



## INTERIM FINANCIAL STATEMENTS

for the period 1<sup>st</sup> January to 30<sup>th</sup> September 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 Euros)			
		01/01- 30/09/14	01/01- 30/09/13 (restated)	01/07- 30/09/14	01/07- 30/09/13 (restated)
Sales	15	14,785,068	12,317,854	5,472,109	4,950,957
Cost of sales	16	(5,859,358)	(5,599,936)	(2,119,907)	(2,165,395)
Gross profit		8,925,710	6,717,918	3,352,202	2,785,562
Administrative expenses	17	(1,574,164)	(1,552,896)	(542,377)	(478,530)
Sales expenses	17	(1,047,145)	(2,662,711)	(144,587)	(1,093,741)
Other operating income	19	287,007	54,735	78,740	33,111
Operating profit / (loss)		6,591,408	2,557,046	2,743,978	1,246,402
Finance income	20	68,499	46,155	43,187	22,866
Finance costs	20	(365,569)	(448,624)	(126,668)	(134,843)
Finance (costs), net		(297,070)	(402,469)	(83,481)	(111,977)
Profit / (loss) before taxes		6,294,338	2,154,577	2,660,497	1,134,425
Income tax	21	-	(90,133)	-	(132)
Net profit for the period		6,294,338	2,064,444	2,660,497	1,134,293
Other comprehensive income for the period:					
Translational differences		(36,403)	(110)	5,395	47,872
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD</b>		<b>6,257,935</b>	<b>2,064,334</b>	<b>2,665,892</b>	<b>1,182,165</b>
Net profit is distributed to:					
Holders of ordinary shares		6,294,338	2,064,444	2,660,497	1,134,293
Earnings per share (expressed in Euros per share)	23	1.34	0.44	0.57	0.24
Earnings before interest, taxes and depreciation (EBITDA)		8,532,237	4,352,717	3,407,081	1,880,828

These interim financial statements were approved by the Board of Directors on 13 November 2014

Signed on its behalf by,

Theodoros Malfas  
Chairman

Ilias Rigopoulos  
Chief Executive Officer

Nikos Michalopoulos  
Chief Financial Officer

## II. Statement of Financial Position

		(Amounts in Euro)	
	Note	30/09/14	31/12/13
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	6	12,273,537	12,938,540
Intangible assets	7	2,299,347	2,377,873
		14,572,884	15,316,413
Current assets			
Inventories	8	6,050,646	5,536,020
Trade receivables	9	1,941,037	2,696,358
Other receivables	9	856,574	1,125,688
Cash and cash equivalents	10	5,513,879	1,290,427
		14,362,136	10,648,493
<b>Total assets</b>		<b>28,935,020</b>	<b>25,964,906</b>
<b>EQUITY &amp; LIABILITIES</b>			
Shareholder's equity			
Share capital	11	8,845,171	8,845,171
Other components of equity	11	2,402,075	2,585,268
Retained earnings	11	9,308,656	5,315,109
<b>Total shareholders' equity</b>		<b>20,555,902</b>	<b>16,745,548</b>
<b>LIABILITIES</b>			
Non – current liabilities			
Borrowings	12	3,472,582	4,432,079
		3,472,582	4,432,079
Current Liabilities			
Borrowings	12	2,982,575	1,689,305
Trade payables	13	959,059	2,402,667
Other payables	13	876,289	600,336
Tax payables	14	88,613	94,971
		4,906,536	4,787,279
<b>Total liabilities</b>		<b>8,379,118</b>	<b>9,219,358</b>
<b>Total liabilities and shareholder's equity</b>		<b>28,935,020</b>	<b>25,964,906</b>

