



INTERIM FINANCIAL STATEMENTS

for the period 1st January to 31st March 2015

According to the IFRS (IAS 34)

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Interim Financial Statements (According to the International Financial Reporting Standards)

I. Interim Statement of Comprehensive Income

<u>(Amounts in Euro)</u>	Notes	01/01- 31/03/15	01/01- 31/03/14
Sales	15	3,390,716	3,332,522
Cost of sales	16	(1,543,929)	(1,559,578)
Gross profit		1,846,787	1,772,944
Administrative expenses	17	(520,891)	(457,170)
Sales expenses	17	(174,735)	(710,315)
Other operating income	19	16,143	42,929
Operating profit / (loss)		1,167,304	648,388
Finance income	20	39,403	18,647
Finance costs	20	(95,350)	(125,858)
Finance (costs), net		(55,947)	(107,211)
Profit / (loss) before taxes		1,111,357	541,177
Income tax	21	(74,150)	-
Net profit for the period		1,037,207	541,177
Other comprehensive income for the period:			
Translational differences		(37,203)	(27,343)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		1,000,004	513,834
Net profit is distributed to:			
Holders of ordinary shares		1,037,207	541,177
Earnings per share (expressed in Euros per share)	24	0.22	0.12
Earnings before interest, taxes and depreciation (EBITDA)		1,836,276	1,253,082

These interim financial statements were approved by the Board of Directors on 14 May 2015

Signed on its behalf by,

Theodoros Malfas
Chairman

Jasna Azhievska – Petrusheva
Executive Member of the Board

Nikos Michalopoulos
Chief Financial Officer

II. Interim Statement of Financial Position

<u>(Amounts in Euro)</u>	Note	31/03/15	31/12/14
ASSETS			
Non-current assets			
Property, plant and equipment	6	11,306,832	11,792,813
Intangible assets	7	2,173,232	2,253,163
		13,480,064	14,045,976
Current assets			
Inventories	8	5,759,005	5,520,965
Trade receivables	9	1,804,990	1,698,186
Other receivables	9	1,687,547	1,078,258
Cash and cash equivalents	10	2,540,747	1,827,323
		11,792,289	10,124,732
Total assets		25,272,353	24,170,708
EQUITY & LIABILITIES			
Shareholder's equity			
Share capital	11	8,845,171	8,845,171
Other components of equity	11	1,999,135	2,036,338
Retained earnings		7,987,809	6,950,602
Total shareholders' equity		18,832,115	17,832,111
LIABILITIES			
Non – current liabilities			
Borrowings	12	2,380,626	2,920,407
		2,380,626	2,920,407
Current Liabilities			
Borrowings	12	2,156,748	2,159,765
Trade payables	13	648,902	819,848
Other payables	13	1,107,350	353,509
Tax payables	14	146,612	85,068
		4,059,612	3,418,190
Total liabilities		6,440,238	6,338,597
Total liabilities and shareholder's equity		25,272,353	24,170,708

III. Interim Statement of changes in equity

<u>(Amounts in Euro)</u>	Share capital	Other Components of Equity	Retained earnings	Total
Balance at 1 st January 2015	8,845,171	2,036,338	6,950,602	17,832,111
<u>Changes in equity</u>				
Profit for the period	-	-	1,037,207	1,037,207
Translation differences	-	(37,203)	-	(37,203)
Total comprehensive income:	-	(37,203)	1,037,207	1,000,004
Balance at 31 st March 2015	8,845,171	1,999,135	7,987,809	18,832,115
Balance at 1 st January 2014	8,845,171	2,585,268	5,315,109	16,745,548
<u>Changes in equity</u>				
Dividends declared	-	-	(2,447,581)	(2,447,581)
Total transactions with owners	-	-	(2,447,581)	(2,447,581)
Profit for the period	-	-	541,177	541,177
Translation differences	-	(30,993)	3,650	(27,343)
Total comprehensive income:	-	(30,993)	544,827	513,834
Balance at 31 st March 2014	8,845,171	2,554,275	3,412,355	14,811,801
Balance at 1 st January 2014	8,845,171	2,585,268	5,315,109	16,745,548
<u>Changes in equity</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 period	-	-	6,849,751	6,849,751
Transfer of reval. reserves on tangible assets sold	-	(146,790)	146,790	-
Translation differences	-	22,197	-	22,197
Total comprehensive income:	-	(124.593)	6.996.541	6.871.948
Balance at 31 st December 2014	8,845,171	2,036,338	6,950,602	17,832,111

