity and cash flows for the six - month period then ended and a summary of significant accounting policies and other explanatory notes, included on pages 2 to 24. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of the Company as of 30 June 2015, and of its financial performance and its cash flows for the six – month period that ended in accordance with International Accounting Standard 34.

Skopje,
25 August 2015

Grant Thornton DOO

Director
Marjan Andonov

Certified Auditor
Marjan Andonov

Interim financial statements
30 June 2015

Statement of Financial Position

			(Amounts in EUR)	
	Notes	30 June 2015	30 June 2014	31 December 2014
Assets				
Non-current assets				
Property, plant and equipment	9	10,868,783	12,320,722	11,792,813
Intangible assets	10	2,094,840	2,319,714	2,253,163
		12,963,623	14,640,436	14,045,976
Current assets				
Inventories	11	6,384,031	6,032,151	5,520,965
Trade and other receivables	12	2,163,552	3,674,593	2,776,444
Cash and cash equivalents	13	3,654,493	1,448,435	1,827,323
		12,202,076	11,155,179	10,124,732
Total assets		25,165,699	25,795,615	24,170,708
Equity	14			
Capital and reserves attributable to equity holders				
Share capital		8,845,171	8,845,171	8,845,171
Other components of equity		1,970,360	2,396,680	2,036,338
Retained earnings		4,818,485	6,648,159	6,950,602
Total equity		15,634,016	17,890,010	17,832,111
Liabilities				
Non – current liabilities				
Interest – bearing borrowings	15	1,963,155	3,735,757	2,920,407
		1,963,155	3,735,757	2,920,407
Current liabilities				
Interest – bearing borrowings	15	2,184,486	1,934,949	2,159,765
Trade and other payables	16	5,022,130	2,134,078	1,173,357
Tax payables	17	361,912	100,821	85,068
		7,568,528	4,169,848	3,418,190
Total liabilities		9,531,683	7,905,605	6,338,597
Total liabilities and shareholders' equity		25,165,699	25,795,615	24,170,708

These interim financial statements were approved by the Board of Directors (the “Board”) on 25 August 2015.

Signed on its behalf by,

Georgi Dimitrov
Chairman of the Board

Theodoros Malfas
Chief Executive Officer

Nikos Michalopoulos
Chief Financial Officer

See accompanying notes to the interim financial statements

Interim financial statements
30 June 2015

Statement of Comprehensive Income

		(Amounts in EUR)		
	Note	Six - month period ended 30 June 2015	30 June 2014	December 31 2014
Sales	18	7,545,198	9,312,959	19,035,715
Cost of sales	19	(3,190,669)	(3,739,451)	(8,261,143)
Gross profit		4,354,529	5,573,508	10,774,572
Administrative and selling expenses	20	(1,451,678)	(1,934,345)	(3,718,090)
Other operating income	22	23,568	208,267	185,651
Operating profit		2,926,419	3,847,430	7,242,133
Finance income	23	69,930	25,312	115,726
Finance costs	23	(194,603)	(238,901)	(508,108)
Finance (costs), net		(124,673)	(213,589)	(392,382)
Profit before income tax		2,801,746	3,633,841	6,849,751
Income tax (expense)	24	(261,091)	-	-
Profit for the period		2,540,655	3,633,841	6,849,751
Other comprehensive income:	26			
Items that will not be reclassified subsequently to profit and loss				
Translation differences		(51,892)	(41,798)	22,197
Other comprehensive income for the period, net of tax		(51,892)	(41,798)	22,197
Total comprehensive income		2,488,763	3,592,043	6,871,948
Profit attributable to the holders of ordinary shares		2,540,655	3,633,841	6,849,751
Total comprehensive income attributable to the holders of ordinary shares		2,488,763	3,592,043	6,871,948
Earnings per share (expressed in Euros per share):	26			
Basic earnings per share				
- Earnings from continuing operations		0.54	0.78	1.46
- Earnings from discontinued operations		-	-	-
Total		0.54	0.78	1.46
Diluted earnings per share				
- Earnings from continuing operations		0.54	0.78	1.46
- Earnings from discontinued operations		-	-	-
Total		0.54	0.78	1.46

