MERMEREN Kombinat

INTERIM FINANCIAL STATEMENTS

for the period 1st January to 31st March 2014

According to the IFRS (IAS 34)

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

I. Statement of Comprehensive Income

	Notes	(Amounts in €)	
		01/01-31/03/2014	01/01-31/03/2013
Sales	15	3,332,522	2,626,750
Cost of sales	16	-1,784,206	-1,348,190
Gross profit		1,548,316	1,278,560
Administrative expenses	17	-457,208	-503,276
Sales expenses	17	-710,315	-611,067
Other operating income	19	267,557	7,924
Operating profit / (loss)		648,388	172,141
Finance income	20	18,647	13,066
Finance costs	20	-125,858	-158,718
Finance (costs), net		-107,211	-145,652
Profit /(loss) before taxes		541,177	26,489
Income tax	21	-	-90,049
Net profit for the period		541,177	-63,560
Other comprehensive income for the period:			
Translational differences		-27,343	-3,459
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		513,834	-67,019
Net profit is distributed to:			
Holders of ordinary shares		541,177	-67,019
Earnings per share (expressed in Euros per share)	23	0.12	-0.01
Earnings before interest, taxes and depreciation (EBITDA)		1,253,082	732,311

II. Statement of Financial Position

	Note	(Amounts in €) 31/03/14	31/12/13
ASSETS			
Non-current assets			
Property, plant and equipment	5	12,510,719	12,938,540
Intangible assets	6	2,340,139	2,377,873
		14,850,858	15,316,413
Current assets			
Inventories	9	5,918,327	5,536,020
Trade and other receivables	8	3,061,188	3,822,046
Cash and cash equivalents	10	2,143,821	1,290,427
		11,123,336	10,648,493
Total assets		25,974,194	25,964,906
EQUITY & LIABILITIES			
Shareholder's equity			
Share capital	11	8,845,171	8,845,171
Other components of equity	11	2,554,275	2,585,268
Retained earnings	11	3,412,355	5,315,109
Total shareholders' equity		14,811,801	16,745,548
LIABILITIES			
Non – current liabilities			
Borrowings	12	4,002,657	4,432,079
		4,002,657	4,432,079
Current Liabilities			
Borrowings	12	2,347,559	1,689,305
Trade and other payables	13	4,741,996	3,003,003
Tax payables	14	70,181	94,971
		7,159,736	4,787,279
Total lianilities		11,162,393	9,219,358
Total liabilities and shareholder's equity		25,974,194	25,964,906

III. Statement of changes in equity

	Amounts in Euro			
	Share capital	Other Components of Equity	Retained earnings	Total
Balance at 1st January 2014	8,845,171	2,585,268	5,315,109	16,745,548
Changes in equity				
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 31st March 2014	8,845,171	2,554,275	3,412,355	14,811,801
Balance at 1st January 2013[1]	8,845,171	2,588,292	4,354,531	15,787,994
Changes in equity				
Dividends declared	-	-	-	-
Total transactions with owners	-	-	-	-
Losses for the period	-	-	-63,560	-63,560
Translation differences	-	-30,024	-	-30,024
Total comprehensive income:	-	-30,024	-63,560	-93,584
Balance at 31st March 2013	8,845,171	2,558,268	4,290,971	15,694,410

[1] As restated in the Financial Statements of 31/12/2013

IV. Statement of Cash Flows

(Amounts in €)