IV. Interim Statement of Cash Flows

<u>(Amounts in Euro)</u>	Notes	<u>01/01- 31/03/15</u>	<u>01/01- 31/03/14</u>
Operating			
Net profit before income tax		1,111,357	541,177
<u>Adjusted for:</u>			
Depreciation and amortization	7	668,972	604,694
Write offs and allowances on trade and other receivables	17	6	3
Wastage, failure and fracture	17	-	695
Revenues from previously impaired receivables	19	(404)	-
Payables written off	19	(7)	(3)
Interest, net	20	57,352	84,151
		1,837,276	1,230,717
<u>Changes in working capital:</u>			
Inventories		(238,040)	(383,002)
Trade and other receivables		(715,695)	761,084
Trade and other payables		572,423	(461,737)
Cash from operations		1,455,964	1,147,062
Interest paid		(61,258)	(84,769)
Income tax paid		-	-
Cash flows from operating activities, net		1,394,706	1,062,293
Investing			
Purchase of tangible assets, net of proceeds from sales		(131,103)	(179,649)
Purchase of intangible assets , net of proceeds from sales		-	(12,207)
Interest received		1,779	1,046
Cash flow from investing activities, net		(129,324)	(190,810)
Financing			
(Repayment of borrowings) / New Borrowings, net		(542,798)	228,832
Dividends paid		-	(255,445)
Cash flow from financing activities, net		(542,798)	(26,613)
Translation differences		(9,160)	8,524
Net change in cash and cash equivalents		713,424	853,394
Cash and cash equivalents at beginning	10	1,827,323	1,290,427
Cash and cash equivalents at end	10	2,540,747	2,143,821

Notes to the financial statements

1. Information on the Company

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 March 2015 was employing 331 persons (31 March 2014: 343 persons).

2. Summary of significant accounting policies

These Financial Statements have been prepared in accordance with IAS 34 'Interim Financial Reporting'. The condensed interim consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the company's audited annual financial statements as at December 31, 2014 which are available at the internet site of the company www.mermeren.com.

2.1 Base 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.

Current and comparative data stated in these financial statements are expressed in Euros, unless otherwise stated.

2.2 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.

2.3 Reclassification of Comparative Financial Information

Certain amounts from prior periods are reclassified for the current year presentation needs:

	Restated	Previously stated	31 March 2014 Reclassification
Statement of comprehensive income			
Other operating income	42,929	267,557	(224,628)
Cost of sales	(1,559,578)	(1,784,206)	224,628

2.4 Foreign currency translation

Functional and presentation currency

The Company maintains its accounting records and prepares its statutory accounts in local currency, i.e. in Macedonian Denars ("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:

- (i) 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,
- (ii) Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- (iii) Resulting exchange differences are recognised in other comprehensive income.

Transactions and balances

Transactions denominated in foreign currencies have been translated into Macedonian 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 March 2015	31 March 2014	31 December 2014
1 USD	56.8064 Denars	44.8441 Denars	50.5604 Denars
1 EUR end of period	61.6065 Denars	61.7010 Denars	61.4814 Denars
1 EUR average for the period	61.5516 Denars	61.6481 Denars	61.6228 Denars

3. Critical accounting estimates and judgements

In the application of the Company's accounting policies, which are described in Note 2, 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

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

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 the technological obsolescence.

The Company's Management has made an estimation of the useful lives of certain assets on the basis of which a correction has been made, as presented in the table below:

Buildings & Foundation	20 years
------------------------	----------

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

Inventories

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 taken.