### III. Statement of changes in equity

	Share capital	Other Components of Equity	Retained earnings	Various reserves
Balance at 1 <sup>st</sup> 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	-	-	6,294,338	6,294,338
Transfer of revaluation reserves on tangible assets sold	-	(146,790)	146,790	-
Translation differences	-	(36,403)	-	(36,403)
Total comprehensive income:	-	(183,193)	6,441,128	6,257,935
<u>Balance at 30<sup>th</sup> September 2014</u>	<u>8,845,171</u>	<u>2,402,075</u>	<u>9,308,656</u>	<u>20,555,902</u>
Balance at 1 <sup>st</sup> January 2013 (restated)	8,845,171	2,588,292	4,354,531	15,787,994
<u>Changes in equity</u>				
Dividends declared	-	-	-	-
Total transactions with owners	-	-	-	-
Profit for the period	-	-	2,064,444	2,064,444
Translation differences	-	(110)	-	(110)
Total comprehensive income:	-	(110)	2,064,444	2,064,334
Balance at 30 <sup>th</sup> September 2013	8,845,171	2,588,182	6,418,975	17,852,328
Balance at 1 <sup>st</sup> January 2013 (restated)	8,845,171	2,588,292	4,354,531	15,787,994
<u>Changes in equity</u>				
Dividends declared	-	-	-	-
Total transactions with owners	-	-	-	-
Profit for the period	-	-	960,543	960,543
Translation differences	-	(3,024)	35	(2,989)
Total comprehensive income:	-	(3,024)	960,578	957,554
<u>Balance at 31<sup>st</sup> December 2013</u>	<u>8,845,171</u>	<u>2,585,268</u>	<u>5,315,109</u>	<u>16,745,548</u>

## IV. Statement of Cash Flows

(Amounts in Euro)			
Period of 9 months that ended on 30 September			
	Notes	2014	2013
Operating			
Net profit before income tax		6,294,338	2,154,577
<u>Adjusted for:</u>			
Depreciation and amortization	7	1,940,829	1,795,671
Write offs and allowances on trade and other receivables	17	27	101,752
Wastage, failure and fracture	17	695	-
Revenues from previously impaired receivables	19	(101,569)	-
Net carrying amount of property, plant and equipment written off	17	93,734	-
Loss from sale of government bonds		-	3
(Gain) on property, plant and equipments sold (net)	19	(523)	(2,222)
Payables written off	19	(12)	(10,377)
Finance result, net	20	239,025	332,332
		8,466,544	4,371,736
<u>Changes in working capital:</u>			
Inventories		(515,321)	(742,473)
Trade and other receivables		1,126,206	380,619
Trade and other payables		(1,176,229)	397,487
Cash from operations		7,901,200	4,407,369
Interest paid		(239,163)	(343,326)
Income tax paid		-	(74,300)
Cash flows from operating activities, net		7,662,037	3,989,743
Investing			
Purchase of tangible assets, net of proceeds from sales		(1,197,114)	(2,070,044)
Purchase of intangible assets , net of proceeds from sales		(139,285)	(218,107)
Investments in government bonds, net		-	82
Interest received		2,025	1,302
Cash flow from investing activities, net		(1,334,374)	(2,286,767)
Financing			
(Repayment of borrowings) / New Borrowings, net		333,773	(1,313,901)
Dividends paid		(2,447,240)	-
Cash flow from financing activities, net		(2,113,467)	(1,313,901)
Translation differences		9,256	9,106
Net change in cash and cash equivalents		4,223,452	398,181
Cash and cash equivalents at beginning	10	1,290,427	1,252,221
Cash and cash equivalents at end	10	5,513,879	1,650,402

## 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 the EL.PIS. (Greek depository receipts) on the shares are traded in the Athens Stock Exchange.

The Company's main business activities include mining, processing and distribution of marble and decorative stones. It has signed a mining rights concession agreement that is valid until 2030. The Company operates in local and foreign markets and on 30 September 2014 employed 332 persons (2013: 357 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 of 31 December 2013 which are available at the internet site of the company [www.mermeren.com](http://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 3: 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 2013, except for:

- the application of IFRIC 21 'Levies' (IFRIC 21) and
- the early application of 'Defined Benefit Plans: Employee Contributions' (Amendments to IAS 19), effective for annual periods beginning on or after 1 July 2014.

The effects of applying these standards are described below:

##### IFRIC 21 'Levies' (IFRIC 21)

IFRIC 21 clarifies that:

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

The application of IFRIC 21 has no material effect on the Company's interim financial statements.

##### Defined Benefit Plans: Employee Contributions

The Amendments to IAS 19:

- clarify the requirements of IAS 19 relating to contributions from employees or third parties

- introduce a practical expedient such that contributions that are independent of the number of years of service may be treated as a reduction in the service cost in the period in which the related service is rendered.

