



# Interim Financial Statements and Independent Auditors' Review Report

Mermeren Kombinatsno Prilozhenie AD, Prilep

30 June 2016

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# Independent Auditors' Review Report

To the Management and Shareholders of  
Mermeren Kombinat AD, Prilep

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## *Introduction*

We have reviewed the accompanying interim financial statements consisting of Statement of financial position of Mermeren Kombinat AD, Prilep (“the Company”) as at 30 June 2016 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. Management is responsible for the preparation and fair presentation of these interim financial statements in accordance with International Accounting Standard 34, ‘Interim financial reporting’. Our responsibility is to express a conclusion on these interim financial statements 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 at 30 June 2016, and of its financial performance and its cash flows for the six – months period that ended in accordance with International Accounting Standard 34.

Skopje,  
29 August 2016  
Grant Thornton Doo, Skopje

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Director  
Marjan Andonov

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Certified Auditor  
Marjan Andonov

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## Statement of Financial Position

	Notes	30 June 2016	30 June 2015	(Amounts in EUR) 31 December 2015
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	9	9,751,036	10,868,783	10,414,653
Intangible assets	10	1,854,393	2,094,840	1,977,803
		<b>11,605,429</b>	<b>12,963,623</b>	<b>12,392,456</b>
<b>Current assets</b>				
Inventories	11	7,534,318	6,384,031	6,695,085
Trade and other receivables	12	1,507,254	2,163,552	1,217,535
Cash and cash equivalents	13	2,521,036	3,654,493	3,276,340
		<b>11,562,608</b>	<b>12,202,076</b>	<b>11,188,960</b>
<b>Total assets</b>		<b>23,168,037</b>	<b>25,165,699</b>	<b>23,581,416</b>
<b>Equity</b>				
	14			
<b>Capital and reserves attributable to equity holders</b>				
Share capital		8,845,171	8,845,171	8,845,171
Other components of equity		1,989,732	1,970,360	2,011,939
Retained earnings		5,263,706	4,818,485	7,150,113
<b>Total equity</b>		<b>16,098,609</b>	<b>15,634,016</b>	<b>18,007,223</b>
<b>Liabilities</b>				
<b>Non – current liabilities</b>				
Interest – bearing borrowings	15	297,562	1,963,155	1,045,037
		<b>297,562</b>	<b>1,963,155</b>	<b>1,045,037</b>
<b>Current liabilities</b>				
Interest – bearing borrowings	15	2,854,524	2,184,486	2,335,755
Trade and other payables	16	3,825,049	5,022,130	1,498,324
Tax payables	17	92,293	361,912	695,077
		<b>6,771,866</b>	<b>7,568,528</b>	<b>4,529,156</b>
<b>Total liabilities</b>		<b>7,069,428</b>	<b>9,531,683</b>	<b>5,574,193</b>
<b>Total liabilities and shareholders' equity</b>		<b>23,168,037</b>	<b>25,165,699</b>	<b>23,581,416</b>

These interim financial statements were approved by the Board of Directors on 29 August 2016.

Signed on its behalf by,

Theodoros Malfas

Perikles Nicolaou

Nikos Michalopoulos

Chairman

Chief Executive Officer

Chief Financial Officer

Accompanying notes from 1 to 31 are integral part of the interim financial statements

Interim financial statements  
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## Statement of Comprehensive Income