	Notes	Period of 3 months that ended on 31 March 2014	2013
Operating			
Net profit before income tax		541,177	26,489
Adjusted for:			
Depreciation and amortization	6	604,694	560,170
Write offs and allowances on trade and other receivables	17	3	1,743
Wastage, failure and fracture		695	-
Reversals of value adjustment of inventories		-224,628	-
Payables written off	19	-3	-33
Loss from sale of government bonds		-	3
Finance result, net	20	84,151	120,464
		1,006,089	708,836
Changes in working capital:			
Inventories		-158,374	-521,481
Trade and other receivables		761,084	1,395,382
Trade and other payables		-461,737	-735,347
Cash from operations		1,147,062	847,390
Interest paid		-84,769	-106,018
Income tax paid		-	-74,230
Cash flows from operating activities, net		1,062,293	667,142
Investing			
Purchase of tangible assets, net of proceeds from sales		-179,649	-72,448
Purchase of intangible assets , net of proceeds from sales		-12,207	-26,633
Investments in government bonds, net		-	82
Interest received		1,046	215
Cash flow from investing activities, net		-190,810	-98,784
Financing			
(Repayment of borrowings) / New Borrowings, net		228,832	-832,642
Dividends paid		-255,445	-
Cash flow from financing activities, net		-26,613	-832,642
Translation differences		8,524	-3,459
Net change in cash and cash equivalents		853,394	-267,743
Cash and cash equivalents at beginning	10	1,290,427	1,252,221
Cash and cash equivalents at end	10	2,143,821	984,478

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 Cooperatief U.A., a corporation incorporated in the Netherlands, acquired 88.4% of the Company's shares.

Shares of the Company are traded in the Macedonian Stock Exchange, whereas EL.PIS. (Greek depository receipts) on shares are traded in the Athens Stock Exchange.

The Company's main business activities include mining, processing and distribution of marble and decorative stones. The Company operates in local and foreign markets and on 31 March 2014 employed 343 persons (2013: 373 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, 2013 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.

New and revised standards effective for annual periods beginning on or after 1 January 2013

A number of new and revised standards are effective for annual periods beginning on or after 1 January 2013. Information on these new standards is presented below:

IFRS 10 'Consolidated Financial Statements'

IFRS 10 supersedes IAS 27 'Consolidated and Separate Financial Statements' and SIC 12 'Consolidation-Special Purpose Entities'. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Company's investees are considered to be subsidiaries and therefore to change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged.

Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Company's investees held during the period or comparative periods covered by these financial statements.

IFRS 11 'Joint Arrangements'

IFRS 11 supersedes IAS 31 'Interests in Joint Ventures' and SIC 13 'Jointly Controlled Entities- Non-Monetary-Contributions by Venturers'. IFRS 11 revises the categories of joint arrangement, and the criteria for classification into the categories, with the objective of more closely aligning the accounting with the investor's rights and obligations relating to the arrangement. In addition, IAS 31's option of using proportionate consolidation for arrangements classified as jointly controlled entities under that Standard has been eliminated. IFRS 11 now requires the use of the equity method for arrangements classified as joint ventures (as for investments in associates).

The application of IFRS 11 does not materially impact Company's financial statements.

IFRS 12 'Disclosure of Interests in Other Entities'

IFRS 12 integrates and makes consistent the disclosure requirements for various types of investments, including unconsolidated structured entities. It introduces new disclosure requirements about the risks to which an entity is exposed from its involvement with structured entities.

The application of IFRS 12 does not materially impact Company's financial statements.

Consequential amendments to IAS 27 'Separate Financial Statements' and IAS 28 'Investments in Associates and Joint Ventures'

IAS 27 now only addresses separate financial statements. IAS 28 brings investments in joint ventures into its scope. However, IAS 28's equity accounting methodology remains unchanged.

IFRS 13 'Fair Value Measurement'

IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. The scope of IFRS 13 is broad and it applies for both financial and non-financial items for which other IFRSs require or permit fair value measurements or disclosures about fair value measurements except in certain circumstances.

IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013. Its disclosure requirements need not be applied to comparative information in the first year of application. The Company has however included as comparative information the IFRS 13 disclosures that were required previously by IFRS 7 'Financial Instruments: Disclosures'.

The Company has applied IFRS 13 for the first time in the previous year.

Amendments to IAS 19 'Employee Benefits'

The amendments to IAS 19 made a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. The amendments:

- eliminate the 'corridor method' and requires the recognition of remeasurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income
- change the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest expense or income based on the net defined benefit asset or liability
- enhance disclosures, including more information about the characteristics of defined benefit plans and related risks.

