



Interim Financial Statements and Independent Auditors' Review Report

Mermeren Kombinat AD, Prilep

30 June 2014

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Grant Thornton

Independent Auditors' Review Report

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To the Management and Shareholders of
Mermeren Kombinat AD, Prilep

Introduction

We have reviewed the accompanying interim financial statements consisting of Statement of financial position of Mermeren Kombinat AD, Prilep ("the Company") as of 30 June 2014 and the related statements of comprehensive income, changes in equity and cash flows for the six - month period then ended and a summary of significant accounting policies and other explanatory notes, included on pages 2 to 25. Management is responsible for the preparation and fair presentation of this interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of the Company as of 30 June 2014, and of its financial performance and its cash flows for the six – month period then ended in accordance with International Accounting Standard 34.

GRANT THORNTON
Grant Thornton

Skopje,
27 August 2014

Interim financial statements
30 June 2014

Statement of Financial Position

			(Amounts in EUR)	
	Notes	30 June 2014	30 June 2013 (Restated)	31 December 2013
Assets				
Non-current assets				
Property, plant and equipment	9	12,320,722	13,401,330	12,938,540
Intangible assets	10	2,319,714	2,318,427	2,377,873
		14,640,436	15,719,757	15,316,413
Current assets				
Inventories	11	6,032,151	7,040,312	5,536,020
Trade and other receivables	12	3,674,593	4,048,644	3,822,046
Other short term financial assets	13	-	-	-
Cash and cash equivalents	14	1,448,435	1,807,414	1,290,427
		11,155,179	12,896,370	10,648,493
Total assets		25,795,615	28,616,127	25,964,906
Equity	15			
Capital and reserves attributable to equity holders				
Share capital	15.1	8,845,171	8,845,171	8,845,171
Other components of equity	15.2	2,396,680	2,540,310	2,585,268
Retained earnings		6,648,159	5,284,682	5,315,109
Total equity		17,890,010	16,670,163	16,745,548
Liabilities				
Non – current liabilities				
Interest – bearing borrowings	16	3,735,757	5,166,093	4,432,079
		3,735,757	5,166,093	4,432,079
Current liabilities				
Interest – bearing borrowings	16	1,934,949	2,416,378	1,689,305
Trade and other payables	17	2,134,078	4,236,650	3,003,003
Tax payables	18	100,821	126,843	94,971
		4,169,848	6,779,871	4,787,279
Total liabilities		7,905,605	11,945,964	9,219,358
Total liabilities and shareholders' equity		25,795,615	28,616,127	25,964,906

These interim financial statements were approved by the Board of Directors on 27 August 2014.

Signed on its behalf by,



Mr. Theodoros Malfas
Chairman



Mr. Ilias Rigopoulos
Chief Executive Officer

See accompanying notes to the interim financial statements

Interim financial statements
30 June 2014

Statement of Comprehensive Income

	Note	(Amounts in EUR)		
		Six - month period ended 30 June 2014	2013 (Restated)	December 31 2013
Sales	19	9,312,959	7,366,897	16,814,773
Cost of sales	20	(3,739,451)	(3,434,541)	(8,049,004)
Gross profit		5,573,508	3,932,356	8,765,769
Administrative and selling expenses	21	(1,934,345)	(2,643,336)	(7,611,651)
Other operating expenses		-	-	(163,032)
Other operating income	23	208,267	21,624	384,332
Operating profit		3,847,430	1,310,644	1,375,418
Finance income	25	25,312	23,289	170,849
Finance costs	25	(238,901)	(313,781)	(585,724)
Finance (costs), net		(213,589)	(290,492)	(414,875)
Profit before income tax		3,633,841	1,020,152	960,543
Income tax (expense)	26	-	(90,001)	-
Profit for the period		3,633,841	930,151	960,543
Other comprehensive income:	15.2			
Items that will not be reclassified subsequently to profit and loss				
Translation differences		(41,798)	(47,982)	(2,989)
Other comprehensive income for the period, net of tax		(41,798)	(47,982)	(2,989)
Total comprehensive income		3,592,043	882,169	957,554
Profit/(loss) attributable to the holders of ordinary shares		3,633,841	930,151	960,543
Total comprehensive income attributable to the holders of ordinary shares		3,592,043	882,169	957,554
Earnings per share (expressed in Euros per share):	27			
Basic earnings per share				
- Earnings from continuing operations		0.78	0.20	0.20
- Earnings from discontinued operations		-	-	-
Total		0.78	0.20	0.20
Diluted earnings per share				
- Earnings from continuing operations		0.78	0.20	0.20
- Earnings from discontinued operations		-	-	-
Total		0.78	0.20	0.20