	Note	Six - month period ended 30 June		(Amounts in EUR) Year ended December 31
		2016	2015	2015
Sales	18	5,531,291	7,545,198	16,307,620
Cost of sales	19	(3,567,988)	(3,190,669)	(7,414,672)
<b>Gross profit</b>		<b>1,963,303</b>	<b>4,354,529</b>	<b>8,892,948</b>
Administrative and selling expenses	20	(1,425,698)	(1,451,678)	(3,202,198)
Other operating income	22	4,081	23,568	46,936
<b>Operating profit</b>		<b>541,686</b>	<b>2,926,419</b>	<b>5,737,686</b>
Finance income	23	22,854	69,930	130,846
Finance costs	23	(108,979)	(194,603)	(383,072)
Finance (costs), net		(86,125)	(124,673)	(252,226)
<b>Profit before income tax</b>		<b>455,561</b>	<b>2,801,746</b>	<b>5,485,460</b>
Income tax	24	(92,276)	(261,091)	(599,091)
<b>Profit for the period</b>		<b>363,285</b>	<b>2,540,655</b>	<b>4,886,369</b>
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified subsequently to profit and loss</b>				
Translation differences		(22,207)	(51,892)	(24,399)
<b>Other comprehensive income for the period, net of tax</b>		<b>(22,207)</b>	<b>(51,892)</b>	<b>(24,399)</b>
<b>Total comprehensive income</b>		<b>341,078</b>	<b>2,488,763</b>	<b>4,861,970</b>
Profit attributable to the holders of ordinary shares		363,285	2,540,655	4,886,369
<b>Total comprehensive income attributable to the holders of ordinary shares</b>		<b>341,078</b>	<b>2,488,763</b>	<b>4,861,970</b>
<b>Earnings per share (expressed in Euros per share):</b>				
Basic and diluted	26			
- Earnings from continuing operations		0.08	0.54	1.04
- Earnings from discontinued operations		-	-	-
<b>Total</b>		<b>0.08</b>	<b>0.54</b>	<b>1.04</b>
<b>EBITDA</b>		<b>1,846,363</b>	<b>4,250,827</b>	<b>8,360,070</b>

Accompanying notes from 1 to 31 are integral part of the interim financial statements

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## Statement of Changes in Equity

	(Amounts in EUR)			
	Share capital	Other components of the equity	Retained earnings	Total
<b>At 1 January 2016</b>	8,845,171	2,011,939	7,150,113	18,007,223
<u>Transaction with owners:</u>				
Dividends declared	-	-	(2,249,692)	(2,249,692)
<b>Total transactions with owners</b>	-	-	<b>(2,249,692)</b>	<b>(2,249,692)</b>
Profit for the period	-	-	363,285	363,285
<u>Other comprehensive income:</u>				
Translation differences	-	(22,207)	-	(22,207)
<b>Total other comprehensive income</b>	-	<b>(22,207)</b>	-	<b>(22,207)</b>
<b>Total comprehensive income</b>	-	<b>(22,207)</b>	<b>363,285</b>	<b>341,078</b>
<b>At 30 June 2016</b>	<b>8,845,171</b>	<b>1,989,732</b>	<b>5,263,706</b>	<b>16,098,609</b>
<b>At 1 January 2015</b>	8,845,171	2,036,338	6,950,602	17,832,111
<u>Transaction with owners:</u>				
Dividends declared	-	-	(4,686,858)	(4,686,858)
<b>Total transactions with owners</b>	-	-	<b>(4,686,858)</b>	<b>(4,686,858)</b>
Profit for the period	-	-	2,540,655	2,540,655
<u>Other comprehensive income:</u>				
Translation differences	-	(65,978)	14,086	(51,892)
<b>Total other comprehensive income</b>	-	<b>(65,978)</b>	<b>14,086</b>	<b>(51,892)</b>
<b>Total comprehensive income</b>	<b>8,845,171</b>	<b>(65,978)</b>	<b>2,554,741</b>	<b>2,488,763</b>
<b>At 30 June 2015</b>	<b>8,845,171</b>	<b>1,970,360</b>	<b>4,818,485</b>	<b>15,634,016</b>
<b>At 1 January 2015</b>	8,845,171	2,036,338	6,950,602	17,832,111
<u>Transactions with owners:</u>				
Dividends declared	-	-	(4,686,858)	(4,686,858)
<b>Total transactions with owners</b>	-	-	<b>(4,686,858)</b>	<b>(4,686,858)</b>
Profit for the year	-	-	4,886,369	4,886,369
<u>Other comprehensive income:</u>				
Translation differences	-	(24,399)	-	(24,399)
<b>Total other comprehensive income</b>	-	<b>(24,399)</b>	-	<b>(24,399)</b>
<b>Total comprehensive income</b>	-	<b>(24,399)</b>	<b>4,886,369</b>	<b>4,861,970</b>
<b>At 31 December 2015</b>	<b>8,845,171</b>	<b>2,011,939</b>	<b>7,150,113</b>	<b>18,007,223</b>