The application of amendments to IAS 19 does not materially impact Company's financial statements.

Amendment to IFRS 7, 'Financial instruments: Disclosures', on asset and liability offsetting.

This amendment includes new disclosures to facilitate comparison between those entities that prepare IFRS financial statements to those that prepare financial statements in accordance with US GAAP. The application of this amendment does not materially impact Company's financial statements.

Annual Improvements 2009-2011 (the Annual Improvements)

The Annual Improvements 2009-2011 (the Annual Improvements) made several minor amendments to a number of IFRSs. The amendments relevant to the Company are summarized below:

Clarification of the requirements for opening statement of financial position:

- clarifies that the appropriate date for the opening statement of financial position is the beginning of the preceding period (related notes are no longer required to be presented)
- addresses comparative requirements for the opening statement of financial position when an entity changes accounting policies or makes retrospective restatements or reclassifications, in accordance with IAS 8.

Clarification of the requirements for comparative information provided beyond minimum requirements:

- clarifies that additional financial statement information need not be presented in the form of a complete set of financial statements for periods beyond the minimum requirements
- requires that any additional information presented should be presented in accordance with IFRS and the entity should present comparative information in the related notes for that additional information.

Tax effect of distribution to holders of equity instruments:

- addresses a perceived inconsistency between IAS 12 ‘Income Taxes’ (IAS 12) and IAS 32 ‘Financial Instruments: Presentation’ (IAS 32) with regards to recognising the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction
- clarifies that the intention of IAS 32 is to follow the requirements in IAS 12 for accounting for income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction.

Segment information for total assets and liabilities:

- clarifies that the total assets and liabilities for a particular reportable segment are required to be disclosed if, and only if: (i) a measure of total assets or of total liabilities (or both) is regularly provided to the chief operating decision maker; (ii) there has been a material change from those measures disclosed in the last annual financial statements for that reportable segment.

The Annual Improvements noted above are effective for annual periods beginning on or after 1 January 2013. Management does not anticipate significant effects from these Amendments to the financial statements of the Company.

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, amendments and interpretations to existing standards have been published by the IASB but are not yet effective, and have not been adopted early by the Company. Management anticipates that all of the relevant pronouncements will be adopted in the Company’s accounting policies for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Company’s financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Company’s financial statements.

IFRS 9 ‘Financial Instruments’

The IASB aims to replace IAS 39 ‘Financial Instruments: Recognition and Measurement’ in its entirety with IFRS 9. To date, the chapters dealing with recognition, classification, measurement and derecognition of financial assets and liabilities have been issued. Chapters dealing with impairment methodology are still being developed. Further, in November 2011, the IASB tentatively decided to consider making limited modifications to IFRS 9’s financial asset classification model to address application issues. The Company’s Management has yet to assess the impact of this new standard on the Company’s financial statements. Management does not expect to implement IFRS 9 until it has been completed and its overall impact can be assessed.

2.2 Foreign currency translation

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

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 Macedonian Denars ("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 2014	31 December 2013	31 March 2013
1 USD	44,8441 Denars	44,6284 Denars	48,0544 Denars
1 EUR	61,7010 Denars	61,5113 Denars	61,6153 Denars
Period average EUR	61,6481 Denars	61,5057 Denars	61,5577 Denars

3. 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 καταστάσεις. The Company reports its activities in two segments, quarry and factory (note 27).

4. 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 obsoleteness.

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

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.