See accompanying notes to the interim financial statements

Interim financial statements
30 June 2015

Statement of Changes in Equity

	(Amounts in EUR)			
	Share capital	Other components of the equity	Retained earnings	Total
At 1 January 2015	8,845,171	2,036,338	6,950,602	17,832,111
<u>Transaction with owners:</u>				
Dividends declared	-	-	(4,686,858)	(4,686,858)
Total transactions with owners	-	-	(4,686,858)	(4,686,858)
Profit for the period	-	-	2,540,655	2,540,655
<u>Other comprehensive income:</u>				
Translation differences	-	(65,978)	14,086	(51,892)
Total other comprehensive income	-	(65,978)	14,086	(51,892)
Total comprehensive income	-	(65,978)	2,554,741	2,488,763
At 30 June 2015	8,845,171	1,970,360	4,818,485	15,634,016
At 1 January 2014	8,845,171	2,585,268	5,315,109	16,745,548
<u>Transaction with owners:</u>				
Dividends declared	-	-	(2,447,581)	(2,447,581)
Total transactions with owners	-	-	(2,447,581)	(2,447,581)
Profit for the period	-	-	3,633,841	3,633,841
<u>Other comprehensive income:</u>				
Transfer of revaluation reserves on tangible assets sold	-	(146,790)	146,790	-
Translation differences	-	(41,798)	-	(41,798)
Total other comprehensive income	-	(188,588)	146,790	(41,798)
Total comprehensive income	-	(188,588)	3,780,631	3,592,043
At 30 June 2014	8,845,171	2,396,680	6,648,159	17,890,010
At 1 January 2014	8,845,171	2,585,268	5,315,109	16,745,548
<u>Transactions with owners:</u>				
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
<u>Other comprehensive income:</u>				
Transfer of revaluation 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

See accompanying notes to the interim financial statements

Interim financial statements
30 June 2015

Statement of Cash Flows

		(Amounts in EUR)		
	Note	Six - month period ended 30 June 2015	December 31 2014	December 31 2014
Operating				
Profit before income tax		2,801,746	3,633,841	6,849,751
<u>Adjusted for:</u>				
Depreciation and amortization	9,10	1,324,408	1,277,726	2,613,672
Write offs and allowances on trade and other receivables	20	10	65	12,964
Shortages	20	-	-	390
Wastage, failure and fracture	20	-	695	51,131
Impairment of inventories	20	-	-	287,790
Net carrying amount of equipment written off	20	-	93,680	98,576
Losses on property, plant and equipment sold	20	2,647	-	-
Payables written off	22	(20)	(7)	(2,533)
Revenues from previously impaired receivables	22	-	(100,000)	(100,000)
Gain on property, plant and equipment sold ,net	22	-	(523)	(35,702)
Gains from previously impaired receivables	22	(1,740)	(1,569)	(1,593)
Finance result, net	23	104,813	160,835	309,527
Operating profit before working capital changes		4,231,864	5,064,743	10,083,973
<u>Changes in working capital:</u>				
Inventories		(863,066)	(496,826)	(324,256)
Trade and other receivables		614,622	249,567	1,134,411
Trade and other payables		(420,076)	(861,258)	(1,054,864)
Cash from operations		3,563,344	3,956,226	9,839,264
Interest paid		(110,570)	(164,302)	(319,143)
Income tax paid		-	-	(77,951)
Cash flows from operating activities, net		3,452,774	3,791,924	9,442,170
Investing				
Purchase of tangible assets, net of proceeds from sales		(307,786)	(649,759)	(1,291,280)
Purchase of intangible assets, net of proceeds from sales		-	(87,926)	(161,370)
Proceeds from sale of equipment		-	-	51,082
Interest received		1,916	1,316	7,405
Cash flows from investing activities, net		(305,870)	(736,369)	(1,394,163)
Financing				
(Repayment of borrowings) / New Borrowings, net		(932,531)	(450,678)	(1,041,212)
Dividends paid		(398,395)	(2,447,240)	(6,487,349)
Cash flows from financing activities, net		(1,330,926)	(2,897,918)	(7,528,561)
Translation differences		11,192	371	17,450
Net change in cash and cash equivalents		1,827,170	158,008	536,896
Cash and cash equivalents at beginning		1,827,323	1,290,427	1,290,427
Cash and cash equivalents at end	13	3,654,493	1,448,435	1,827,323

See accompanying notes to the interim financial statements

Notes to the Interim 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 as follows: Krushevski Pat str. bb, Prilep, Republic of Macedonia.

On 10 April 2009 Stone Works Holding Cooperatief U.A Nederland’s acquired 88.4% of the Company’s shares.

The Company shares are listed on Macedonian Stock Exchange and 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. The Company operates on local and foreign markets and at 30 June 2015 was employing 337 persons (30 June 2014: 335 persons).

This interim financial information has been reviewed, not audited.

2 Basis of preparation

These interim financial statements are as at and for the six months period ended 30 June 2015 and are presented in EUR which is “the presentation currency” of the Company’s ultimate Parent. They have been prepared in accordance with IAS 34 “Interim financial reporting”. They do not include all the information required in the annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2014.

3 Significant accounting policies

The interim financial statements have been prepared in accordance with the accounting policies adopted in the Company’s most recent annual financial statements for the year ended 31 December 2014.

Defined Benefit Plans: Employee Contributions’ (Amendments to IAS 19) came into mandatory effect for the first time this year. However, the Company early adopted these Amendments in the year ended 31 December 2014, and therefore they do not impact these financial statements. The Company has also adopted the other new accounting pronouncements which became effective this year, none of which had any significant impact on the Company’s results or financial position. These are ‘Annual Improvements 2010-2012’ cycle and ‘Annual Improvements 2011-2013’ cycle.

Notes to the Interim Financial Statements (continued)
 As of and for the six - month period ended 30 June 2015
 (All amounts presented in Euros, unless otherwise stated)

4 Foreign currency translation

Functional and presentation currency

The Company maintains its accounting records and prepares its statutory accounts in local currency, i.e. in Macedonian Denars ("MKD" or "Denars"), which is the Company's "functional currency". These financial statements are presented in Euros ("EUR" or "Euros"), which is "the presentation currency" of the Company's ultimate Parent.