Accompanying notes from 1 to 31 are integral part of the interim financial statements

Interim financial statements  
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## Statement of Cash Flows

		(Amounts in EUR)		
		Six - month period ended 30 June		Year ended
	Note	2016	2015	December 31 2015
<b>Operating activities</b>				
Profit before income tax		455,561	2,801,746	5,485,460
<u>Adjusted for:</u>				
Depreciation and amortization	9,10	1,310,557	1,324,408	2,622,384
Write offs and allowances on trade and other receivables	20	36	10	3,327
Wastage, failure and fracture	20	-	-	35,320
Impairment of inventories	20	-	-	201,566
Net carrying amount of equipment written off	20	687	-	1,700
Losses/ (Gain) on property, plant and equipment sold ,net	20	-	2,647	2,647
Payables written off	22	(8)	(20)	(1,414)
Liabilities for dividends written off	22	-	-	(695)
Gains from previously impaired receivables	22	-	(1,740)	(1,754)
Finance result, net	23	62,143	104,813	184,866
Operating profit before working capital changes		1,828,976	4,231,864	8,533,407
<u>Changes in working capital:</u>				
Inventories		(839,233)	(863,066)	(1,411,006)
Trade and other receivables		(182,571)	614,622	854,307
Trade and other payables		(263,902)	(420,076)	341,827
Cash from operations		543,270	3,563,344	8,318,535
Interest paid		(63,602)	(110,570)	(195,614)
Income tax paid		(199,460)	-	-
<b>Cash flows from operating activities, net</b>		<b>280,208</b>	<b>3,452,774</b>	<b>8,122,921</b>
<b>Investing activities</b>				
Purchase of tangible assets , net of proceeds from sales		(510,467)	(307,786)	(983,394)
Purchase of intangible assets , net of proceeds from sales		(33,727)	-	(32,150)
Proceeds from sale of equipment		-	-	16,039
Interest received		105	1,916	6,221
<b>Cash flows from investing activities, net</b>		<b>(544,089)</b>	<b>(305,870)</b>	<b>(993,284)</b>
<b>Financing activities</b>				
New Borrowings		938,376	344,000	460,190
Repayment of borrowings		(1,167,082)	(1,276,531)	(2,159,570)
Dividends paid		(260,488)	(398,395)	(3,983,134)
<b>Cash flows from financing activities, net</b>		<b>(489,194)</b>	<b>(1,330,926)</b>	<b>(5,682,514)</b>
<b>Net change in cash and cash equivalents</b>		<b>(753,075)</b>	<b>1,815,978</b>	<b>1,447,123</b>
Effects of exchange rate changes on cash and cash equivalents		(2,229)	11,192	1,894
Cash and cash equivalents at beginning	13	3,276,340	1,827,323	1,827,323
<b>Cash and cash equivalents at end</b>	<b>13</b>	<b>2,521,036</b>	<b>3,654,493</b>	<b>3,276,340</b>

Accompanying notes from 1 to 31 are integral part of 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., a corporation incorporated in the Netherlands, acquired 88.4% of the Company’s shares.

On 2 February 2016, National Bank of Greece, the ultimate parent of Stone Works Holdings Coöperatief U.A. through funds managed by its subsidiary NBGI PE Limited, issued an announcement, releasing inter alia the following information:

“National Bank of Greece S.A. (“NBG” or the “Bank”) entered into a definitive agreement to sell 100% of its interests in eleven Limited Partnerships (the “Funds”) held directly or indirectly by NBG and managed by NBGI PE Limited (“NBGI PE”) (the “Transaction”) to funds managed by Deutsche Bank Private Equity (“DBPE”) and Goldman Sachs Asset Management (“GSAM”)(hereafter collectively referred to as “the Buyers”).”