See accompanying notes to the interim financial statements

Interim financial statements
30 June 2014

Statement of Changes in Equity

	(Amounts in EUR)			
	Share capital	Other components of the equity	Retained earnings	Total
At 1 January 2014	8,845,171	2,585,268	5,315,109	16,745,548
<u>Transaction with owners:</u>				
Dividends declared	-	-	(2,447,581)	(2,447,581)
Total transactions with owners	-	-	(2,447,581)	(2,447,581)
Profit for the period	-	-	3,633,841	3,633,841
<u>Other comprehensive income:</u>				
Transfer of revaluation reserves on tangible assets sold	-	(146,790)	146,790	-
Translation differences	-	(41,798)	-	(41,798)
Total other comprehensive income	-	(188,588)	146,790	(41,798)
Total comprehensive income	-	(188,588)	3,780,631	3,592,043
At 30 June 2014	8,845,171	2,396,680	6,648,159	17,890,010
At 1 January 2013 (restated)	8,845,171	2,588,292	4,354,531	15,787,994
<u>Transaction with owners:</u>				
Dividends declared	-	-	-	-
Total transactions with owners	-	-	-	-
Profit for the period	-	-	930,151	930,151
<u>Other comprehensive income:</u>				
Translation differences	-	(47,982)	-	(47,982)
Total other comprehensive income	-	(47,982)	-	(47,982)
Total comprehensive income	-	(47,982)	930,151	882,169
At 30 June 2013 (restated)	8,845,171	2,540,310	5,284,682	16,670,163
At 1 January 2013 (restated)	8,845,171	2,588,292	4,354,531	15,787,994
<u>Transactions with owners:</u>				
Dividends declared	-	-	-	-
Total transactions with owners	-	-	-	-
Profit for the year	-	-	960,543	960,543
<u>Other comprehensive income:</u>				
Translation differences	-	(3,024)	35	(2,989)
Total other comprehensive income	-	(3,024)	35	(2,989)
Total comprehensive income	-	(3,024)	960,578	957,554
At 31 December 2013	8,845,171	2,585,268	5,315,109	16,745,548

See accompanying notes to the interim financial statements

Interim financial statements
30 June 2014

Statement of Cash Flows

		(Amounts in EUR)		
	Note	Six - month period ended 30 June 2014	2013 (Restated)	December 31 2013
Operating				
Profit before income tax		3,633,841	1,020,152	960,543
<u>Adjusted for:</u>				
Depreciation and amortization		1,277,726	1,161,245	2,431,834
Write offs and allowances on trade and other receivables		65	1,745	117,426
Wastage, failure and fracture		695	-	8,152
Impairment of inventories		-	-	1,324,647
Revenues from previously impaired receivables		(100,000)	-	-
Impairment of property, plant and equipment		-	-	239,429
Net carrying amount of property, plant and equipment written off		93,680	-	24,785
Loss from sale of government bonds		-	3	3
(Gain) on property, plant and equipment sold , net		(523)	-	(2,222)
Payables written off		(7)	(37)	(10,854)
Gains from previously impaired receivables		(1,569)	-	(143,286)
Finance result, net		160,835	230,026	323,324
Operating profit before working capital changes		5,064,743	2,413,134	5,273,781
<u>Changes in working capital:</u>				
Inventories		(496,826)	(712,645)	(541,152)
Trade and other receivables		249,567	685,081	1,023,568
Trade and other payables		(861,258)	722,501	(440,755)
Cash from operations		3,956,226	3,108,071	5,315,442
Interest paid		(164,302)	(239,902)	(448,027)
Income tax paid		-	(74,182)	(74,292)
Cash flows from operating activities, net		3,791,924	2,793,987	4,793,123
Investing				
Purchase of tangible assets , net of proceeds from sales		(649,759)	(1,481,698)	(2,449,492)
Purchase of intangible assets , net of proceeds from sales		(87,926)	(122,563)	(250,274)
Investments in government bonds, net		-	82	82
Interest received		1,316	1,120	30,786
Cash flows from investing activities, net		(736,369)	(1,603,059)	(2,668,898)
Financing				
(Repayment of borrowings) / New Borrowings, net		(450,678)	(633,871)	(2,094,958)
Dividends paid		(2,447,240)	-	-
Cash flows from financing activities, net		(2,897,918)	(633,871)	(2,094,958)
Translation differences		371	(1,864)	8,939
Net change in cash and cash equivalents		158,008	555,193	38,206
Cash and cash equivalents at beginning	14	1,290,427	1,252,221	1,252,221
Cash and cash equivalents at end	14	1,448,435	1,807,414	1,290,427

See accompanying notes to the interim financial statements

Notes to the Interim Financial Statements

1 General

Mermeren Kombinat AD, Prilep (the “Company”) is a Shareholders’ Company incorporated and domiciled in the Republic of Macedonia. The address of its registered head office is as follows: Krushevski Pat str. bb, Prilep, Republic of Macedonia.

On 10 April 2009 Stone Works Holding Coöperatief U.A Nederland’s 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. The Company operates on local and foreign markets and at 30 June 2014 employs 335 persons (30 June 2013: 377 persons).

This interim financial information has been reviewed, not audited.