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

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and,
- Resulting exchange differences are recognized as financial income or expense, respectively, in each statement of comprehensive income for the period they relate to.

Transactions and balances

Transactions denominated in foreign currencies have been translated into Denars at the middle exchange rate at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into Denars at the National Bank of the Republic of Macedonia middle exchange rate on the last day of the reporting period. All gains and losses resulting from foreign currency translation or exchange are included in the statement of comprehensive income as financial income or expense in the period in which they arose. The middle exchange rates used for conversion of the statement of financial position items denominated in foreign currencies are as follows:

	30 June 2015	30 June 2014	31 December 2014
1 USD	55.4170 Denars	45.2900 Denars	50.5604 Denars
1 EUR end of period	61.6958 Denars	61.6850 Denars	61.4814 Denars
1 EUR average for the period	61.5902 Denars	61.6509 Denars	61.6228 Denars

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2015
(All amounts presented in Euros, unless otherwise stated)

5 Estimates

When preparing the interim financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results may differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results.

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 31 December 2014.

The only exception is the estimate of the provision for income taxes which is determined in the interim financial statements using income tax rate of 10% applied on non – deductible items for tax purposes adjusted for tax credit, and as well as on the distributed profit for dividends to legal entities – non-residents and to individuals.

The estimated useful lives of fixed assets are as follows:

Buildings & Foundation	20 years
Machines	4-10 years
Equipment	4-10 years
Transport & furniture	4-5 years
Intangibles	5-16 years

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2015
(All amounts presented in Euros, unless otherwise stated)

6 Significant events and transactions

During a period of intensified economic crisis in Greece and an increased risk of a potential exit of Greece from the Eurozone which would require the introduction of a new currency, the Company continued trading with some of its major customers who operate out of Greece but most of their trade is directed to exports. On the other hand, the Company's management has minimized credit exposure to Greek customers, and most of the trade is conducted on a cash basis.

The Company's management believes that the Company is well positioned to face any difficult economic circumstances, on the back of the following factors:

- The Company has a diversified group of old and new customer relationships, most of them on a long-term basis.
- According to the Company's policy, all major customers' exposures are secured with different types of collaterals such as bank guarantees and cash deposits. Credit quality of trade receivables as at 30 June 2015 is considered to be good.
- The Company's major customers have not experienced financial difficulties, while they operate on a global market.

Overall, the Company is in a strong position, and has sufficient capital and liquidity to serve its operating activities and financial debt. The Company's objectives and policies for managing capital, credit risk and liquidity risk are described in its recent annual financial statements.

7 Segment reporting

Management identifies its operating segments into the following two operating segments:

- quarry;
- factory.

Each of these operating segments is managed separately as each segment requires different technologies and other resources, as well as marketing approaches. These operating segments are monitored and strategic decisions are made on the basis of adjusted segment operating results.

During the six month period to 30 June 2015, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit and loss.

The revenues and profit generated by each of the Company's operating segments and segment assets are summarised as follows:

	Quarry	Factory	Total
Six months to 30 June 2015			
Sales	6,885,474	659,724	7,545,198
Profit / (loss) from operating activities	2,970,290	(43,871)	2,926,419
Financial result, net			(124,673)
Profit before tax			2,801,746
Income tax			(261,091)
Profit for the period			2,540,655
Other comprehensive income / (expense)			(51,892)
Total comprehensive income for the period			2,488,763

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2015
(All amounts presented in Euros, unless otherwise stated)

Segment reporting (continued)

Six months to 30 June 2014	Quarry	Factory	Total
Sales	7,493,943	1,819,016	9,312,959
Profit from operating activities	3,781,787	65,643	3,847,430
Financial result, net			(213,589)
Profit before tax			3,633,841
Income tax			-
Profit for the period			3,633,841
Other comprehensive income / (expense)			(41,798)
Total comprehensive income for the period			3,592,043
Year to 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 tax			6,849,751
Income tax			-
Profit for the year			6,849,751
Other comprehensive income / (expense)			22,197
Total comprehensive income for the year			6,871,948

Segment assets and liabilities are as follows:

	Quarry	Factory	Total
30 June 2015			
Total assets	17,937,795	7,227,904	25,165,699
Liabilities	8,829,167	702,516	9,531,683
Capital expenditures	285,618	22,168	307,786
30 June 2014			
Total assets	17,032,972	8,762,643	25,795,615
Liabilities	6,670,610	1,234,995	7,905,605
Capital expenditures	697,634	51,071	748,705
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	1,302,580	150,070	1,452,650

Sales per geographical regions are as follows:

	Six months period ended		Year ended
	2015	2014	2014
Macedonia	406,632	366,393	839,757
Greece	4,509,939	5,526,754	11,280,776
Cyprus	122,365	928,529	928,952
Other Balkans	149,359	237,801	477,653
Other markets	2,356,903	2,253,482	5,508,577
Total	7,545,198	9,312,959	19,035,715

8 Seasonal fluctuations

The demand for marble and related products is subject to seasonal fluctuations. Historically, the lowest level of sales the Company reaches during the winter months from December through February each year.