The management responsibility of the Funds and underlying investments will continue to be performed by the current management team along with other persons appointed by the Buyers, under a new management vehicle created expressly therefore.

Closing of the Transaction is expected within the first semester of 2016, subject to the approval from the Financial Conduct Authority (FCA), and antitrust and competition authorities.”

Until the date of issuance of these interim financial statements, the abovementioned transaction has not been completed yet.

The Company shares are listed on Macedonian Stock Exchange and Athens Exchange via the ELPIS (Greek depository receipt) 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 2016 employs 386 persons (30 June 2015: 337 persons).

This interim financial information has been reviewed, not audited.



**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2016**  
**(All amounts presented in Euros, unless otherwise stated)**

## **2 Basis of preparation**

These interim financial statements are as at and for the six months period ended 30 June 2016 and are presented in EUR which is “the presentation currency” of the Company’s ultimate parent. It has 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 2015.

## **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 2015.

## **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 (“Denars” or “MKD”), which is the Company’s “functional currency”. These financial statements are presented in Euros (“EUR” or “Euros”), which is the “presentation currency” of the Company’s ultimate Parent.

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

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

### *Transactions and balances*

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

	<b>30 June 2016</b>	<b>30 June 2015</b>	<b>31 December 2015</b>
1 USD	55.6311 Denars	55.4170 Denars	56.3744 Denars
1 EUR	61.6949 Denars	61.6958 Denars	61.5947 Denars
Average EUR	61.6830 Denars	61.5902 Denars	61.6098 Denars

**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2016**  
**(All amounts presented in Euros, unless otherwise stated)**

## 5 Estimates

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

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 31 December 2015.

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

## 6 Significant events and transactions

During a period of economic crisis in Greece, the Company continued trading with some of its major customers who operate out of Greece but most of their trade is directed to exports. On the other hand, the Company's management has minimized credit exposure to Greek customers, and most of the trade is conducted on a cash basis.

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

- The Company has a diversified group of old and new customer relationships, most of them on a repeated and/or long-term basis.
- According to the Company's policy, all major customers' exposures are secured with different types of collateral such as bank guarantees and cash deposits. Credit quality of trade receivables as at 30 June 2016 is considered to be good.
- The Company's major customers have not experienced financial difficulties, while they operate on a global market.

Overall, the Company is in a strong position 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.

Notes to the Interim Financial Statements (continued)  
As at and for the six - month period ended 30 June 2016  
(All amounts presented in Euros, unless otherwise stated)

## 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 2016, 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
<b>six months to 30 June 2016</b>			
Sales	4,859,919	671,372	5,531,291
Profit / (loss) from operating activities	727,349	(185,663)	541,686
Financial result, net			(86,125)
<b>Profit before tax</b>			<b>455,561</b>
Income tax			(92,276)
<b>Profit for the period</b>			<b>363,285</b>
Other comprehensive income			(22,207)
<b>Total comprehensive income for the period</b>			<b>341,078</b>
<b>six months to 30 June 2015</b>			
Sales	6,885,474	659,724	7,545,198
Profit / (loss) from operating activities	2,970,290	(43,871)	2,926,419
Financial result, net			(124,673)
<b>Profit before tax</b>			<b>2,801,746</b>
Income tax			( 261,091)
<b>Profit for the period</b>			<b>2,540,655</b>
Other comprehensive income			(51,892)
<b>Total comprehensive income for the period</b>			<b>2,488,763</b>
<b>Year to 31 December 2015</b>			
Sales	14,394,209	1,913,411	16,307,620
Profit / (loss) from operating activities	5,823,896	(86,210)	5,737,686
Financial result, net			(252,226)
<b>Profit before tax</b>			<b>5,485,460</b>
Income tax			(599,091)
<b>Profit for the year</b>			<b>4,886,369</b>
Other comprehensive income			(24,399)
<b>Total comprehensive income for the year</b>			<b>4,861,970</b>