2 Basis of preparation

These interim financial statements are as at and for the six months period ended 30 June 2014 and are presented in EUR which is “the presentation currency” of the Company’s ultimate Parent. They have been prepared in accordance with IAS 34 “Interim financial reporting”. They do not include all the information required in the annual financial statements in accordance with IFRS, and should be read in conjunction with the financial statements of the Company for the year ended 31 December 2013.

3 Significant accounting policies

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

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2014
(All amounts presented in Euros, unless otherwise stated)

Significant accounting policies (continued)

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.

3.1 Reclassifications of comparative financial information

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

			30 June 2013 In EUR
Statement of comprehensive income	Restated	Previously stated	Reclassification
Sales	7,366,897	7,410,417	(43,520)
Administrative and selling expenses	(2,643,336)	(2,676,727)	33,391
Other operating income	21,624	174,603	(152,979)
Cost of sales	(3,434,541)	(3,597,649)	163,108

			31 December 2013 In EUR
Statement of comprehensive income	Restated	Previously stated	Reclassification
Other operating income	384,332	683,193	(298,861)
Cost of sales	(8,049,004)	(8,347,865)	298,861

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2014
(All amounts presented in Euros, unless otherwise stated)

4 Foreign currency translation

Functional and presentation currency

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

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

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

Transactions and balances

Transactions denominated in foreign currencies have been translated into 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:

	30 June 2014	30 June 2013	31 December 2013
1 USD	45.2900 Denars	47.1576 Denars	44,6284 Denars
1 EUR	61.6850 Denars	61.6821 Denars	61.5113 Denars
Average EUR	61.6509 Denars	61.5911 Denars	61.5057 Denars

5 Estimates

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

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 31 December 2013.

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

The estimated useful lives of fixed assets are as follows:

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

Notes to the Interim Financial Statements (continued)
 As of and for the six - month period ended 30 June 2014
 (All amounts presented in Euros, unless otherwise stated)

6 Significant events and transactions

The Company's management believes that the Company is well positioned despite the continuing difficult economic circumstances. Factors contributing to the Company's strong position are:

- No significant decline in order intake experienced in larger projects. Further, the Company has several long-term contracts with a number of its customers.
- According to the Company's policy, all major customers' exposures are secured with different types of collaterals such as bank guarantees and cash deposits.
- The Company's major customers have not experienced financial difficulties. Credit quality of trade receivables as at 30 June 2014 is considered to be good.

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

7 Segment reporting

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

- quarry;
- factory.

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

During the six month period to 30 June 2014, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit and loss.

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

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

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2014
(All amounts presented in Euros, unless otherwise stated)

Segment reporting (continued)

(Restated)	Quarry	Factory	Total
Six months to June 2013			
Sales	6,035,083	1,331,814	7,366,897
Profit / (loss) from operating activities	1,639,477	(328,833)	1,310,644
Financial result, net			(290,492)
Profit before tax			1,020,152
Income tax			(90,001)
Profit for the period			930,151
Other comprehensive income			(47,982)
Total comprehensive income for the period			882,169
	Quarry	Factory	Total
Year to 31 December 2013			
Sales	13,392,260	3,422,513	16,814,773
Profit / (loss) from operating activities	2,264,238	(888,820)	1,375,418
Financial result, net			(414,875)
Profit before tax			960,543
Income tax			-
Profit for the year			960,543
Other comprehensive income			(2,989)
Total comprehensive income for the year			957,554

Segment assets and liabilities as of 30 June 2014 are as follows:

	Quarry	Factory	Total
30 June 2014			
Total assets	17,032,972	8,762,643	25,795,615
Liabilities	6,670,610	1,234,995	7,905,605
Capital expenditures	697,634	51,071	748,705
30 June 2013 (Restated)			
Total assets	18,219,390	10,396,737	28,616,127
Liabilities	10,130,235	1,815,729	11,945,964
Capital expenditures	1,589,681	14,580	1,604,261
31 December 2013			
Total assets	16,839,851	9,125,055	25,964,906
Liabilities	7,636,718	1,582,640	9,219,358
Capital expenditures	2,632,554	67,212	2,699,766

Sales per geographical regions are as follows:

	Six months period ended 2014	2013 (Restated)	Year ended 2013
Macedonia	366,393	390,197	740,381
Greece	5,526,754	2,881,801	6,050,605
Cyprus	928,529	1,968,005	3,711,268
Balkan	237,801	203,062	455,522
Other markets	2,253,482	1,923,832	5,856,997
	9,312,959	7,366,897	16,814,773

8 Seasonal fluctuations

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

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2014
(All amounts presented in Euros, unless otherwise stated)