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2015
(All amounts presented in Euros, unless otherwise stated)

9 Property, plant and equipment

	Land & buildings	Machinery & equipment	Construct.in progress	Total
At 1 January 2015				
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
Changes during the period				
Opening net carrying amount	3,346,889	8,309,153	136,771	11,792,813
Translation differences	(11,456)	(27,597)	(414)	(39,467)
Additions, net of transfers from C.I.P.	18,649	324,490	(35,353)	307,786
Disposals-net	-	(18,692)	-	(18,692)
Depreciation charge for the period	(120,890)	(1,052,767)	-	(1,173,657)
Closing carrying amount	3,233,192	7,534,587	101,004	10,868,783
At 30 June 2015				
Cost or valuation	5,329,447	20,340,531	101,004	25,770,982
Accumulated depreciation	(2,096,255)	(12,805,944)	-	(14,902,199)
Net carrying amount	3,233,192	7,534,587	101,004	10,868,783
At 1 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
Changes during the period				
Opening net carrying amount	3,371,357	9,399,753	167,430	12,938,540
Translation differences	(9,415)	(26,186)	(510)	(36,111)
Additions, net of transfers from C.I.P.	71,296	519,506	69,977	660,779
Disposals-net	(93,680)	(10,497)	-	(104,177)
Depreciation charge for the period	(116,483)	(1,021,826)	-	(1,138,309)
Closing carrying amount	3,223,075	8,860,750	236,897	12,320,722
At 30 June 2014				
Cost or valuation	5,093,404	19,582,815	236,897	24,913,116
Accumulated depreciation	(1,870,329)	(10,722,065)	-	(12,592,394)
Net carrying amount	3,223,075	8,860,750	236,897	12,320,722
At 1 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
Changes during the year				
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

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2015
(All amounts presented in Euros, unless otherwise stated)

Property, plant and equipment (continued)

Disposals

During the period ended 30 June 2015, the Company sold an electricity generator with net carrying value of 18,692 Euros (30 June 2014: 10,497 Euros; 31 December 2014: 15,380 Euros). Sale value of the part related to assets sold is 16,045 Euros. Loss incurred from these transaction amounts to 2,647 Euros included in administrative and selling expenses (see Note 20).

Construction in progress

As of 30 June 2015, the balance of construction in progress of 101,004 Euros consists of the cost of major repairs of equipment.

Property, plant and equipment pledged

As of 30 June 2015, the Company has pledged part of its property, plant and equipment to secure borrowings (see Note 15). As of the statement of financial position date, their appraised value is 8,923,600 Euros (see Note 28).

10 Intangible assets

	Software and development expenditure	Intangibles in process of acquisition	Total
At 1 January 2015			
Cost or valuation	2,792,877	-	2,792,877
Accumulated amortization	(539,714)	-	(539,714)
Net carrying amount	2,253,163	-	2,253,163
Changes during the period			
Opening net carrying amount	2,253,163	-	2,253,163
Translation differences	(7,572)	-	(7,572)
Amortization charge for the period	(150,751)	-	(150,751)
Closing carrying amount	2,094,840	-	2,094,840
At 30 June 2015			
Cost or valuation	2,783,171	-	2,783,171
Accumulated amortization	(688,331)	-	(688,331)
Net carrying amount	2,094,840	-	2,094,840
-			
At 1 January 2014			
Cost or valuation	854,689	1,775,169	2,629,858
Accumulated amortization	(251,985)	-	(251,985)
Net carrying amount	602,704	1,775,169	2,377,873
Changes during the period			
Opening net carrying amount	602,704	1,775,169	2,377,873
Translation differences	(2,647)	(4,021)	(6,668)
Additions, net of transfers from intangibles in progress	1,859,074	(1,771,148)	87,926
Amortization charge for the period	(139,417)	-	(139,417)
Closing carrying amount	2,319,714	-	2,319,714
At 30 June 2014			
Cost or valuation	2,710,329	-	2,710,329
Accumulated amortization	(390,615)	-	(390,615)
Net carrying amount	2,319,714	-	2,319,714

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2015
(All amounts presented in Euros, unless otherwise stated)

Intangible assets (continued)

	Trademarks and development expenditure	Intangibles in process of acquisition	Total
At 1 January 2014			
Cost or valuation	854,689	1,775,169	2,629,858
Accumulated amortization	(251,985)	-	(251,985)
Net carrying amount	602,704	1,775,169	2,377,873
Changes during the period			
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
Amortization 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 amortization	(539,714)	-	(539,714)
Net carrying amount	2,253,163	-	2,253,163

Intangibles in process of acquisition

As of 01 January 2014 the balance of intangibles in progress amounting to 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 assets 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.

Allocation of depreciation and amortization charge

Out of the total depreciation and amortization for the period ended 30 June 2015 amounting to 1,324,408 Euros, 1,258,080 Euros has been charged in "cost of sales" and the remaining 66,328 Euros - into administrative and selling expenses.