**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2016**  
**(All amounts presented in Euros, unless otherwise stated)**

**Segment reporting (continued)**

Segment assets and liabilities as at 30 June 2016 are as follows:

	Quarry	Factory	Total
<b>30 June 2016</b>			
Total assets	16,326,104	6,841,933	23,168,037
Liabilities	6,342,161	727,267	7,069,428
Capital expenditures	496,089	48,105	544,194
<b>30 June 2015</b>			
Total assets	17,937,795	7,227,904	25,165,699
Liabilities	8,829,167	702,516	9,531,683
Capital expenditures	285,618	22,168	307,786
<b>31 December 2015</b>			
Total assets	16,850,371	6,731,045	23,581,416
Liabilities	5,094,426	479,767	5,574,193
Capital expenditures	919,421	96,123	1,015,544

Sales per geographical regions are as follows:

	Six months period ended		Year ended
	2016	2015	2015
Macedonia	372,249	406,632	917,253
Greece	3,201,767	4,509,939	9,291,410
China	755,353	1,345,534	2,979,858
Balkan	210,424	149,359	351,546
Cyprus	-	122,365	122,326
Other markets	991,498	1,011,369	2,645,227
	<b>5,531,291</b>	<b>7,545,198</b>	<b>16,307,620</b>

## 8 Seasonal fluctuations

The production of marble and related products is subject to seasonal fluctuations.

Historically, the lowest level of production and sales of the Company reaches during the winter months from December through February each year.

Revenues from sales of marble related products realized in the six months ended 30 June 2016 represented 34% (first six months of 2015: 46%) of the annual level of these revenues for the year ended 31 December 2015.

Notes to the Interim Financial Statements (continued)  
As at and for the six - month period ended 30 June 2016  
(All amounts presented in Euros, unless otherwise stated)