4. 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. The Company reports its activities in two segments, quarry and factory.

Operating results per segments for the periods ended 31 March 2015 and 2014, are as follows:

<u>(Amount is Euro)</u>	Quarry	Factory	Total
31 March 2015			
Sales	3,128,083	262,633	3,390,716
Profit/loss from operating activities	1,193,637	(26,333)	1,167,304
Financial result, net			(55,947)
Profit before tax			1,111,357
Income tax			(74,150)
Profit for the period			1,037,207
Other comprehensive income			(37,203)
Total comprehensive income for the period			1,000,004
	Quarry	Factory	Total
31 March 2014			
Sales	2,575,806	756,716	3,332,522
Profit/loss from operating activities	814,179	(165,791)	648,388
Financial result, net			(107,211)
Profit before tax			541,177
Income tax			-
Profit for the period			541,177
Other comprehensive income			(27,343)
Total comprehensive income for the period			513,834

Segment assets and liabilities as of March 2015 and 2014 and December 2014 are as follows:

<u>(Amount is Euro)</u>	Quarry	Factory	Total
31 March 2015			
Total assets	17,946,270	7,326,083	25,272,353
Liabilities	6,058,111	382,127	6,440,238
Capital expenditures	130,551	552	131,103
31 March 2014			
Total assets	16,611,454	9,362,740	25,974,194
Liabilities	8,952,854	2,209,539	11,162,393
Capital expenditures	180,129	11,727	191,856
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

5 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.

6. Property, plant and equipment

<u>(Amount is Euro)</u>	Land & Buildings	Machinery & equipment	Construction in progress	Total
Closing period 31 March 2015				
01 Jan 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	(6,744)	(16,545)	(246)	(23,535)
Additions, net of transfers from C.I.P.	1,891	164,588	(35,376)	131,103
Depreciation charge for the period	(60,560)	(532,989)	-	(593,549)
Closing carrying amount	3,281,476	7,924,207	101,149	11,306,832
31-Mar-15				
Cost or valuation	5,320,417	20,234,337	101,149	25,655,903
Accumulated depreciation	(2,038,941)	(12,310,130)	-	(14,349,071)
Net carrying amount	3,281,476	7,924,207	101,149	11,306,832
Closing period 31 March 2014				
01 Jan 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	(10,340)	(28,532)	(575)	(39,447)
Additions, net of transfers from C.I.P.	28,846	80,823	69,980	179,649
Disposals –net	-	(5,985)	-	(5,985)
Depreciation charge for the period	(57,742)	(504,296)	-	(562,038)
Closing carrying amount	3,332,121	8,941,763	236,835	12,510,719
31-Mar-14				
Cost or valuation	5,217,583	19,206,400	236,835	24,660,818
Accumulated depreciation	(1,885,462)	(10,264,637)	-	(12,150,099)
Net carrying amount	3,332,121	8,941,763	236,835	12,510,719
Closing period 31 December 2014				
01 Jan 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	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
31-Dec-14				
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

Construction in progress

As of 31 March 2015, the balance of construction in progress in the amount of 101,149 Euros consists of the cost of major repairs of equipment.

Pledge over property, plant and equipment

As of 31 March 2015, the Company has pledged part of its property, plant and equipment to secure borrowings (see Note 12). As of the statement of financial position date, their appraised value is in the amount of 8,923,600 Euros. (see Note 25).