11 Inventories

	30 June 2015	30 June 2014	31 December 2014
Work in progress	4,234,775	4,713,565	4,333,919
Finished products	1,219,997	567,154	403,243
Spare parts	654,753	477,412	500,283
Raw materials	149,074	146,123	134,845
Trade goods	95,028	86,939	95,359
Other	30,404	40,958	53,316
	6,384,031	6,032,151	5,520,965

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

12 Trade and other receivables

	30 June 2015	30 June 2014	31 December 2014
Current trade receivables			
Local debtors	32,090	231,871	25,806
Foreign debtors	1,250,280	2,475,854	1,589,326
Related party's receivables	122,298	252,433	156,026
	1,404,668	2,960,158	1,771,158
Less: provision for impairment	(71,156)	(266,280)	(72,972)
	1,333,512	2,693,878	1,698,186
Prepayments and other receivables			
Deferred expenses	498,023	448,522	23,937
Prepaid VAT	163,586	239,894	144,710
Advances to suppliers	139,326	269,621	107,517
Advance dividend	-	-	703,241
Prepaid corporate income tax	-	-	78,130
Other current receivables	29,105	22,678	20,723
	830,040	980,715	1,078,258
Current trade and other receivables, net	2,163,552	3,674,593	2,776,444

At 30 June 2015 the credit quality of Company's trade receivables and advances to suppliers can be analyzed as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	1,326,947	145,891	71,156	1,543,994
Less: Impairment provision	-	-	(71,156)	(71,156)
	1,326,947	145,891	-	1,472,838

At 30 June 2014 the credit quality of Company's trade receivables and advances to suppliers can be analyzed as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	2,355,279	608,220	266,280	3,229,779
Less: Impairment provision	-	-	(266,280)	(266,280)
	2,355,279	608,220	-	2,963,499

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

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2015
(All amounts presented in Euros, unless otherwise stated)

Trade and other receivables (continued)

At 30 June 2015 the age structure of the overdue trade receivables and advances to suppliers is as follows:

	Domestic trade receivables	Foreign trade receivables	Advances	Total
Overdue up to 1 year	454	4,132	139,075	143,661
Overdue more than 1 year	-	1,979	251	2,230
	454	6,111	139,326	145,891

At 30 June 2014 the age structure of the overdue trade receivables and advances to suppliers is as follows:

	Domestic trade receivables	Foreign trade receivables	Advances	Total
Overdue up to 1 year	13,569	319,771	267,339	600,679
Overdue more than 1 year	3,530	1,729	2,282	7,541
	17,099	321,500	269,621	608,220

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

	Domestic trade receivables	Foreign trade receivables	Advances	Total
Overdue up to 1 year	2,644	254,101	107,217	363,962
Overdue more than 1 year	-	-	300	300
	2,644	254,101	107,517	364,262

The following table provides for the movement of impairment provision account:

	30 June 2015	30 June 2014	31 December 2014
At 1 January	72,972	368,459	368,459
Written off of previously impaired receivables	-	-	(201,688)
Release of previously impaired receivables (Note 22)	-	(100,000)	(100,000)
Collected fully provided bad debts (Note 22)	(1,740)	(1,569)	(1,593)
Impairment provision	-	-	7,692
Translation differences	(76)	(610)	102
At 30 June / 31 December	71,156	266,280	72,972

13 Cash and cash equivalents

	30 June 2015	30 June 2014	31 December 2014
Bank accounts	3,652,676	1,446,896	1,826,074
Cash on hand	1,817	1,539	1,249
	3,654,493	1,448,435	1,827,323

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

14 Equity

14.1 Share capital

	Number of shares	Ordinary shares (Euros)	Amount (in Euros) Share premium (Euros)	Total (Euros)
<i>Authorized, issued and fully paid ordinary shares 1 Euro at par</i>				
At 30 June 2015	4,686,858	4,686,858	4,158,313	8,845,171
At 30 June 2014	4,686,858	4,686,858	4,158,313	8,845,171
At 31 December 2014	4,686,858	4,686,858	4,158,313	8,845,171

The structure of share capital at 30 June 2015, 30 June 2014 and 31 December 2014 is as follows (amounts in Euros):

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

14.2 Other components of equity

	Translation reserve	Statutory reserves	Revaluation reserve	Total
At 1 January 2015	(20,841)	621,393	1,435,786	2,036,338
Translation differences	(65,978)	-	-	(65,978)
At 30 June 2015	(86,819)	621,393	1,435,786	1,970,360
At 1 January 2014	(43,038)	1,045,730	1,582,576	2,585,268
Transfer of revaluation reserves on disposed tangible assets	-	-	(146,790)	(146,790)
Translation differences	(41,798)	-	-	(41,798)
At 30 June 2014	(84,836)	1,045,730	1,435,786	2,396,680
At 1 January 2014	(43,038)	1,045,730	1,582,576	2,585,268
Dividends declared	-	(424,337)	-	(424,337)
Transfer of revaluation reserves 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

14.3 Revaluation reserve

Revaluation surplus, which at 30 June 2015 amounts 1,435,786 Euros (30 June 2014 and 31 December 2014: 1,435,786 Euros) was initially created during 2002, based upon the independent valuation of groups of the Company's property, plant and equipment. Subsequent changes (transfers into retained earnings) relate to surpluses of those assets sold.