## 9 Property, plant and equipment

	Land & buildings	Machinery & equipment	Construct.in progress	Total
<b>At 1 January 2016</b>				
Cost or valuation	5,386,621	20,995,201	101,168	26,482,990
Accumulated depreciation	(2,218,813)	(13,849,524)	-	(16,068,337)
<b>Net carrying amount</b>	<b>3,167,808</b>	<b>7,145,677</b>	<b>101,168</b>	<b>10,414,653</b>
<b>Changes during the period</b>				
Opening net carrying amount	3,167,808	7,145,677	101,168	10,414,653
Translation differences	(5,123)	(11,502)	(164)	(16,789)
Additions, net of transfers from C.I.P.	6,604	494,345	9,518	510,467
Disposals-net	-	(687)	-	(687)
Depreciation charge for the period	(121,719)	(1,034,889)	-	(1,156,608)
<b>Closing carrying amount</b>	<b>3,047,570</b>	<b>6,592,944</b>	<b>110,522</b>	<b>9,751,036</b>
<b>At 30 June 2016</b>				
Cost or valuation	5,384,475	21,454,664	110,522	26,949,661
Accumulated depreciation	(2,336,905)	(14,861,720)	-	(17,198,625)
<b>Net carrying amount</b>	<b>3,047,570</b>	<b>6,592,944</b>	<b>110,522</b>	<b>9,751,036</b>
<b>At 1 January 2015</b>				
Cost or valuation	5,329,350	20,110,733	136,771	25,576,854
Accumulated depreciation	(1,982,461)	(11,801,580)	-	(13,784,041)
<b>Net carrying amount</b>	<b>3,346,889</b>	<b>8,309,153</b>	<b>136,771</b>	<b>11,792,813</b>
<b>Changes during the period</b>				
Opening net carrying amount	3,346,889	8,309,153	136,771	11,792,813
Translation differences	(11,456)	(27,597)	(414)	(39,467)
Additions, net of transfers from C.I.P.	18,649	324,490	(35,353)	307,786
Disposals-net	-	(18,692)	-	(18,692)
Depreciation charge for the period	(120,890)	(1,052,767)	-	(1,173,657)
<b>Closing carrying amount</b>	<b>3,233,192</b>	<b>7,534,587</b>	<b>101,004</b>	<b>10,868,783</b>
<b>At 30 June 2015</b>				
Cost or valuation	5,329,447	20,340,531	101,004	25,770,982
Accumulated depreciation	(2,096,255)	(12,805,944)	-	(14,902,199)
<b>Net carrying amount</b>	<b>3,233,192</b>	<b>7,534,587</b>	<b>101,004</b>	<b>10,868,783</b>
<b>At 1 January 2015</b>				
Cost or valuation	5,329,350	20,110,733	136,771	25,576,854
Accumulated depreciation	(1,982,461)	(11,801,580)	-	(13,784,041)
<b>Net carrying amount</b>	<b>3,346,889</b>	<b>8,309,153</b>	<b>136,771</b>	<b>11,792,813</b>
<b>Changes during the year</b>				
Opening net carrying amount	3,346,889	8,309,153	136,771	11,792,813
Translation differences	(6,199)	(15,624)	(260)	(22,083)
Additions, net of transfers from C.I.P.	69,827	948,910	(35,343)	983,394
Disposals-net	(1,310)	(19,076)	-	(20,386)
Depreciation charge for the year	(241,399)	(2,077,686)	-	(2,319,085)
<b>Closing carrying amount</b>	<b>3,167,808</b>	<b>7,145,677</b>	<b>101,168</b>	<b>10,414,653</b>
<b>At 31 December 2015</b>				
Cost or valuation	5,386,621	20,995,201	101,168	26,482,990
Accumulated depreciation	(2,218,813)	(13,849,524)	-	(16,068,337)
<b>Net carrying amount</b>	<b>3,167,808</b>	<b>7,145,677</b>	<b>101,168</b>	<b>10,414,653</b>

Notes to the Interim Financial Statements (continued)  
As at and for the six - month period ended 30 June 2016  
(All amounts presented in Euros, unless otherwise stated)

Property, plant and equipment (continued)

*Construction in progress*

As at 30 June 2016, the balance of construction in progress in the amount of Euro 110,522 consists of the cost of major repairs of equipment, one vacuum lifter, two electric chain lifters and project documentation for expansion of buildings in the Quarry.

*Property, plant and equipment pledged*

As at 30 June 2016, the Company has pledged part of its property, plant and equipment to secure borrowings (see Note 15). As at the statement of financial position date, their appraised value is Euro 8,923,600 (see Note 28).

*Vehicles under financial lease*

As at 30 June 2016, the Company has the following amounts of assets under financial lease:

	30 June 2016	30 June 2015	31 December 2015
<b>At 1 January 2016</b>			
Cost or valuation	51,591	51,591	51,675
Accumulated depreciation	(39,558)	(26,660)	(33,163)
<b>Net carrying amount</b>	<b>12,033</b>	<b>24,931</b>	<b>18,512</b>