5. Property, plant and equipment

	Land & Buildings	Machinery & equipment	Construction in progress	Total
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	24,660,819
Accumulated depreciation	-1,885,462	-10,264,637	-	-12,150,100
Net carrying amount	3,332,121	8,941,763	236,835	12,510,719
Closing period 31 March 2013				
01 Jan 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
Changes during the period				
Opening net carrying amount	3,526,092	9,367,805	183,185	13,077,082
Translation differences	-6,546	-17,206	-280	-24,032
Additions, net of transfers from C.I.P.	192	139,278	-67,023	72,448
Depreciation charge for the period	-56,378	-485,869	-	-542,247
Closing carrying amount	3,463,360	9,004,008	115,882	12,583,250
31-Mar-13				
Cost or valuation	5,201,687	17,479,330	115,882	22,796,900
Accumulated depreciation	-1,738,327	-8,475,322	-	-10,213,649
Net carrying amount	3,463,360	9,004,008	115,882	12,583,250
Closing period 31 December 2013				
01 Jan 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
Changes during the period				
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	-10,269	-358,848	-	-369,117
Depreciation charge for the year	-222,401	-1,994,126	-	-2,216,527
Closing carrying amount	3,371,357	9,399,753	167,430	12,938,540
31-Dec-13				
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

Pledge over property, plant and equipment

As of 31 March 2014, 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 (2013: 8,400,000 Euros) (see Note 24).

6. Intangible assets

	Trademarks and development expediture	Intangible assets in progress	Total
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 March 2013			
01 Jan 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
Changes during the period			
Opening net carrying amount	387,302	1,858,246	2,245,548
Translation differences	-810	-3,399	-4,209
Additions, net of transfers from C.I.P.	109,307	-82,674	26,633
Disposals-net	-	-	-
Depreciation charge for the year	-17,923	-	-17,923
Closing carrying amount	477,877	1,772,173	2,250,049
31-Mar-13			
Cost or valuation	664,187	1,772,173	2,436,360
Accumulated depreciation	-186,311	-	-186,311
Net carrying amount	477,877	1,772,173	2,250,049
Closing period 31 December 2013			
01 Jan 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
Changes during the period			
Opening net carrying amount	387,302	1,858,246	2,245,548
Translation differences	-90	-333	-423
Additions, net of transfers from C.I.P.	333,018	-82,744	250,274
Disposals-net	-33,907	-	-33,907
Depreciation charge for the year	-83,619	-	-83,619
Closing carrying amount	602,704	1,775,169	2,377,873
31-Dec-13			
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

Out of the total depreciation amounting to Euro 604,694 for the period ended on 31 March 2014 (2013 Euro 560,170), the amount of Euro 574,566 (2013 Euro 533,428) charged the cost of sales and the remaining amount of Euro 30,128 (2013 Euro 26,742) charged the administration and sales expenses (see note 17).

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 March 2014				
Assets according to the Statement of financial position				
Trade and other receivables (excluding prepayments)	2,041,564	-	-	2,041,564
Cash and cash equivalents	2,143,821	-	-	2,143,821
	4,185,385	-	-	4,185,385

	Liabilities at fair value through profit and loss	Other financial liabilities	Total
Liabilities according to the Statement of financial position			
Interest bearing borrowings	-	6,350,216	6,350,216
Trade and other payables (excluding prepayments)	-	4,109,960	4,109,960
	-	10,460,176	10,460,176

	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	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	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

8. Trade and other receivables

	31-Mar-14	31-Dec-13
Current trade receivables		
Local debtors	271,230	297,689
Foreign debtors	1,397,736	2,130,233
Related party's receivables (see Note 22)	710,598	636,895
	2,379,564	3,064,817
Less: impairment provision	-367,792	-368,459
	2,011,772	2,696,358
Prepayments		
Prepaid corporate income tax	89,840	747,078
Prepaid VAT	253,494	194,025
Advances to suppliers	118,208	93,955
Deferred expenses	558,082	48,082
	1,019,624	1,083,140
Other current receivables		
Other current receivables	29,792	42,548
	29,792	42,548
Total receivables, gross	1,049,416	1,125,688
Less: impairment provision	-	-
	1,049,416	1,125,688
Trade and other receivables, net	3,061,188	3,822,046

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

31-Mar-2014	Domestic trade receivables	Foreign trade receivables	Advances to suppliers	Total
Amount not due	16,077	1,235,097	-	1,251,174
Overdue up to 1 year	35,692	599,212	114,654	749,558
Overdue more than 1 year	219,461	274,025	3,554	497,040
	271,230	2,108,334	118,208	2,497,772
Less: impairment provision	-216,284	-151,508	-	-367,792
	54,946	1,956,826	118,208	2,129,980