14.4 Statutory reserves

Reserves, which at 30 June 2015 amount to 621,393 Euros (30 June 2014: 1,045,730 Euros and 31 December 2014: 621,393 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.

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2015
(All amounts presented in Euros, unless otherwise stated)

Equity (continued)

Based on an Assembly decision reserves can be distributed for dividends to the shareholders and/or for purchase of its own shares.

Dividends

At 12 June 2015 and according to the Shareholders' Ordinary Assembly decision no. 02-3103/6, part of the profit of the Company for the year 2014 in the amount of 4,686,858 Euros (2014: 5,785,385 Euros) were allocated for dividends distribution. Out of the gross dividends to be distributed to the shareholders, the gross amount of the advance payment of dividends for the profit earned in 2014 paid in December 2014 will be deducted, which represents 0.15 Euros per 1 (one) ordinary share in total amount of 703,027.70 Euros.

During the six – month period ended June 2015 the Company paid dividends to its shareholders in the total amount of 398,395 Euros (2014: 5,784,633 Euros) out of which 39,839 Euros relates to taxes on dividends (2014: 536,105 Euros).

15 Interest-bearing borrowings

	30 June 2015	30 June 2014	31 December 2014
<u>Long – term interest bearing borrowings from banks</u>			
Komercijalna Banka ad, Skopje (4,700,000 Euros; interest rate 6m.Libor+4%)	1,827,778	2,872,222	2,350,000
Komercijalna Banka ad, Skopje (original amount: 2,056,000 Euros; interest rate 6m.Euribor+4%)	1,464,609	1,528,683	1,625,165
Komercijalna Banka ad, Skopje (123,280,000 Denars; interest rate 6,5%p.a.)	822,785	1,214,799	1,061,556
	4,115,172	5,615,704	5,036,721
<u>Finance lease liabilities</u>	18,105	39,154	25,047
	4,133,277	5,654,858	5,061,768
Less: current maturity of long term borrowings	(2,170,122)	(1,919,101)	(2,141,361)
Total long - term borrowings	1,963,155	3,735,757	2,920,407
<u>Short – term interest bearing borrowings from banks</u>			
Komercijalna Banka ad, Skopje, Visa credit card	-	983	61
<u>Financial lease liabilities</u>	14,364	14,865	18,343
	14,364	15,848	18,404
Add: current maturity of long term borrowings	2,170,122	1,919,101	2,141,361
Total short-term borrowings	2,184,486	1,934,949	2,159,765

The long-term borrowings repayment schedule is as follows:

	30 June 2015	30 June 2014	31 December 2014
Due within 12 months	2,170,122	1,919,101	2,141,361
Due within 1 – 2 years	1,780,202	2,031,930	2,141,361
Due within 2 – 5 years	164,848	1,664,673	753,999
	4,115,172	5,615,704	5,036,721

Loans from local financial institutions are secured by mortgage over part of the Company's properties (see also Notes 9 and 28).

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

Interest-bearing borrowings (continued)

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

	30 June 2015	30 June 2014	31 December 2014
Present value of payment:			
Due within 1 year	14,364	14,865	18,343
Due between 1 – 5 years	18,105	39,154	25,047
Due over 5 years	-	-	-
	32,469	54,019	43,390

16 Trade and other payables

	30 June 2015	30 June 2014	31 December 2014
Trade creditors			
Local suppliers	736,711	1,144,312	685,553
Foreign suppliers	83,967	186,156	65,863
Related party's payables	1,223	-	68,432
	821,901	1,330,468	819,848
Other current liabilities			
Dividends payables (net of local taxes)	3,569,310	1,888	1,561
Liabilities to employees and management	244,429	299,132	242,364
Accrued expenses	215,100	99,701	-
Customers' prepayments	161,004	388,725	96,058
Interest payable	8,389	12,284	12,230
Other	1,997	1,880	1,296
	4,200,229	803,610	353,509
	5,022,130	2,134,078	1,173,357

17 Tax payables

	30 June 2015	30 June 2014	31 December 2014
Corporate income tax liabilities	261,091	-	-
Concession fees and other levies	84,133	86,310	75,552
Personal income tax liabilities	11,846	11,397	9,438
Withholding tax	4,842	3,114	78
	361,912	100,821	85,068

18 Sales

	Six - month period ended 30 June 2015	Year ended 31 December 2014
Local market	406,632	366,393
Foreign markets:		
- Greece	4,509,939	5,526,754
- Cyprus	122,365	928,529
- Balkan	149,359	237,801
- Other markets	2,356,903	2,253,482
Sub-total – sales on foreign markets	7,138,566	8,946,566
Total sales	7,545,198	9,312,959
		19,035,715

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2015
(All amounts presented in Euros, unless otherwise stated)