## 10 Intangible assets

	Software	Trademarks	Exploration and evaluation assets	Intangibles in progress	Total
<b>At 1 January 2016</b>					
Cost or valuation	152,745	137,182	2,528,956	1,014	2,819,897
Accumulated amortization	(86,754)	(76,693)	(678,647)	-	(842,094)
<b>Net carrying amount</b>	<b>65,991</b>	<b>60,489</b>	<b>1,850,309</b>	<b>1,014</b>	<b>1,977,803</b>
<b>Changes during the period</b>					
Opening net carrying amount	65,991	60,489	1,850,309	1,014	1,977,803
Translation differences	(105)	(98)	(2,980)	(5)	(3,188)
Additions, net of transfers from intangibles in progress	2,380	9,123	-	22,224	33,727
Amortization charge for the period	(15,372)	(9,959)	(128,618)	-	(153,949)
<b>Closing carrying amount</b>	<b>52,894</b>	<b>59,555</b>	<b>1,718,711</b>	<b>23,233</b>	<b>1,854,393</b>
<b>At 30 June 2016</b>					
Cost or valuation	154,876	146,080	2,524,849	23,233	2,849,038
Accumulated amortization	(101,982)	(86,525)	(806,138)	-	(994,645)
<b>Net carrying amount</b>	<b>52,894</b>	<b>59,555</b>	<b>1,718,711</b>	<b>23,233</b>	<b>1,854,393</b>
<b>At 1 January 2015</b>					
Cost or valuation	148,374	115,650	2,528,853	-	2,792,877
Accumulated amortization	(57,084)	(60,064)	(422,566)	-	(539,714)
<b>Net carrying amount</b>	<b>91,290</b>	<b>55,586</b>	<b>2,106,287</b>	<b>-</b>	<b>2,253,163</b>
<b>Changes during the period</b>					
Opening net carrying amount	91,290	55,586	2,106,287	-	2,253,163
Translation differences	(292)	(181)	(7,099)	-	(7,572)
Amortization charge for the period	(14,811)	(7,604)	(128,336)	-	(150,751)
<b>Closing carrying amount</b>	<b>76,187</b>	<b>47,801</b>	<b>1,970,852</b>	<b>-</b>	<b>2,094,840</b>
<b>At 30 June 2015</b>					
Cost or valuation	147,859	115,248	2,520,064	-	2,783,171
Accumulated amortization	(71,672)	(67,447)	(549,212)	-	(688,331)
<b>Net carrying amount</b>	<b>76,187</b>	<b>47,801</b>	<b>1,970,852</b>	<b>-</b>	<b>2,094,840</b>

**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2016**  
**(All amounts presented in Euros, unless otherwise stated)**

Intangible assets (continued)	Software	Trademarks	Exploration and evaluation assets	Intangibles in progress	Total
<b>At 1 January 2015</b>					
Cost or valuation	148,374	115,650	2,528,853	-	2,792,877
Accumulated amortization	(57,084)	(60,064)	(422,566)	-	(539,714)
<b>Net carrying amount</b>	<b>91,290</b>	<b>55,586</b>	<b>2,106,287</b>	<b>-</b>	<b>2,253,163</b>
<b>Changes during the period</b>					
Opening net carrying amount	91,290	55,586	2,106,287	-	2,253,163
Translation differences	(173)	(102)	(3,936)	-	(4,211)
Additions, net of transfers from intangibles in progress	4,642	21,740	4,754	1,014	32,150
Amortization charge for the year	(29,768)	(16,735)	(256,796)	-	(303,299)
<b>Closing carrying amount</b>	<b>65,991</b>	<b>60,489</b>	<b>1,850,309</b>	<b>1,014</b>	<b>1,977,803</b>
<b>At 31 December 2015</b>					
Cost or valuation	152,745	137,182	2,528,956	1,014	2,819,897
Accumulated amortization	(86,754)	(76,693)	(678,647)	-	(842,094)
<b>Net carrying amount</b>	<b>65,991</b>	<b>60,489</b>	<b>1,850,309</b>	<b>1,014</b>	<b>1,977,803</b>

*Intangibles in process of acquisition*

As at 30 June 2016 the balance of intangibles in progress in the amount of Euros 23,233 (30 June 2015 : Euro 0 and 31 December 2015 : Euro 1,014) relates mainly to capitalized expenditures for mineral resources exploration.

*Allocation of depreciation and amortization charge*

Out of the total depreciation and amortization for the period ended 30 June 2016 amounting Euro 1,310,557 (30 June 2015 : Euro 1,324,408 and 31 December 2015 : Euro 2,622,384 ), Euro 1,237,053 (30 June 2015 : Euro 1,258,080 and 31 December 2015 : Euro 2,482,615 ) has been charged in cost of sales and the remaining in the amount of Euro 73,504 ( 30 June 2015 : Euro 66,328 and 31 December 2015 : Euro 139,769 ) into administrative and selling expenses (see Note 20).