31-Dec-2013	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

The credit quality of Company's trade receivables and advances to suppliers can be analysed as follows:

31-Mar-2014	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	1,251,174	878,806	367,792	2,497,772
Less: Impairment provision	-	-	-367,792	-367,792
	1,251,174	878,806	-	2,129,980

31-Dec-2013	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	1,974,431	815,882	368,459	3,158,772
Less: Impairment provision	-	-	- 368,459	-368,459
	1,974,431	815,882	-	2,790,313

The following table provides for the movement of impairment provision account for the 3-month periods ended 31 March 2014 and 2013:

	31-Mar-14	31-Dec-13
At 01 January	368,459	404,049
Write off of previously impaired receivables	-	-603
Collected fully provided bad debts	-	-143,273
Impairment provision	-	108,332
Translation differences	-667	-46
At 31 December	367,792	368,459

9. Inventory

	31-Mar-14	31-Dec-13
Work in progress	4,366,165	4,163,463
Finished products	828,722	698,020
Spare parts	453,619	423,911
Raw materials	151,554	156,004
Trade goods	83,310	79,962
Other	34,957	14,660
	5,918,327	5,536,020

10. Cash and cash equivalents

	31-Mar-14	31-Dec-13
Bank accounts	2,141,941	1,288,919
Cash on hand	1,880	1,508
	2,143,821	1,290,427

11. Equity

Shares issued (Amounts in €)

	Number of shares	Ordinary shares	Share Premium	Total
Authorized, issued and fully paid ordinary shares 1 Euro at par		(Euro)	(Euro)	(Euro)
31 March 2014	4,686,858	4,686,858	4,158,313	8,845,171
31 December 2013	4,686,858	4,686,858	4,158,313	8,845,171

The structure of share capital at 31 March 2014 and 31 December 2013 is as follows (amounts in Euro)

	Αριθμός	Ποσό	%
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

Other components of equity

	Translation reserve	Statutory reserves	Revaluation reserve	Total
At 01 January 2014	(43,038)	1,045,730	1,582,576	2,585,268
Translation differences	(30,993)	-	-	(30,993)
At 31 March 2014	(74,031)	1,045,730	1,582,576	2,554,275
At 01 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

Revaluation reserve

Revaluation surplus, which at 31 March 2014 amounts to 1,582,576 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 March 2014 amount to 1,045,730 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% 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

Long – term interest bearing borrowings from banks	31-Mar-14	31-Dec-13
Komercijalna Banka ad, Skopje (initial amount: Euro 18,920,000; 6m,Libor+4%)	3,212,276	3,378,262
Komercijalna Banka ad, Skopje (initial amount: Euro 1,250,000; 6m,Libor+4%)	1,320,500	1,250,000
Komercijalna Banka ad, Skopje (Denars 123,280,000; 6,5%)	1,410,369	1,454,017
Finance lease liabilities	17,261	21,040
	5,960,406	6,103,319
Less: current maturity of long term borrowings	-1,957,749	-1,671,240
Total long – term borrowings	4,002,657	4,432,079
Short – term interest bearing borrowings from banks		
Komercijalna Banka ad, Skopje (Eur 1,200,000; 6m,Libor+4,5%)	374,536	-
Komercijalna Banka ad, Skopje visa credit card	413	3,157
Finance lease liabilities	14,861	14,908
	389,810	18,065
Add: current maturity of long term borrowings	1,957,749	1,671,240
Total short – term borrowings	2,347,559	1,689,305

Loans from financial institutions are secured by mortgage over part of the Company's properties (see also Note 24)

The long-term borrowings repayments schedule is as follows:

	31-Mar-14	31-Dec-13
Due within 12 months	1,957,749	1,671,240
Due within 1-2 years	1,951,377	1,932,684
Due within 2-5 years	2,034,019	2,478,355
	5,943,145	6,082,279