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

## 2.3 Reclassification of Comparative Financial Information

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

30 September 2013

Statement of comprehensive income	Restated	Previously stated	Reclassification
Other operating income	54,735	242,602	(187,867)
Cost of sales	(5,599,936)	(5,787,803)	187,867

## 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"), 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:

- Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position,
- Income and expenses for each statement of comprehensive income are translated at average exchange rates; and
- Resulting exchange differences are recognised 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 ("MKD") 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 September 2014	30 September 2013	31 December 2013
1 USD	48.5422 MKD	45.4313 MKD	44.6284 MKD
1 EUR	61.6534 MKD	61.5004 MKD	61.5113 MKD
Period average EUR	61.6150 MKD	61.5002 MKD	61.5057 MKD

## 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 30 September 2014 and 2013, are as follows:

	Quarry	Factory	Total
30 September 2014			
Sales	11,964,706	2,820,362	14,785,068
Profit/loss from operating activities	6,428,149	163,259	6,591,408
Financial result, net			(297,070)
Profit before tax			6,294,338
Income tax			-
Profit for the period			6,294,338
Other comprehensive income			(36,403)
Total comprehensive income for the year			6,257,935

	Quarry	Factory	Total
30 September 2013			
Sales	9,980,653	2,337,201	12,317,854
Profit/loss from operating activities	3,009,073	(452,027)	2,557,046
Financial result, net			(402,469)
Profit before tax			2,154,577
Income tax			(90,133)
Profit for the period			2,064,444
Other comprehensive income			(110)
Total comprehensive income for the year			2,064,334

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

	Quarry	Factory	Total
30 September 2014			
Total assets	20,234,199	8,700,821	28,935,020
Liabilities	7,125,404	1,253,714	8,379,118
Capital expenditures	1,237,871	98,528	1,336,399
30 September 2013			
Total assets	18,441,834	10,340,152	28,781,986
Liabilities	9,178,399	1,751,259	10,929,658
Capital expenditures	2,266,537	21,614	2,288,151
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

## 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

	Land & Buildings	Machinery & equipment	Construction in progress	Total
Closing period 30 September 2014				
01 January 2014				
Cost or valuation	5,199,077	19,160,094	167,430	24,526,601
Accumulated depreciation	(1,827,720)	(9,760,341)	-	(11,588,061)
Net carrying amount	3,371,357	9,399,753	167,430	12,938,540
Changes during the period				
Opening net carrying amount	3,371,357	9,399,753	167,430	12,938,540
Translation differences	(7,682)	(21,308)	(436)	(29,426)
Additions, net of transfers from C.I.P.	126,069	991,092	79,953	1,197,114
Disposals-net	(93,734)	(10,503)	-	(104,237)
Depreciation charge for the period	(173,812)	(1,554,642)	-	(1,728,454)
Closing carrying amount	3,222,198	8,804,392	246,947	12,273,537
30 September 14				
Cost or valuation	5,150,712	20,063,841	246,947	25,461,500
Accumulated depreciation	(1,928,514)	(11,259,449)	-	(13,187,963)
Net carrying amount	3,332,121	8,804,392	246,947	12,273,537
Closing period 30 September 2013				
01 January 2013				
Cost or valuation	5,208,041	17,357,258	183,185	22,748,484
Accumulated depreciation	(1,681,949)	(7,989,453)	-	(9,671,402)
Net carrying amount	3,526,092	9,367,805	183,185	13,077,082
Changes during the period				
Opening net carrying amount	3,526,092	9,367,805	183,185	13,077,082
Translation differences	(23)	(63)	(1)	(87)
Additions, net of transfers from C.I.P.	57,086	2,028,683	(15,725)	2,070,044
Disposals –net	-	(72,883)	-	(72,883)
Depreciation charge for the period	(169,511)	(1,479,599)	-	(1,649,110)
Closing carrying amount	3,413,645	9,843,943	167,459	13,425,047
30-Sep-13				
Cost or valuation	5,188,779	19,091,310	167,459	24,447,548
Accumulated depreciation	(1,775,134)	(9,247,367)	-	(11,022,501)
Net carrying amount	3,413,645	9,843,943	167,459	13,425,047
Closing period 31 December 2013				
01 January 2013				
Cost or valuation	5,208,041	17,357,258	183,185	22,748,484
Accumulated depreciation	(1,681,949)	(7,989,453)	-	(9,671,402)
Net carrying amount	3,526,092	9,367,805	183,185	13,077,082
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	(5,578)	(261,193)	-	(266,771)
Depreciation charge for the year	(227,092)	(2,091,781)	-	(2,318,873)
Closing carrying amount	3,371,357	9,399,753	167,430	12,938,540
31December13				
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