19 Cost of sales

	Six - month period ended 30 June		Year ended 31
	2015	2014	December 2014
Stock of finished products and W.I.P. at the beginning of the period	4,737,162	4,861,483	4,861,483
Plus: Total production for the period ended 30 June / 31 December	3,908,279	4,159,382	8,475,743
Plus: Income from value adjustment of previously written-off Inventory	6,504	424,868	1,057,556
Less: Impairment, wastage, failure and fracture of inventories	-	(695)	(338,921)
Lees: Income from released value adjustment of inventories sold	(6,504)	(424,868)	(1,057,556)
Less: Stock of finished products and W.I.P. at the end of period	(5,454,772)	(5,280,719)	(4,737,162)
	3,190,669	3,739,451	8,261,143

20 Administrative and selling expenses

	Six - month period ended 30 June 2015		Six - month period ended 30 June 2014		Year ended 31 December 2014	
	Administrative	Selling	Administrative	Selling	Administrative	Selling
Staff costs	405,901	93,147	393,772	83,500	738,392	205,132
Professional advisory services	334,545	-	365,374	-	732,735	-
Services	73,214	67,522	72,558	64,933	152,282	119,449
Depreciation	47,912	18,416	38,969	17,721	78,899	36,129
Marketing and promotion	34,771	196,353	27,280	81,089	107,537	146,503
Taxes and other levies	20,286	12,627	25,996	5,143	95,086	7,985
Materials, supplies and utilities	18,235	2,131	31,892	3,823	49,214	6,471
Loss on sold property, plant and equipment	-	2,647	-	69	-	-
Impairment and write off of receivables	-	10	-	65	-	12,964
Customers' discounts	-	-	-	500,283	-	500,511
Impairment of inventories	-	-	-	-	-	287,790
Present value of assets sold and written off	-	-	-	93,680	-	98,576
Wastage, failure and fracture	-	-	-	695	-	51,131
Shortages	-	-	-	-	-	390
Other expenses	70,191	53,770	75,946	51,557	177,453	113,461
	1,005,055	446,623	1,031,787	902,558	2,131,598	1,586,492

21 Staff costs

	Six - month period ended 30 June		Year ended 31
	2015	2014	December 2014
Net salaries	1,159,912	1,104,162	2,037,080
Personal tax and mandatory contributions	514,010	473,115	893,950
Less: amount corresponding to future periods	(246,554)	(240,683)	-
Other allowances	70,699	161,406	173,458
	1,498,067	1,498,000	3,104,488

Out of the total staff costs for the period ended 30 June 2015 amounting 1,498,067 Euros, 999,019 Euros has been charged to cost of sales and the remaining 499,048 Euros to administrative and selling expenses (see Note 20).

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

22 Other operating income

	Six - month period ended 30 June		Year ended 31
	2015	2014	December
			2014
Income from re-invoicing of transport cost and other services	186,773	159,702	422,322
- minus: Cost associated with the above services	(179,886)	(153,038)	(418,126)
Income from rents	4,202	2,739	8,367
Raw materials sold	2,404	14,333	22,267
Gains from previously impaired receivables	1,740	1,569	1,593
Payables write offs and stock count surplus	20	7	2,533
Revenues from previously impaired receivables	-	100,000	100,000
Gains on property, plant and equipment sold	-	592	35,702
Other income	8,315	82,363	10,993
	23,568	208,267	185,651

23 Finance income and costs

	Six - month period ended 30 June		Year ended 31
	2015	2014	December
			2014
Finance income			
Interest income	1,916	1,316	7,405
Foreign exchange gains	68,014	23,996	108,321
	69,930	25,312	115,726
Finance costs			
Interest (expense)	(106,729)	(162,151)	(316,932)
Bank (charges)	(27,293)	(38,179)	(70,963)
Foreign exchange (losses)	(60,581)	(38,571)	(120,213)
	(194,603)	(238,901)	(508,108)
Finance (costs), net	(124,673)	(213,589)	(392,382)

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

24 Income tax expense

The charge for the year can be reconciled to the profit per Statement of comprehensive income at 30 June 2015 and 2014 and 31 December 2014 as follows:

	Six - month period ended 30 June		Year ended 31
	2015	2014	December
			2014
At 01 January	(174,505)	(7,758,368)	(7,758,368)
Profit before income tax	2,801,746	-	6,849,751
Non – deductible expenses	268,332	-	821,064
Non – taxable revenues	(1,740)	-	(101,694)
Temporary differences of the tax base	(282,924)	-	-
Translation differences	-	-	14,742
At 30 Jun./ 31 Dec. tax credit of exp.with deferred recognition	2,610,909	(7,758,368)	(174,505)
Current tax charge at rate of 10%	261,091	-	-

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.