9 Property, plant and equipment

	Land & buildings	Machinery & equipment	Construct.in progress	Total
At 1 January 2014				
Cost or valuation	5,199,077	19,160,094	167,430	24,526,601
Accumulated depreciation	(1,827,720)	(9,760,341)	-	(11,588,061)
Net carrying amount	3,371,357	9,399,753	167,430	12,938,540
Changes during the period				
Opening net carrying amount	3,371,357	9,399,753	167,430	12,938,540
Translation differences	(9,415)	(26,186)	(510)	(36,111)
Additions, net of transfers from C.I.P.	71,296	519,506	69,977	660,779
Disposals, net	(93,680)	(10,497)	-	(104,177)
Depreciation charge for the period	(116,483)	(1,021,826)	-	(1,138,309)
Closing carrying amount	3,223,075	8,860,750	236,897	12,320,722
At 30 June 2014				
Cost or valuation	5,093,404	19,582,815	236,897	24,913,116
Accumulated depreciation	(1,870,329)	(10,722,065)	-	(12,592,394)
Net carrying amount	3,223,075	8,860,750	236,897	12,320,722
At 1 January 2013 (restated)				
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	(10,245)	(28,456)	(442)	(39,143)
Additions, net of transfers from C.I.P.	860	1,547,824	(66,986)	1,481,698
Depreciation charge for the period	(112,567)	(1,005,740)	-	(1,118,307)
Closing carrying amount	3,404,140	9,881,433	115,757	13,401,330
At 30 June 2013 (restated)				
Cost or valuation	5,117,435	18,630,580	115,757	23,863,772
Accumulated depreciation	(1,713,295)	(8,749,147)	-	(10,462,442)
Net carrying amount	3,404,140	9,881,433	115,757	13,401,330
At 1 January 2013 (restated)				
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 year				
Opening net carrying amount	3,526,092	9,367,805	183,185	13,077,082
Translation differences	(634)	(1,724)	(32)	(2,390)
Additions, net of transfers from C.I.P.	78,569	2,386,646	(15,723)	2,449,492
Disposals, net	(5,578)	(261,193)	-	(266,771)
Depreciation charge for the year	(227,092)	(2,091,781)	-	(2,318,873)
Closing carrying amount	3,371,357	9,399,753	167,430	12,938,540
At 31 December 2013				
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

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2014
(All amounts presented in Euros, unless otherwise stated)

Property, plant and equipment (continued)

Disposals

During period ended 30 June 2014, Company sold part of its transport vehicles with net carrying value in the amount of 10,497 Euros (30 June 2013: none; 31 December 2013: 2,222 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 23), as well as loss in the amount of 69 Euros (see Note 21).

Furthermore, during the period ended 30 June 2014, the Company has written off a mechanical workshop in the factory with net carrying value in the amount of 93,680 Euros (31 December 2013: 24,785 Euros) (see Note 21).

Construction in progress

As at 30 June 2014, the balance of construction in progress in the amount of 236,897 Euros consists of the cost of building part of filtering station and other equipment.

Property, plant and equipment pledged

As of 30 June 2014, the Company has pledged part of its property, plant and equipment to secure borrowings (see Note 16). As of the statement of financial position date, their appraised value is in the amount of 8,923,600 Euros (see Note 29).

10 Intangible assets

	Software and development expenditure	Intangibles in progress	Total
At 1 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	(2,647)	(4,021)	(6,668)
Additions, net of transfers from intangibles in progress	1,859,074	(1,771,148)	87,926
Depreciation charge for the period	(139,417)	-	(139,417)
Closing carrying amount	2,319,714	-	2,319,714
At 30 June 2014			
Cost or valuation	2,710,329	-	2,710,329
Accumulated depreciation	(390,615)	-	(390,615)
Net carrying amount	2,319,714	-	2,319,714

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2014
(All amounts presented in Euros, unless otherwise stated)

Intangible assets (continued)

	Software and development expenditure	Intangibles in progress	Total
At 1 January 2013 (restated)			
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	(1,382)	(5,364)	(6,746)
Additions, net of transfers from intangibles in progress	205,192	(82,629)	122,563
Depreciation charge for the period	(42,938)	-	(42,938)
Closing carrying amount	548,174	1,770,253	2,318,427
At 30 June 2013 (restated)			
Cost or valuation	758,955	1,770,253	2,529,208
Accumulated depreciation	(210,781)	-	(210,781)
Net carrying amount	548,174	1,770,253	2,318,427
At 1 January 2013 (restated)			
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 intangibles in progress	333,018	(82,744)	250,274
Disposals – net	(4,565)	-	(4,565)
Depreciation charge for the year	(112,961)	-	(112,961)
Closing carrying amount	602,704	1,775,169	2,377,873
At 31 December 2013			
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

Intangibles in process of acquisition

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

Allocation of depreciation and amortization charge

Out of the total depreciation and amortization for the period ended 30 June 2014 amounting 1,277,726 Euros, 1,221,036 Euros has been charged in cost of sales and the remaining in the amount of 56,690 Euros into administrative and selling expenses (see Note 22).