7. Intangible assets

<u>(Amount is Euro)</u>	Trademarks and development expenditure	Intangible assets in progress	Total
Closing period 31 March 2015			
01 Jan 2015			
Cost or valuation	2,792,877	-	2,792,877
Accumulated depreciation	(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	(4,508)	-	(4,508)
Depreciation charge for the year	(75,423)	-	(75,423)
Closing carrying amount	2,173,232	-	2,173,232
31-Mar-15			
Cost or valuation	2,787,205	-	2,787,205
Accumulated depreciation	(613,973)	-	(613,973)
Net carrying amount	2,173,232	-	2,173,232
Closing period 31 March 2014			
01 Jan 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
Changes during the period			
Opening net carrying amount	602,704	1,775,169	2,377,873
Translation differences	(1,826)	(5,459)	(7,285)
Additions, net of transfers from C.I.P.	12,207	-	12,207
Depreciation charge for the year	(42,656)	-	(42,656)
Closing carrying amount	570,429	1,769,710	2,340,139
31-Mar-14			
Cost or valuation	865,070	1,769,710	2,634,780
Accumulated depreciation	(294,641)	-	(294,641)
Net carrying amount	570,429	1,769,710	2,340,139
Closing period 31 December 2014			
01 Jan 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
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 C.I.P.	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
31-Dec-14			
Cost or valuation	2,792,877	-	2,792,877
Accumulated depreciation	(539,714)	-	(539,714)
Net carrying amount	2,253,163	-	2,253,163

Out of the total depreciation amounting to 668,972 Euros for the period ended on 31 March 2015 (2014 604,694 Euros), the amount of 636,745 Euros (2014, 574,566 EUros) charged the cost of sales and the remaining amount of Euro 32,227 (2014, 30,128 Euros) charged the administration and sales expenses (see note 17).

8. Inventory

<u>(Amount is Euro)</u>	31-Mar-15	31-Dec-14
Work in progress	4,395,065	4,333,919
Finished products	583,801	403,243
Spare parts	506,025	500,283
Raw materials	124,500	134,845
Trade goods	95,166	95,359
Other	54,448	53,316
	5,759,005	5,520,965

9. Trade and other receivables

<u>(Amount is Euro)</u>	31-Mar-15	31-Dec-14
Current trade receivables		
Local debtors	26,390	25,806
Foreign debtors	1,674,242	1,589,326
Related party's receivables (see Note 23)	176,885	156,026
	1,877,517	1,771,158
Less: impairment provision	(72,527)	(72,972)
	1,804,990	1,698,186
Prepayments		
Advance dividend	701,813	703,241
Deferred expenses	657,162	23,937
Prepaid VAT	136,130	144,710
Advances to suppliers	82,309	107,517
Prepaid corporate income tax	77,971	78,130
	1,655,385	1,057,535
Other current receivables		
Other current receivables	32,162	20,723
	32,162	20,723
Total receivables, gross	1,687,547	1,078,258
Less: impairment provision	-	-
	1,687,547	1,078,258
Trade and other receivables, net	3,492,537	2,776,444

The age structure of trade receivables and advances to suppliers is as follows:

<u>31-Mar-2015 (Amount is Euro)</u>	Domestic trade receivables	Foreign trade receivables	Advances to suppliers	Total
Overdue up to 1 year	1,879	130,464	71,521	203,865
Overdue more than 1 year	-	88	10,787	10,874
	1,879	130,552	82,308	214,739

31-Dec-2014 (Amount is Euro)	Domestic trade receivables	Foreign trade receivables	Advances to suppliers	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 credit quality of Company's trade receivables and advances to suppliers can be analysed as follows:

31-Mar-2015 (Amount is Euro)	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	1,672,560	214,739	72,527	1,959,826
Less: Impairment provision	-	-	(72,527)	(72,527)
	1,672,560	214,739	-	1,887,299

31-Dec-2014 (Amount is Euro)	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

The following table provides for the movement of impairment provision account for the 3-month periods ended 31 March 2015 and December 2014:

	31-Mar-15	31-Dec-14
At 01 January	72,972	368,459
Write off of previously impaired receivables	-	(201,688)
Release of previously impaired receivables	-	(100,000)
Collected fully provided bad debts	(404)	(1,597)
Impairment provision	-	7,692
Translation differences	(41)	106
At the end of the period	72,527	72,972

10. Cash and cash equivalents

(Amount is Euro)	31-Mar-15	31-Dec-14
Bank accounts	2,538,431	1,826,074
Cash on hand	2,316	1,249
	2,540,747	1,827,323