25 Expenses by nature

	Six - month period ended 30 June		Year ended 31
	2015	2014	December
			2014
Staff costs	1,549,918	1,502,279	3,206,167
Depreciation and amortization	1,324,408	1,277,726	2,613,672
Spent materials, spare parts and small inventory	662,982	665,510	1,280,354
Energy and water	650,763	898,449	1,743,478
Professional advisory services	334,545	365,374	732,735
Services	293,956	355,580	649,792
Marketing and promotion	231,124	108,369	254,040
Other expenses and provisions	123,961	127,503	290,914
Taxes and other contributions	59,013	61,194	159,048
Insurance	6,234	3,219	6,718
Representation	5,172	4,633	10,451
Transport costs	3,937	4,233	10,970
Present value of assets destroyed and written off	2,647	93,749	98,576
Direct write off of receivables	10	65	12,964
Customers' discounts	-	500,283	500,511
Wastage, failure and fracture	-	-	51,131
Shortages	-	-	389
Other expenses	150,074	146,367	274,026
	5,398,744	6,114,533	11,895,936
Impairment and other changes of inventories	(756,397)	(440,737)	83,297
	4,642,347	5,673,796	11,979,233

26 Earnings per share

Basic and diluted earnings per share

Both basic and diluted earnings per share have been calculated using the profit attributable to equity holders of the Company as the numerator, i.e. no adjustments to profits were necessary during the six months period to 30 June 2015 and 2014 and the year ended 31 December 2014.

The weighted average number of shares for the purposes of the calculation of the diluted earnings per share can be reconciled to the weighted average number of shares used in the calculation of basic earnings per share.

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

Amounts in shares	Six - month period ended 30 June		Year ended 31
	2015	2014	December 2014
Weighted average number of ordinary shares used in basic earnings per share	4,686,858	4,686,858	4,686,858
Weighted average number of ordinary shares used in diluted earnings per share	4,686,858	4,686,858	4,686,858

The calculation of both basic and diluted earnings per share is presented in the following table:

	Six - month period ended 30 June		Year ended 31
	2015	2014	December 2014
Profit attributable to equity holders of the Company	2,540,655	3,633,841	6,849,751
Weighted average number of ordinary shares	4,686,858	4,686,858	4,686,858
Basic and diluted earnings per share (Euro per share)	0.54	0.78	1.46

27 Related parties

The table below provides for the volume and balances from the related party transactions as of and for the periods ended 30 June 2015, 30 June 2014 and 31 December 2014:

30 June 2015	Cash	Receivables	Payables	Income	Expenses
Stone Works Holding Cooperatief U.A Netherlands	-	-	-	-	200,405
Castleblock Limited Nicosia Cyprus	-	122,298	1,223	122,508	1,225
NBGI Private Equity Limited London	-	-	-	-	-
Stopanska Banka AD Skopje	6,696	-	-	-	-
Key management remuneration	-	-	-	-	270,554
	6,696	122,298	1,223	122,508	472,184

30 June 2014	Cash	Receivables	Payables	Income	Expenses
Stone Works Holding Cooperatief U.A Netherlands	-	-	-	-	200,149
Castleblock Limited Nicosia Cyprus	-	252,433	-	928,529	9,069
NBGI Private Equity Limited London	-	-	-	-	3,156
Stopanska Banka AD Skopje	2,731	-	-	-	-
Key management remuneration	-	-	-	-	167,814
	2,731	252,433	-	928,529	380,188

31 December 2014	Cash	Receivables	Payables	Income	Expenses
Stone Works Holding Cooperatief U.A Netherlands	-	-	-	-	400,475
Castleblock Limited Nicosia Cyprus	-	-	-	928,952	9,073
NBGI Private Equity Limited 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

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

28 Contingent liabilities

Mortgages

Mortgages provided are as follows:

	Six - month period ended 30 June		Year ended 31
	2015	2014	December
			2014
Business premises	2,572,000	2,572,000	2,572,000
Machinery & equipment	6,351,600	6,351,600	6,351,600
	8,923,600	8,923,600	8,923,600

Guarantees

Guarantees provided are as follows:

	Six - month period ended 30 June		Year ended 31
	2015	2014	December
			2014
Issued by Komercijalna Banka AD Skopje	149,415	154,427	154,938
	149,415	154,427	154,938

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

Litigations

At 30 June 2015, the estimated Euro equivalent of the legal proceedings raised against the Company amount in total 24,192 Euros (30 June 2014: 48,189 Euros; 31 December 2014: 44,445 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 30 June 2015 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 considers that such amounts which might occur, will not have any material effect on the financial results and cash flows.

29 Commitments

Operating lease liabilities

As of 30 June 2015 the operating lease liabilities relates to lease of vehicles. Repayment schedule of operating lease liabilities is as follows:

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2015
(All amounts presented in Euros, unless otherwise stated)

	Six - month period ended 30 June		Year ended 31
	2015	2014	December
			2014
Operating lease liabilities			
Present value of payment:			
Due within 1 year	29,664	6,365	29,664
Due between 1 – 5 years	60,390	20,157	75,222
Due over 5 years	-	-	-
	90,054	26,522	104,886

30 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 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 different than blocks and tombolones, that is crushed or milled 0,325 Euros/t

31 Events after the reporting date

Subsequent to 30 June 2015 until the approval of these financial statements, there are no adjusting events recognized in these financial statements. There were not any non – adjusting events that are substantially important to be disclosed in the present financial statements.