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

11 Inventories

	30 June 2014	30 June 2013 (Restated)	31 December 2013
Work in progress	4,713,565	4,763,384	4,163,463
Spare parts	477,412	387,161	423,911
Raw materials	146,123	171,628	156,004
Finished products	567,154	1,623,343	698,020
Trade goods	86,939	79,741	79,962
Other	40,958	15,055	14,660
	6,032,151	7,040,312	5,536,020

12 Trade and other receivables

	30 June 2014	30 June 2013 (Restated)	31 December 2013
Current trade receivables			
Local debtors	231,871	516,924	297,689
Foreign debtors	2,475,854	1,529,227	2,130,233
Related party's receivables	252,433	876,946	636,895
	2,960,158	2,923,097	3,064,817
Less: provision for impairment	(266,280)	(402,858)	(368,459)
	2,693,878	2,520,239	2,696,358
Prepayments and other receivables			
Deferred expenses	448,522	213,248	48,082
Advances to suppliers	269,621	37,036	93,955
Prepaid VAT	239,894	156,211	194,025
Prepaid corporate income tax	-	1,066,644	747,078
Other current receivables	22,678	55,266	42,548
	980,715	1,528,405	1,125,688
Less: provision for impairment	-	-	-
	980,715	1,528,405	1,125,688
Current trade and other receivables, net	3,674,593	4,048,644	3,822,046

In May 2013 the Company received Decision by the Public Revenue Office partly confirming the tax refund in the amount of 296,215 Euros that was returned to the Company during the year. Final Decisions were received in December 2013 confirming the tax refund in amount of 656,961 Euros. During the period ended 30 June 2014 prepaid corporate income tax on which the Company had submitted request for tax refund to the Public Revenue Office was fully refunded.

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

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	2,599,397	364,102	266,280	3,229,779
Less: Impairment provision	-	-	(266,280)	(266,280)
	2,599,397	364,102	-	2,963,499

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2014
(All amounts presented in Euros, unless otherwise stated)

Trade and other receivables (continued)

At 30 June 2013 the credit quality of Company's trade receivables and advances to suppliers can be analyzed as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	1,905,790	651,485	402,858	2,960,133
Less: Impairment provision	-	-	(402,858)	(402,858)
	1,905,790	651,485	-	2,557,275

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

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

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

	Domestic trade receivables	Foreign trade receivables	Advances	Total
Overdue up to 1 year	13,569	319,771	23,221	356,561
Overdue more than 1 year	3,530	1,729	2,282	7,541
	17,099	321,500	25,503	364,102

At 30 June 2013 the age structure of trade receivables and advances to suppliers is as follows:

	Domestic trade receivables	Foreign trade receivables	Advances	Total
Overdue up to 1 year	30,196	455,702	33,410	519,308
Overdue more than 1 year	115,641	12,910	3,626	132,177
	145,837	468,612	37,036	651,485

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

	Domestic trade receivables	Foreign trade receivables	Advances	Total
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

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

Trade and other receivables (continued)

The following table provides the movement of impairment provision account:

	30 June 2014	30 June 2013 (Restated)	31 December 2013
At 1 January	368,459	404,049	404,049
Written off of previously impaired receivables	-	-	(603)
Release of previously impaired receivables (Note 23)	(100,000)	-	-
Collected fully provided bad debts (Note 23)	(1,569)	-	(143,286)
Impairment provision	-	-	108,332
Translation differences	(610)	(1,191)	(33)
At 30 June / 31 December	266,280	402,858	368,459

13 Other short term financial assets

	30 June 2014	30 June 2013 (Restated)	31 December 2013
At 1 January	-	85	85
Sold government bonds	-	(82)	(82)
Matured government bonds	-	-	-
(Loss) from sale of government bonds	-	(3)	(3)
At 30 June / 31 December	-	-	-

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

14 Cash and cash equivalents

	30 June 2014	30 June 2013 (Restated)	31 December 2013
Bank accounts	1,446,896	1,805,608	1,288,919
Cash on hand	1,539	1,806	1,508
	1,448,435	1,807,414	1,290,427

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2014
(All amounts presented in Euros, unless otherwise stated)

15 Equity

15.1 Share capital

	Number of shares	Ordinary shares (Euros)	Amount (in Euros) Share premium (Euros)	Total (Euros)
<i>Authorized, issued and fully paid ordinary shares 1 Euro at par</i>				
At 30 June 2014	4,686,858	4,686,858	4,158,313	8,845,171
At 30 June 2013	4,686,858	4,686,858	4,158,313	8,845,171
At 31 December 2013	4,686,858	4,686,858	4,158,313	8,845,171

The structure of share capital at 30 June 2014, 30 June 2013 and 31 December 2013 is as follows (amounts in Euros):

	Number	Amount	%
Stone Works Holding Coöperatief U.A Netherlands	4,143,357	4,143,357	88.40
Piraeus Bank SA. ¹	468,700	468,700	10.00
Other – minority	74,801	74,801	1.60
	4,686,858	4,686,858	100.00

15.2 Other components of equity

	Translation reserve	Statutory reserves	Revaluation reserve	Total
At 1 January 2014	(43,038)	1,045,730	1,582,576	2,585,268
Transfer of revaluation reserves on disposed tangible assets	-	-	(146,790)	(146,790)
Translation differences	(41,798)	-	-	(41,798)
At 30 June 2014	(84,836)	1,045,730	1,435,786	2,396,680
At 1 January 2013 (restated)	(40,014)	1,045,730	1,582,576	2,588,292
Translation differences	(47,982)	-	-	(47,982)
At 30 June 2013 (restated)	(87,996)	1,045,730	1,582,576	2,540,310
At 1 January 2013 (restated)	(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

15.3 Revaluation reserve

Revaluation surplus, which at 30 June 2014 amounts 1,435,786 Euros (30 June 2013 and 31 December 2013: 1,582,576 Euros) was initially created during 2002, based upon the independent valuation of groups of the Company's property, plant and equipment. Subsequent changes (transfers into retained earnings) relate to surpluses of those assets sold.