## Disposals

During the period ended 30 September 2014, the Company sold part of its transport vehicles with net carrying value in the amount of 10,497 Euros. Sale value of the part related to assets sold is in the amount of 11,020 Euros. Net realised gain incurred from these transactions amounts to 523 Euros, which consists of gain in the amount of 592 Euros, included in other operating income (see Note 19), as well as loss in the amount of 69 Euros (see Note 17).

Furthermore, during the period ended 30 September 2014, the Company has written off a mechanical workshop in the factory, with net carrying value in the amount of 93,734 Euros (see Note 17).

## Construction in progress

As of 30 September 2014, the balance of construction in progress in the amount of 246,947 Euros consists of the cost of building part of a filtering station and other equipment.

## Pledge over property, plant and equipment

As of 30 September 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. (see Note 24).

## 7. Intangible assets

	Trademarks and development expenditure	Intangible assets in progress	Total
Closing period 30 September 2014			
01 January 2014			
Cost or valuation	854,689	1,775,169	2,629,858
Accumulated depreciation	(251,985)	-	(251,985)
Net carrying amount	602,704	1,775,169	2,377,873
Changes during the period			
Opening net carrying amount	602,704	1,775,169	2,377,873
Translation differences	(2,447)	(2,989)	(5,436)
Additions, net of transfers from C.I.P.	1,911,465	(1,772,180)	139,285
Disposals – net	-	-	-
Depreciation charge for the year	(212,375)	-	(212,375)
Closing carrying amount	2,299,347	-	2,299,347
30 September 14			
Cost or valuation	2,762,993	-	2,762,993
Accumulated depreciation	(463,646)	-	(463,646)
Net carrying amount	2,299,347	-	2,299,347
Closing period 30 September 2013			
01 January 2013			
Cost or valuation	555,690	1,858,246	2,413,936
Accumulated depreciation	(168,388)	-	(168,388)
Net carrying amount	387,302	1,858,246	2,245,548
Changes during the period			
Opening net carrying amount	387,302	1,858,246	2,245,548
Translation differences	(3)	(12)	(15)
Additions, net of transfers from C.I.P.	300,858	(82,751)	218,107
Disposals-net	-	-	-
Depreciation charge for the year	(80,801)	-	(80,801)
Closing carrying amount	607,356	1,775,483	2,382,839
30 September 13			
Cost or valuation	856,560	1,775,483	2,632,043
Accumulated depreciation	(249,204)	-	(249,204)
Net carrying amount	607,356	1,775,483	2,382,839

Closing period 31 December 2013

01 January 2013

Cost or valuation	555,690	1,858,246	2,413,936
Accumulated depreciation	(168,388)	-	(168,388)
Net carrying amount	387,302	1,858,246	2,245,548
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 December 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 1,940,829 for the period ended on 30 September 2014 (2013 Euro 1,795,671), the amount of Euro 1.855,222 (2013 Euro 1,714,887) charged the cost of sales and the remaining amount of Euro 85,607 (2013 Euro 80,784) charged the administration and sales expenses (see note 17).

## 8. Inventory

	30-Sep-14	31-Dec-13
Work in progress	4,930,797	4,163,463
Finished products	480,193	698,020
Spare parts	133,554	423,911
Raw materials	372,611	156,004
Trade goods	95,093	79,962
Other	38,398	14,660
	6,050,646	5,536,020

## 9. Trade and other receivables

	30-Sep-14	31-Dec-13
Current trade receivables		
Local debtors	230,218	297,689
Foreign debtors	1,977,209	2,130,233
Related party's receivables (see Note 22)	-	636,895
	2,207,427	3,064,817
Less: impairment provision	(266,390)	(368,459)
	1,941,037	2,696,358
Prepayments		
Prepaid corporate income tax	-	747,078
Prepaid VAT	322,316	194,025
Advances to suppliers	45,580	93,955
Deferred expenses	458,247	48,082
	826,143	1,083,140
Other current receivables		
Other current receivables	30,431	42,548
	30,431	42,548
Total receivables, gross	856,574	1,125,688
Less: impairment provision	-	-
	856,574	1,125,688
Trade and other receivables, net	2,797,611	3,822,046