11. Share Capital

Shares issued	(Amounts in Euro)			
	Number of shares	Ordinary shares	Share Premium	Total
Authorized, issued and fully paid ordinary shares 1 Euro at par				
31 March 2015	4,686,858	4,686,858	4,158,313	8,845,171
31 December 2014	4,686,858	4,686,858	4,158,313	8,845,171

The structure of share capital at 31 March 2015 and 31 December 2014 is as follows (amounts in Euro)

	Number	Amount	%
Stone Works Holding Coöperatief U.A. Netherlands	4,143,357	4,143,357	88.4
Piraeus Bank	468,700	468,700	10.0
Other – minority	74,801	74,801	1.6
	4,686,858	4,686,858	100.0

Other components of equity

(Amount is Euro)

	Translation reserve	Statutory reserves	Revaluation reserve	Total
At 01 January 2015	(20,841)	621,393	1,435,786	2,036,338
Translation differences	(37,203)	-	-	(37,203)
At 31 March 2015	(58,044)	621,393	1,435,786	1,999,135
At 01 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

Revaluation reserve

Revaluation surplus, which at 31 March 2015 amounts to 1,435,786 Euros (31 December 2014: 1,435,786 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 amounts connected to sold or disposed assets.

Statutory reserves

Reserves, which at 31 March 2015 amount to 621,393 Euros (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% from its annual net income after tax, until the level of such reserves reach 10% of the registered capital.

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

12. Loans

<u>Long – term interest bearing borrowings from banks</u>	31-Mar-15	31-Dec-14
Komercijalna Banka ad, Skopje (initial amount: Euro 4,700,000; 6m,Libor+4%)	2,088,889	2,350,000
Komercijalna Banka ad, Skopje (initial amount: Euro 1,904,000; 6m,Libor+4%)	1,468,888	1,625,165
Komercijalna Banka ad, Skopje (MKD 123,280,000; 6,5%)	941,688	1,061,556
Finance lease liabilities	21,564	25,047
	<u>4,521,029</u>	<u>5,061,768</u>
Less: current maturity of long term borrowings	(2,140,403)	(2,141,361)
Total long – term borrowings	<u>2,380,626</u>	<u>2,920,407</u>
<u>Short – term interest bearing borrowings from banks</u>		
Komercijalna Banka ad, Skopje visa credit card	-	61
Finance lease liabilities	16,345	18,343
	<u>16,345</u>	<u>18,404</u>
Add: current maturity of long term borrowings	2,140,403	2,141,361
Total short – term borrowings	<u>2,156,748</u>	<u>2,159,765</u>

Loans from financial institutions are secured by mortgage over part of the Company's properties (see also Note 25)

The long-term borrowings repayments schedule is as follows:

	31-Mar-15	31-Dec-14
Due within 12 months	2,140,403	2,141,361
Due within 1-2 years	2,140,402	2,141,361
Due within 2-5 years	218,660	753,999
	<u>4,499,465</u>	<u>5,036,721</u>

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

	31-Mar-15	31-Dec-14
Due within 12 months	16,345	18,343
Due within 1-5 years	21,564	25,047
Due in over 5 years	-	-
	<u>37,909</u>	<u>43,390</u>

13. Trade and other payables

<u>(Amount is Euro)</u>	31-Mar-15	31-Dec-14
Trade creditors		
Local suppliers	551,246	685,553
Foreign suppliers	97,656	65,863
Related parties' payables (see Note 23)	-	68,432
	648,902	819,848
Other current liabilities	-	-
Liabilities to employees and management	528,554	242,364
Accrued expenses	449,141	-
Customers' prepayments	116,378	96,058
Interest payable	10,103	12,230
Dividends payables (net of local taxes)	1,558	1,561
Other	1,616	1,296
	1,107,350	353,509
	1,756,252	1,173,357

14. Tax payables

<u>(Amount is Euro)</u>	31-Mar-15	31-Dec-14
Corporate income tax liabilities	74,150	-
Concession fees and other levies	67,033	75,552
Personal income tax liabilities	4,258	9,438
Withholding tax	1,171	78
	146,612	85,068