15.4 Statutory reserves

Reserves, which at 30 June 2014 amount to 1,045,730 Euros (30 June 2013 restated and 31 December 2013: 1,045,730 Euros) are created during the years by allocation of parts of the net income after tax. According to the prevailing local legal regulations, the Company is required to set aside each year, minimum 5% (2012: 15%) from its annual net income after tax, until the level of such reserves reach 10% (2012: 20%) of the registered capital.

¹ In its capacity of the issuer of the ELPIS certificates

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2014
(All amounts presented in Euros, unless otherwise stated)

Equity (continued)

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

Dividends

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

During March 2014 the Company paid dividends to its shareholders in the total amount of 2,447,240 Euros (2013: 0 Euros) out of which Euro 244,758 relates to taxes on dividends (2013: 0 Euros).

16 Borrowings

	30 June 2014	30 June 2013 (Restated)	31 December 2013
<u>Long – term interest bearing borrowings from banks</u>			
Komercijalna Banka ad, Skopje (4,700,000 Euros; interest rate 6m.Libor+4%)	2,872,222	4,775,689	3,378,262
Komercijalna Banka ad, Skopje(1,904,000 Euros; interest rate 6m.Euribor+4%)	1,528,683	1,000,000	1,250,000
Komercijalna Banka ad, Skopje (123,280,000 Denars; interest rate 6,5%p.a.)	1,214,799	1,763,501	1,454,017
	5,615,704	7,539,190	6,082,279
Finance lease liabilities	39,154	28,415	21,040
	5,654,858	7,567,605	6,103,319
Less: current maturity of long term borrowings	(1,919,101)	(2,401,512)	(1,671,240)
Total long - term borrowings	3,735,757	5,166,093	4,432,079
<u>Short – term interest bearing borrowings from banks</u>			
Komercijalna Banka ad, Skopje, Visa credit card	983	-	3,157
Financial lease liabilities	14,865	14,866	14,908
	15,848	14,866	18,065
Add: current maturity of long term borrowings	1,919,101	2,401,512	1,671,240
Total short-term borrowings	1,934,949	2,416,378	1,689,305

The long term borrowings repayment schedule is as follows:

	30 June 2014	30 June 2013	31 December 2013
Due within 12 months	1,919,101	2,401,512	1,671,240
Due within 1 – 2 years	2,031,930	1,848,045	1,932,684
Due within 2 – 5 years	1,664,673	3,289,633	2,478,355
	5,615,704	7,539,190	6,082,279

Loans from local financial institutions are secured by mortgage over part of the Company's properties (see also Notes 9 and 29).

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

Borrowings (continued)

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

	30 June 2014	30 June 2013	31 December 2013
Present value of payment:			
Due within 1 year	14,865	14,866	14,908
Due between 1 – 5 years	39,154	28,415	21,040
Due over 5 years	-	-	-
	54,019	43,281	35,948

17 Trade and other payables

	30 June 2014	30 June 2013 (Restated)	31 December 2013
Trade creditors			
Local suppliers	1,144,312	1,806,589	1,556,578
Foreign suppliers	186,156	1,554,115	766,129
Related party's payables	-	200,000	79,960
	1,330,468	3,560,704	2,402,667
Other current liabilities			
Customers' prepayments	388,725	99,464	276,957
Liabilities to employees and management	299,132	459,718	281,377
Accrued expenses	99,701	98,708	24,995
Interest payable	12,284	15,776	14,443
Dividends payables (net of local taxes)	1,888	1,918	1,547
Other	1,880	362	1,017
	803,610	675,946	600,336
	2,134,078	4,236,650	3,003,003

18 Tax payables

	30 June 2014	30 June 2013 (Restated)	31 December 2013
Concession fees and other levies	86,310	82,881	72,718
Personal income tax liabilities	11,397	20,956	8,492
Withholding tax	3,114	-	13,761
Corporate income tax liabilities	-	20,869	-
Tax on dividends distributed to non – residents	-	2,137	-
	100,821	126,843	94,971