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

	Domestic trade receivables	Foreign trade receivables	Advances to suppliers	Total
30-Sep-2014				
Overdue up to 1 year	1,815	110,596	43,314	155,724
Overdue more than 1 year	3,333	1,107	2,266	6,706
	5,148	111,703	45,580	162,431
31-Dec-2013				
Overdue up to 1 year	20,324	731,674	90,485	842,483
Overdue more than 1 year	60,414	-	3,470	63,884
	80,738	731,674	93,955	906,367

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
30-Sep-2014				
Cost	1,824,186	162,431	266,390	2,253,007
Less: Impairment provision	-	-	(266,390)	(266,390)
	1,824,186	162,431	-	1,986,617

31-Dec-2013	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	1,883,946	906,367	368,459	3,158,772
Less: Impairment provision	-	-	(368,459)	(368,459)
	1,883,946	906,367	-	2,790,313

The following table provides for the movement of impairment provision account for the 9-month periods ended 30 September 2014 and December 2013:

	30-Sep-14	31-Dec-13
At 01 January	368,459	404,049
Write off of previously impaired receivables	-	(603)
Release of previously impaired receivables	(100,000)	-
Collected fully provided bad debts	(1,569)	(143,286)
Impairment provision	-	108,332
Translation differences	(500)	(33)
At the end of the period	266,390	368,459

## 10. Cash and cash equivalents

	30-Sep-14	31-Dec-13
Bank accounts	5,512,216	1,288,919
Cash on hand	1,663	1,508
	5,513,879	1,290,427

## 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		(Euro)	(Euro)	(Euro)
30 September 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 30 September 2014 and 31 December 2013 is as follows

	Number	Amount (in Euro)	%
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

	Translation reserve	Statutory reserves	Revaluation reserve	Total
At 01 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	(36,403)	-	-	(36,403)
At 30 September 2014	(79,441)	1,045,730	1,435,786	2,402,075
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 30 September 2014 amounts to 1,435,786 Euros (31 December 2013: 1,582,576 Euros) was initially created during 2002, based upon the independent valuation of groups of Company's property, plant and equipment. Subsequent changes (transfers into retained earnings) relate to surpluses of those assets sold.

*Statutory reserves*

Reserves, which at 30 September 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.

*Dividends*

On 17 February 2014 and according to the Shareholders' Extraordinary Assembly decision no. 02-637/2, part of the prior years retained earnings accumulated in the years until 31 December 2012 in the amount 2,447,581 Euros (2013: 0 Euros) were allocated for dividends distribution.

During March 2014 the Company paid dividends to its shareholders in the total amount of 2,447,581 Euros (2013: 0 Euros) out of which Euro 244,758 relates to taxes on dividends (2013: 0 Euros).



## 12. Loans

<u>Long – term interest bearing borrowings from banks</u>	30-Sep-14	31-Dec-13
Komercijalna Banka ad, Skopje (initial amount: Euro 4,700,000; 6m,Libor+4%)	2,611,111	3,378,262
Komercijalna Banka ad, Skopje (initial amount: Euro 1,904,000; 6m,Libor+4%)	1,758,166	1,250,000
Komercijalna Banka ad, Skopje (Denars 123,280,000; 6,5%)	1,176,215	1,454,017
Finance lease liabilities	33,785	21,040
	5,579,277	6,103,319
Less: current maturity of long term borrowings	(2,106,695)	(1,671,240)
Total long – term borrowings	3,472,582	4,432,079
<u>Short – term interest bearing borrowings from banks</u>		
Komercijalna Banka ad, Skopje (Eur 400,000; 6m,Libor+4,5%)	153,510	-
Komercijalna Banka ad, Skopje (MKD 49,200,000; 6m,Libor+4,5%)	707,496	-
Komercijalna Banka ad, Skopje visa credit card	-	3,157
Finance lease liabilities	14,874	14,908
	875,880	18,065
Add: current maturity of long term borrowings	2,106,695	1,671,240
Total short – term borrowings	2,982,575	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:

	30-Sep-14	31-Dec-13
Due within 12 months	2,967,701	1,671,240
Due within 1-2 years	2,150,115	1,932,684
Due within 2-5 years	1,288,682	2,478,355
	6,406,498	6,082,279

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

	30-Sep-14	31-Dec-13
Due within 12 months	14,874	14,908
Due within 1-5 years	33,785	21,040
Due in over 5 years	-	-
	48,659	35,948

### 13. Trade and other payables

	30-Sep-14	31-Dec-13
Trade creditors		
Local suppliers	913,582	1,556,578
Foreign suppliers	45,476	733,129
Related parties' payables (see Note 22)	-	112,960
	959,059	2,402,667
Other current liabilities		
Liabilities to employees and management	240,639	281,377
Customers' prepayments	316,596	276,957
Accrued expenses	299,254	24,995
Interest payable	16,328	14,443
Dividends payables (net of local taxes)	1,889	1,547
Other	1,583	1,017
	876,289	600,336
	1,835,348	3,003,003

### 14. Tax payables

	30-Sep-14	31-Dec-13
Concession fees and other levies	79,777	72,718
Withholding tax	1,356	13,761
Personal income tax liabilities	7,480	8,492
	88,613	94,971

### 15. Sales

	9 month period that ended 30 September	
	2014	2013
Local market	664,488	569,970
Foreign markets:		
- Greece	8,772,090	4,304,044
- Cyprus	929,070	3,058,693
- Other Balkans	331,332	373,653
- Other markets	4,088,088	4,011,494
Sub- total – sales on foreign markets	14,120,580	11,747,884
Total sales	14,785,068	12,317,854

### 16. Cost of sales

	9 month period that ended 30 September	
	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 30 September	6,301,978	6,250,738
Plus: Income from value adjustment of previously written-off inventory	668,287	187,867
Less: Impairment, wastage, failure and fracture of inventories	(695)	-
Less: Income from released value adjustment of inventories sold	(668,287)	(187,867)
Less: Stock of finished products and W.I.P. at 30 September	(5,303,408)	(6,431,501)
	5,859,358	5,599,936

## 17. Administrative and selling expenses

	9 month period that ended 30 September 2014		9 month period that ended 30 September 2013	
	Administrative	Selling	Administrative	Selling
Customers' discounts	-	500,575	-	2,038,288
Professional advisory services	500,420	-	464,579	-
Staff costs	622,151	135,512	404,970	152,059
Marketing and promotion	59,186	96,275	35,444	110,342
Services	110,678	94,360	104,247	185,438
Depreciation (Note 6)	58,683	26,924	79,828	956
Taxes and other levies	46,946	6,601	24,269	1,087
Materials, supplies and utilities	39,781	4,742	18,940	7,686
Loss on sold property, plant and equipment	-	69	-	-
Write offs and impairment of receivables	-	27	-	101,752
Present value of written off property, plant and equipment	-	93,734	-	-
Wastage, failure and fracture	-	695	-	-
Other expenses and provisions	136,319	87,631	420,619	65,103
	1,574,164	1,047,145	1,552,896	2,662,711

## 18. Staff costs

	9 month period that ended 30 September	
	2014	2013
Net salaries	1,567,017	1,473,466
Personal tax and mandatory contributions	687,474	668,989
Less: amount corresponding to future periods	(159,158)	-
Other allowances	243,776	216,391
	2,339,109	2,358,846

Out of the total staff cost for the period ended on 30 September 2014, 1,581,446 Euro (2013: 1,801,817) charged the cost of goods sold and the rest, amounting to 757,663 Euro charged the Administration and Sales expenses (2013: 557,029 Euro) (Note 17).