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

	31-Mar-14	31-Dec-13
Due within 12 months	14,861	14,908
Due within 1-5 years	17,261	21,040
Due in over 5 years	-	-
	32,122	35,948

13. Trade and other payables

	31-Mar-14	31-Dec-13
Trade creditors		
Local suppliers	1,274,835	1,556,578
Foreign suppliers	585,623	733,129
Related parties' payables (see Note 22)	9,062	112,960
	1,869,520	2,402,667
Other current liabilities		
Liabilities to employees and management	281,058	281,377
Customers' prepayments	333,012	276,957
Accrued expenses	299,024	24,995
Interest payable	14,868	14,443
Dividends payables (net of local taxes)	1,942,921	1,547
Other	1,593	1,017
	2,872,476	600,336
	4,741,996	3,003,003

14. Tax payables

	31-Mar-14	31-Dec-13
Concession fees and other levies	60,931	72,718
Withholding tax	3,788	13,761
Personal income tax liabilities	5,462	8,492
	70,181	94,971

15. Sales

	3 month period that ended 31 March	
	2014	2013
Local market	161,430	185,086
Foreign markets:		
- Greece	757,856	1,269,925
- Cyprus	906,207	642,992
- Other Former Yugoslavia	17,298	69,338
- Other markets	1,489,731	459,409
Sub- total – sales on foreign markets	3,171,092	2,441,664
Total sales	3,332,522	2,626,750

16. Cost of sales

	3 month period that ended 31 March	
	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 period ended 31 March	1,893,677	1,810,165
Plus: Income from value adjustment of previously written-off inventory (See also note 19)	224,628	-
Less: Impairment, wastage, failure and fracture of inventories	-695	-
Less: Stock of finished products and W.I.P. at 31 March	-5,194,887	-6,242,674
	1,784,206	1,348,190

17. Administrative and selling expenses

	3 month period that ended 31 March		3 month period that ended 31 March	
	2014 Administrative	2014 Selling	2013 Administrative	2013 Selling
Customers' discounts	-	499,878	-	456,905
Professional advisory services	153,579	630	132,335	-
Lawyers	7,182	-	29,141	-
Staff costs	179,392	34,042	117,776	31,452
Marketing and promotion	-	46,487	6,740	48,970
Services	11,462	76,504	34,171	23,119
Depreciation (Note 6)	21,274	8,854	26,427	315
Taxes and other levies	22,745	2,406	4,097	138
Materials, supplies and utilities	10,759	1,650	6,362	3,028
Write offs and impairment of receivables	-	3	-	1,743
Other expenses and provisions	50,815	39,861	146,227	45,397
	457,208	710,315	503,276	611,067

18. Staff costs

	3 month period that ended 31 March	
	2014	2013
Net salaries	626,150	440,419
Personal tax and mandatory contributions	260,564	202,787
Less: amount corresponding to future periods	-301,727	-
Other allowances	71,578	55,543
	656,565	698,749

19. Other operating income

	3 month period that ended 31 March	
	2014	2013
Income from value adjustment of inventory	224,628	-
Income from reinvoicing of transport cost and other services	37,707	-
Less: Cost associated with the above services	-37,707	-
Raw materials sold	2,125	-
Payable write-offs	3	33
Other income	40,801	7,891
	267,557	7,924

The amount of 224,628 Euros relates to release of previously recognised provision for impairment losses for inventories sold during the period ended 31 March 2014 (see also Note 16).

20. Finance income and costs

	3 month period that ended 31 March	
	2014	2013
Finance income		
Interest income	1,046	215
Foreign exchange gains	17,601	12,851
	18,647	13,066
Finance cost		
Interest (expense)	-85,197	-120,679
Bank charges	-16,986	-24,110
Foreign exchange (losses)	-23,675	-13,929
	-125,858	-158,718
Finance (costs), net	-107,211	-145,652

21. Income tax expense

	3 month period that ended 31 March	
	2014	2013
Current tax expense	-	90,049
	-	90,049

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

	3 month period that ended 31 March	
	2014	2013
Non – deductible expenses	-	-
Tax credit of expenses with deferred recognition	-9,008,168	-9.849.560
Current tax charge at rate of 10%	-	-

The tax credit in the amount of 9,008,168 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 acquired all the relevant documents and recognized a tax credit out of deferred recognition at the amount of Euro 9,858,401. This credit was approved by the tax inspection that the Company underwent in 2013.