15. Sales

<u>(Amount is Euro)</u>	3 month period that ended 31 March	
	2015	2014
Local market	95,930	161,430
Foreign markets:		
- Greece	2,195,603	757,856
- Cyprus	86,933	906,207
- Balkans	65,196	17,298
- Other markets	947,054	1,489,731
Sub- total – sales on foreign markets	3,294,786	3,171,092
Total sales	3,390,716	3,332,522

16. Cost of sales

<u>(Amount is Euro)</u>	3 month period that ended 31 March	
	2015	2014
Stock of finished products and W.I.P. at 01 January	4,737,162	4,861,483
Plus: Total production cost for the period ended 31 March	1,785,633	1,893,677
Plus: Income from value adjustment of previously written-off inventory	5,025	224,628
Less: Impairment, wastage, failure and fracture of inventories	-	(695)
Less: Income from released value adjustment of inventories sold	(5,025)	(224,628)
Less: Stock of finished products and W.I.P. at 31 March	(4,978,866)	(5,194,887)
	1,543,929	1,559,578

17. Administrative and selling expenses

<u>(Amount is Euro)</u>	3 month period that ended 31 March			
	2015		2014	
	Administrative	Selling	Administrative	Selling
Customers' discounts	-	-	-	499,878
Staff costs	218,854	38,725	179,392	34,042
Professional advisory services	164,938	-	160,761	630
Services	35,828	24,184	11,462	76,504
Depreciation (Note 7)	22,896	9,331	21,274	8,854
Taxes and other levies	16,701	3,202	22,745	2,406
Marketing and promotion	14,651	73,355	-	46,487
Materials, supplies and utilities	11,993	1,138	10,759	1,650
Impairment and write off of receivables	-	6	-	3
Other expenses and provisions	35,030	24,794	50,777	39,861
	520,891	174,735	457,170	710,315

18. Staff costs

<u>(Amount is Euro)</u>	3 month period that ended 31 March	
	2015	2014
Net salaries	690,912	622,965
Personal tax and mandatory contributions	286,675	260,564
Less: amount corresponding to future periods	(330,056)	(301,727)
Other allowances	39,120	71,578
	686,651	653,380

19. Other operating income

	3 month period that ended 31 March	
<u>(Amount is Euro)</u>	2015	2014
Income from re invoicing of transport cost and other services	77,279	37,707
- minus: Cost associated with the above services	(74,435)	(37,707)
Income from rents	3,144	-
Raw materials sold	1,423	2,125
Gains from previously impaired receivables	404	-
Payables write offs and stock count surplus	7	3
Other income	8,321	40,801
	<u>16,143</u>	<u>42,929</u>

20. Finance income and costs

	3 month period that ended 31 March	
<u>(Amount is Euro)</u>	2015	2014
Finance income		
Interest income	1,779	1,046
Foreign exchange gains	37,624	17,601
	<u>39,403</u>	<u>18,647</u>
Finance cost		
Interest (expense)	(59,131)	(85,197)
Bank (charges)	(10,058)	(16,986)
Foreign exchange (losses)	(26,161)	(23,675)
	<u>(95,350)</u>	<u>(125,858)</u>
Finance (costs), net	<u>(55,947)</u>	<u>(107,211)</u>

21. Income tax expense

	3 month period that ended 31 March	
<u>(Amount is Euro)</u>	2015	2014
At 01 January	(174.505)	(7.758.368)
Profit before income tax	1.111.357	-
Non – deductible expenses	12.668	-
Non – taxable revenues	-	-
Temporary differences of the tax base	(208.021)	-
At 31 March taxable amount (tax credit)	741.499	(7.758.368)
Current tax charge at rate of 10%	74.150	-