## 19. Other operating income

	9 month period that ended 30 September	
	2014	2013
Revenues from previously impaired receivables	100,000	-
Income from re-invoicing of transport cost and other services	260,465	115,649
Less: Cost associated with the above services	(236,843)	(107,827)
Gains from previously impaired receivables	1,569	-
Raw materials sold	21,253	19,753
Gains on property, plant and equipment sold	592	-
Income from rents	5,627	155
Payable write-offs	12	10,377
Other income	134,332	16,628
	287,007	54,735

## 20. Finance income and costs

	9 month period that ended 30 September	
	2014	2013
Finance income		
Interest income	2,025	1,302
Foreign exchange gains	66,474	44,853
	<u>68,499</u>	<u>46,155</u>
Finance cost		
Interest (expense)	(241,049)	(333,634)
Bank (charges)	(52,377)	(54,287)
Foreign exchange (losses)	(72,143)	(60,703)
	<u>(365,569)</u>	<u>(448,624)</u>
Finance (costs), net	<u>(297,070)</u>	<u>(402,469)</u>

## 21. Income tax expense

	9 month period that ended 30 September	
	2014	2013
Current tax expense	-	90,133
	-	90,133

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

	9 month period that ended 30 September	
	2014	2013
Advance payments during period ended September 2014 and 2013	-	90,133
Non – deductible expenses	-	-
Tax credit of expenses with deferred recognition	(9,007,759)	-
Current tax charge at rate of 10%	-	-

The tax credit in the amount of 9,007,759 Euros relates to expenses for impairment of receivables from Phalerco LTD Cyprus and FHL H. Kyriakidis Marbles - Granites S.A. ("FHL") recognized in 2011, where 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. This credit was approved by the tax inspection that the company underwent in 2013. By final Decisions from Public Revenue Office received in December 2013 tax credit was decreased by amount of 291,286 Euros for impairment of receivables and interest on loan.

## 22. Related party transactions

30-Sep-14	Receivables	Payables	Revenues	Purchases	Cash
Stone Works Holding Cooperatief U.A. Netherlands	-	-	-	200,266	-
Castleblock Limited Nicosia Cyprus	-	-	929,070	9,074	-
NBGI Private Equity London	-	-	-	3,158	-
Stopanska Banka AD Skopje	-	-	-	-	7,855
Key management remuneration	-	-	-	282,245	-
	-	-	929,070	494,743	7,855

30-Sep-13	Receivables	Payables	Revenues	Purchases	Cash
Stone Works Holding Cooperatief U.A. Netherlands	-	200,000	-	200,374	-
Castleblock Limited Nicosia Cyprus	759,915	-	3,058,665	30,587	-
NBGI Private Equity London	-	-	-	-	-
Ethemba Capital No.8 NV Curacao Netherlands Antilles	-	-	-	9,148	-
Stopanska Banka AD Skopje	-	-	-	-	41,720
Key management remuneration	-	-	-	238,488	-
	759,915	200,000	3,058,665	478,597	41,720

## 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.

	01/01- 30/09/2014	01/01- 30/09/2013	01/07- 30/09/2014	01/07- 30/09/2013
Profit attributable to equity holders of the Company	6,294,338	2,064,444	2,660,497	1,134,293
Weighted average number of ordinary shares	4,686,858	4,686,858	4,686,858	4,686,858
Basic earnings per share (Euros per share)	1.34	0.44	0.57	0.24

## 24. Contingent liabilities

### Mortgages

	9 month period that ended 30 September	
	2014	2013
Mortgages		
Business premises	2,572,000	2,572,000
Machinery and equipment	6,351,600	6,351,600
	8,923,600	8,923,600

### Guarantees

On 30 September 2014 the Company has issued through Komercijalna Banka AD Skopje guarantee letters for a total amount of Euro 154,506 (31 December 2013: Euro 541,828).

### Litigations

At 30 September 2014, the estimated amount equivalent of the legal proceedings raised against the Company is 44,970 Euros (31 December 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 December 2013 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.

## 25. Commitments

### Operating lease liabilities

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

	30-Sep-2014	31-Dec-2013
Present value of payment:		
Due within 1 year	6,365	16,712
Due between 1 – 5 years	18,566	23,340
	<u>24,931</u>	<u>40,052</u>

## 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 crushed 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. Events after the reporting date

Subsequent to 30 September 2014 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:

The Board of Directors has decided to distribute advance dividends based on the audited Financial Statements of 30/06/14 at the amount of 0.15 Euro per share (gross). It also called an extraordinary General Assembly of the shareholders on 21 November 2014 in order to decide the distribution of retained earnings and reserves accumulated before 31 December 2013 as dividends. The Board of Directors will propose the distribution of 0.65 Euro per share (gross).