22. Related party transactions

31-Mar-14	Receivables	Payables	Revenues	Purchases	Cash
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

31-Mar-13	Receivables	Payables	Revenues	Purchases	Cash
Stone Works Holding Cooperatief U.A. Netherlands	-	400,000	-	-	-
Castleblock Limited Nicosia Cyprus	430,618	-	648,747	6,433	-
NBGI Private Equity London	-	-	-	-	-
Ethemba Capital No.8 NV Curacao Netherlands Antilles	-	-	-	9,140	-
Stopanska Banka AD Skopje	-	-	-	-	2,359
Key management remuneration	-	-	-	55,121	-
	430,618	400,000	648,747	70,694	2,359

23. 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.

	3 month period that ended 31 March	
	2014	2013
Profit attributable to equity holders of the Company	541,177	-63,560
Weighted average number of ordinary shares	4,686,858	4,686,858
Basic earnings per share (Euros per share)	0.12	-0.01

24. Contngent liabilities

Mortgages

	3 month period that ended 31 March	
	2014	2013
Mortgages		
Business premises	2,572,000	2,600,000
Machinery and equipment	6,351,600	5,800,000
	8,923,600	8,400,000

Guarantees

On 31 March 2014 the Company has issued through Komercijalana Banka AD Skopje guaranty letters for a total amount of Euro 154,386 (2013: Euro 146,068).

Litigations

At 31 March 2014, the estimated amount equivalent of the legal proceedings raised against the Company is 48,177 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 2013 the Company was subject of following tax inspections by tax authorities:
- for VAT - until 30 June 2009;
- for Personal Income tax until 31 December 2008;
- for Corporate Income tax 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.

25. Commitments

Operating lease liabilitites

As of 31 December 2013 the operating lease liabilities relates to lease of vehicles. Repayment schedule of operating lease liabilities is as follows:

	31-Mar-2014	31-Dec-2013
Present value of payment:		
Due within 1 year	11,278	16,712
Due between 1 – 5 years	21,748	23,340
Due in more than 5 years	-	-
	33,026	40,052

26. 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 Euro 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 crashed or milled 0,325 Euros/t.

On 27/01/2014 and in the framework of the mining rights concession that is valid until 2030, the Company has been granted a new exploitation licence for the Quarry Sivec, based on a mining project that covers the period from 2014 to 2019.

27. Information on operating segments

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

- quarry;
- factory.

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

	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 year			513,834

	Quarry	Factory	Total
31 March 2013			
Sales	2,200,175	426,575	2,626,750
Profit/loss from operating activities	342,863	-170,722	172,141
Financial result, net			-145,652
Profit before tax			26,489
Income tax			-90,049
Profit for the period			-63,560
Other comprehensive income			-3,459
Total comprehensive income for the year			-67,019

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

	Quarry	Factory	Total
31 March 2014			
Total assets	16,611,454	9,362,740	25,974,194
Liabilities	8,952,855	2,209,539	11,162,393
Capital expenditures	180,129	11,727	191,856
31 March 2013			
Total assets	16,123,457	10,149,524	26,272,981
Liabilities	8,833,900	1,456,258	10,290,158
Capital expenditures	87,692	11,389	99,081
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 by geographical regions are as follows:

	31-Mar-2014	31-Mar-2013
Macedonia	161,430	185,086
Greece	757,856	1,269,925
Cyprus	906,207	642,992
Other former Yugoslavia	17,298	69,338
Other markets	1,489,731	459,409
	3,332,522	2,626,750