22. Expenses by nature

	3 month period that ended 31 March	
<u>(Amount is Euro)</u>	2015	2014
Staff costs	686,651	653,380
Depreciation and amortization	668,972	604,694
Spent materials, spare parts and small inventory	305,125	293,789
Energy and water	280,154	402,991
Professional advisory services	164,938	160,761
Services	132,290	216,219
Marketing and promotion	88,006	46,487
Other expenses and provisions	59,824	90,638
Taxes and other contributions	33,185	38,259
Representation	2,389	2,526
Transport costs	1,872	2,030
Insurance	1,698	1,543
Direct write off of receivables	6	3
Shortages	-	695
Customers' discounts	-	499,878
Other expenses	67,403	62,210
	2,492,513	3,076,103

23. Related party transactions

	Receivables	Payables	Revenues	Purchases	Cash
31-Mar-15					
Stone Works Holding Cooperatief U.A. Netherlands	-	-	-	-	-
Castleblock Limited Nicosia Cyprus	86,859	-	86,933	-	-
NBGI Private Equity London	90,026	-	-	-	-
Stopanska Banka AD Skopje	-	-	-	-	6,730
Key management remuneration	-	-	-	146,883	-
	176,885	-	86,933	146,883	6,730

	Receivables	Payables	Revenues	Purchases	Cash
31-Mar-14					
Stone Works Holding Cooperatief U.A. Netherlands	-	-	-	-	-
Castleblock Limited Nicosia Cyprus	710,598	9,062	906,207	9,069	-
NBGI Private Equity London	-	-	-	-	-
Stopanska Banka AD Skopje	-	-	-	-	13,258
Key management remuneration	-	-	-	140,989	-
	710,598	9,062	906,207	150,058	13,258

	Receivables	Payables	Revenues	Purchases	Cash
31-Dec-14					
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	-
	156,026	68,432	1,084,620	929,377	6,768

24. Earnings per share

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

<u>(Amount is Euro)</u>	01/01- 01/03/2015	01/01- 01/03/2014
Profit attributable to equity holders of the Company	1,037,207	541,177
<u>Weighted average number of ordinary shares</u>	<u>4,686,858</u>	<u>4,686,858</u>
<u>Basic earnings per share (Euros per share)</u>	<u>0.22</u>	<u>0.12</u>

25. Contingent liabilities

Mortgages

	3 month period that ended 31 March	
<u>(Amount is Euro)</u>	2015	2014
Mortgages		
Business premises	2,572,000	2,572,000
<u>Machinery and equipment</u>	<u>6,351,600</u>	<u>6,351,600</u>
	<u>8,923,600</u>	<u>8,923,600</u>

Guarantees

On 31 March 2015 the Company has issued through Komercijalna Banka AD Skopje guarantee letters for a total amount of 149,632 Euros (31 December 2014: 154,386 Euros).

Litigations

At 31 March 2015, the estimated amount equivalent of the legal proceedings raised against the Company is 44,355 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 31 March 2015 the Company was subject of following tax inspections by tax authorities:

- for VAT - until 30 June 2009;
- for Personal Income tax for the period from January 2007 to 31 December 2008;
- for Corporate Income tax for the period from January 2007 to 31 December 2012;
- for tax on concessions until 31 December 2011;
- for Withholding tax until 31 December 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.

26. Commitments

Operating lease liabilities

As of 31 March 2015 the operating lease liabilities relates to lease of vehicles. Repayment schedule of operating lease liabilities is as follows:

(Amount is Euro)	31-Mar-2015	31-Dec-2014
Present value of payment:		
Due within 1 year	29,664	29,664
Due between 1 – 5 years	67,806	75,222
Due in more than 5 years	-	-
	97,471	104,886

27. 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 amounting to 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.

28. Events after the reporting date

Subsequent to 31 March 2015 until the approval of these financial statements, there were no adjusting events recognized in these financial statements. Following event is substantially important to be disclosed in the present financial statements:

Mr. Ilias Rigopoulos, Chief Executive Officer of the company, resigned from this position as well as from the Board of Directors for personal reasons, effective 01 April 2015. Mr. Rigopoulos will be replaced in his duties as Chief Executive Officer by Mr. Theodoros Malfas, currently Chairman of the Board, as soon as the necessary administrative approvals are complete.