19 Sales

	Six - month period ended 30 June 2014	Year ended 31 December 2013 (Restated)	Year ended 31 December 2013
Local market	366,393	390,197	740,381
Foreign markets:			
- Greece	5,526,754	2,881,801	6,050,605
- Cyprus	928,529	1,968,005	3,711,268
- Balkan	237,801	203,062	455,522
- Other markets	2,253,482	1,923,832	5,856,997
Sub- total – sales on foreign markets	8,946,566	6,976,700	16,074,392
Total sales	9,312,959	7,366,897	16,814,773

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2014
(All amounts presented in Euros, unless otherwise stated)

20 Cost of sales

	Six - month period ended 30 June 2014	2013 (Restated)	Year ended 31 December 2013
Stock of finished products and W.I.P. at the beginning of the period	4,861,483	5,780,699	5,780,699
Plus: Total production cost for the period ended 30 June / 31 December	4,159,382	4,040,569	8,462,587
Plus: Income from value adjustment of previously written-off Inventory	424,868	163,108	298,861
Less: Impairment, wastage, failure and fracture of Inventories	(695)	-	(1,332,799)
Lees: Income from released value adjustment of inventories sold	(424,868)	(163,108)	(298,861)
Less: Stock of finished products and W.I.P. at the end of period	(5,280,719)	(6,386,727)	(4,861,483)
	3,739,451	3,434,541	8,049,004

21 Administrative and selling expenses

	Six - month period ended 30 June 2014		Six - month period ended 30 June 2013 (Restated)		Year ended 31 December 2013	
	Administrative	Selling	Administrative	Selling	Administrative	Selling
Customers' discounts	-	500,283	-	1,237,757	-	2,775,279
Impairment of inventories	-	-	-	-	-	1,324,647
Professional advisory services	365,374	-	311,266	-	792,943	-
Staff costs	393,772	83,500	404,306	82,139	540,925	230,833
Services	72,558	64,933	68,265	115,459	141,575	304,781
Taxes and other levies	25,996	5,143	12,556	969	64,554	1,255
Depreciation	38,969	17,721	53,227	632	107,574	1,294
Marketing and promotion	27,280	81,089	19,521	70,485	201,337	118,902
Materials, supplies and utilities	31,892	3,823	13,348	6,199	24,551	8,639
Present value of written off property, plant and equipment	-	93,680	-	-	-	24,785
Wastage, failure and fracture	-	695	-	-	-	8,152
Loss on sold property, plant and equipment	-	69	-	-	-	-
Direct write off of receivables	-	65	-	1,745	-	117,426
Impairment of property, plant and equipment	-	-	-	-	-	239,429
Other expenses	75,946	51,557	191,877	53,585	509,470	73,300
	1,031,787	902,558	1,074,366	1,568,970	2,382,929	5,228,722

22 Staff costs

	Six - month period ended 30 June 2014	2013 (Restated)	Year ended 31 December 2013
Net salaries	1,104,162	978,398	1,958,941
Personal tax and mandatory contributions	473,115	447,906	882,191
Other allowances	161,406	262,443	195,004
	1,738,683	1,688,747	3,036,136

Out of the total staff costs for the period ended 30 June 2014 amounting 1,738,683 Euros, 1,261,411 Euros has been charged in cost of sales and the remaining in the amount of 477,272 Euros into administrative and selling expenses (see Note 21).

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

23 Other operating income

	Six - month period ended 30 June		Year ended 31
	2014	2013	December
		(Restated)	2013
Income from re-invoicing of transport cost and other services	159,702	43,520	155,335
- minus: Cost associated with the above services	(153,038)	(33,391)	(145,060)
Revenues from previously impaired receivables	100,000	-	-
Raw materials sold	14,333	207	32,628
Income from rents	2,739	154	604
Gains from previously impaired receivables	1,569	-	143,286
Gains on property, plant and equipment sold	592	-	2,222
Payables write offs and stock count surplus	7	37	10,854
Other income	82,363	11,097	184,463
	208,267	21,624	384,332

24 Other operating expenses

	Six - month period ended 30 June		Year ended 31
	2014	2013	December
		(Restated)	2013
Interest on profit tax	-	-	163,032
	-	-	163,032

25 Finance income and costs

	Six - month period ended 30 June		Year ended 31
	2014	2013	December
		(Restated)	2013
Finance income			
Interest income	1,316	1,120	114,612
Foreign exchange gains	23,996	22,169	56,237
	25,312	23,289	170,849
Finance costs			
Interest (expense)	(162,151)	(231,146)	(437,936)
Bank (charges)	(38,179)	(37,270)	(73,625)
Foreign exchange (losses)	(38,571)	(45,365)	(74,163)
	(238,901)	(313,781)	(585,724)
Finance costs, net	(213,589)	(290,492)	(414,875)

26 Income tax expense

	Six - month period ended 30 June		Year ended 31
	2014	2013	December
		(Restated)	2013
Current tax expense	-	90,001	-
Deferred tax expense	-	-	-
	-	90,001	-

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

Income tax expense (continued)

Following is the reconciliation of the total income tax expense to the profit as per income statement:

	Six - month period ended 30 June		Year ended 31
	2014	2013	December
		(Restated)	2013
Advance payments during period ended June 2014 and 2013	-	90,001	-
Non – deductible expenses	-	-	1,413,942
Tax credit of expenses with deferred recognition	(9,007,759)	-	(9,029,024)
	-	-	-
Current tax charge at rate of 10%	-	-	-

The tax credit in the amount of EUR 9,007,759 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. However, in 2012 the Company obtained all the relevant documentation such as Confirmation of receipt of the claim and acceptance of the receivables by the liquidator for Phalerco and AWARD by the International Court of Arbitration for FHL and it declared the tax credit of expenses with deferred recognition in the amount of 9,007,759 Euros. By final Decisions from Public Revenue Office received in December 2013 tax credit was decreased for amount of 291,286 Euros for impairment of receivables and interest on loan. (Note 12)

27 Earnings per share

Basic and diluted earnings per share

Both basic and diluted earnings per share have been calculated using the profit attributable to equity holders of the Company as the numerator, i.e. no adjustments to profits were necessary during the six months period to 30 June 2014 and 2013 and the year ended 31 December 2013.

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

	Six - month period ended 30 June		Year ended 31
	2014	2013	December
		(Restated)	2013
Weighted average number of ordinary shares used in basic earnings per share	4,686,858	4,686,858	4,686,858
Weighted average number of ordinary shares used in diluted earnings per share	4,686,858	4,686,858	4,686,858

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

	Six - month period ended 30 June		Year ended 31
	2014	2013	December
		(Restated)	2013
Profit attributable to equity holders of the Company	3,633,841	930,151	960,543
Weighted average number of ordinary shares	4,686,858	4,686,858	4,686,858
Basic and diluted earnings per share (Euro per share)	0.78	0.20	0.20

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

28 Related parties

The table below provides for the volume and balances from the related party transactions as of and for the period ended 30 June 2014:

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

(Restated)					
30 June 2013	Cash	Receivables	Payables	Income	Expenses
Stone Works Holding Cooperatief U.A Netherlands	-	-	200,000	-	200,079
Castleblock Limited Nicosia Cyprus	-	876,946	-	1,968,004	19,687
NBGI Private Equity Limited London	-	-	-	-	-
Ethemba Capital No.8 NV Curacao Netherlands Antilles ^{2 3 4}	-	-	-	-	9,135
Stopanska Banka AD Skopje	1,199	-	-	-	-
Key management remuneration	-	-	-	-	133,418
	1,199	876,946	200,000	1,968,004	362,319

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

29 Contingent liabilities

Mortgages

Mortgages provided are as follows:

	Six - month period ended 30 June 2014	2013 (Restated)	Year ended 31 December 2013
Business premises	2,572,000	2,572,000	2,572,000
Machinery & equipment	6,351,600	6,351,600	6,351,600
	8,923,600	8,923,600	8,923,600

² As of 31 May 2013, Ethemba Capital No.8 NV, participating in Stone Works Holdings Coöperatief U.A. was acquired by funds managed by NBGI private Equity Limited.

³ As of July 2013, Ethemba Capital No.8 NV has been renamed to Stone Castle Holding NV.

⁴ Consulting contract with Ethemba Capital No.8 NV (already renamed to Stone Castle Holding NV) was transferred to Ethemba Capital No.8 LP which provided services of value € 16,500. However, they do not appear in the table above, because this entity is not a related party.

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2014
(All amounts presented in Euros, unless otherwise stated)

Contingent liabilities (continued)

Guarantees

Guarantees provided are as follows:

	Six - month period ended 30 June		Year ended 31
	2014	2013	December
		(Restated)	2013
Issued by Komercijalna Banka AD Skopje	154,427	145,909	541,828
	154,427	145,909	541,828

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

Litigations

At 30 June 2014, the estimated Euro equivalent of the legal proceedings raised against the Company amount in total 48,189 Euros (30 June 2013: 28,533 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 30 June 2014 the Company was subject of following tax inspections by tax authorities:

- for VAT until 30 June 2009;
- for Personal Income tax for period from 1 January 2007 to 31 December 2008;
- for Corporate Income tax for period from 1 January 2007 to 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.

30 Commitments

Operating lease liabilities

As of 30 June 2014 the operating lease liabilities relates to lease of vehicles. Repayment schedule of operating lease liabilities is as follows:

	Six - month period ended 30 June		Year ended 31
	2014	2013	December
		(Restated)	2013
Operating lease liabilities			
Present value of payment:			
Due within 1 year	6,365	21,215	16,712
Due between 1 – 5 years	20,157	-	23,340
Due over 5 years	-	-	-
	26,522	21,215	40,052

Notes to the Interim Financial Statements (continued)
As of and for the six - month period ended 30 June 2014
(All amounts presented in Euros, unless otherwise stated)

31 Concession agreements

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

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

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

32 Events after the reporting date

After 30 June 2014 to the reporting date until the approval of this interim financial information, there are no materially significant events adjusting the interim financial information or events that are materially significant for disclosure in this interim financial information.