**11 Inventories**

	30 June 2016	30 June 2015	31 December 2015
Work in progress	4,474,842	4,234,775	4,290,888
Finished products	1,925,263	1,219,997	1,360,000
Spare parts	796,641	654,753	681,903
Raw materials	188,809	149,074	212,315
Trade goods	108,321	95,028	108,497
Other	40,442	30,404	41,482
	<b>7,534,318</b>	<b>6,384,031</b>	<b>6,695,085</b>

Notes to the Interim Financial Statements (continued)  
As at and for the six - month period ended 30 June 2016  
(All amounts presented in Euros, unless otherwise stated)

## 12 Trade and other receivables

	30 June 2016	30 June 2015	31 December 2015
<b>Current trade receivables</b>			
Local debtors	21,110	32,090	22,278
Foreign debtors	767,314	1,250,280	868,995
Related party's receivables(see Note 27)	65,102	122,298	131,102
	<b>853,526</b>	<b>1,404,668</b>	<b>1,022,375</b>
Less: provision for impairment	(70,061)	(71,156)	(70,092)
	<b>783,465</b>	<b>1,333,512</b>	<b>952,283</b>
<b>Prepayments and other receivables</b>			
Deferred expenses	254,932	498,023	36,774
Prepaid VAT	191,359	163,586	96,846
Advances to suppliers	131,193	139,326	108,008
Prepaid corporate income tax	107,163	-	-
Other current receivables	39,142	29,105	23,624
	<b>723,789</b>	<b>830,040</b>	<b>265,252</b>
	<b>1,507,254</b>	<b>2,163,552</b>	<b>1,217,535</b>

At 30 June 2016 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	777,320	137,338	70,061	984,719
Less: Impairment provision	-	-	(70,061)	(70,061)
	<b>777,320</b>	<b>137,338</b>	<b>-</b>	<b>914,658</b>

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

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

At 31 December 2015 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	945,966	114,325	70,092	1,130,383
Less: Impairment provision	-	-	(70,092)	(70,092)
	<b>945,966</b>	<b>114,325</b>	<b>-</b>	<b>1,060,291</b>



Notes to the Interim Financial Statements (continued)  
As at and for the six - month period ended 30 June 2016  
(All amounts presented in Euros, unless otherwise stated)

## Trade and other receivables (continued)

At 30 June 2016 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	2,129	3,683	131,144	136,956
Overdue more than 1 year	-	333	49	382
	<b>2,129</b>	<b>4,016</b>	<b>131,193</b>	<b>137,338</b>

At 30 June 2015 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	454	4,132	139,075	143,661
Overdue more than 1 year	-	1,979	251	2,230
	<b>454</b>	<b>6,111</b>	<b>139,326</b>	<b>145,891</b>

At 31 December 2015 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	-	6,317	107,959	114,276
Overdue more than 1 year	-	-	49	49
	-	<b>6,317</b>	<b>108,008</b>	<b>114,325</b>

Following table provides for the movement of impairment provision account:

	30 June 2016	30 June 2015	31 December 2015
<b>At 1 January</b>	<b>70,092</b>	<b>72,972</b>	<b>72,972</b>
Written off of previously impaired receivables	(1)	-	(4,154)
Collected fully provided bad debts (Note 22)	-	(1,740)	(1,754)
Impairment provision	-	-	3,067
Foreign currency translation	(30)	(76)	(39)
<b>At 30 June / 31 December</b>	<b>70,061</b>	<b>71,156</b>	<b>70,092</b>

### 13 Cash and cash equivalents

	30 June 2016	30 June 2015	31 December 2015
Bank accounts	2,519,226	3,652,676	3,274,811
Cash on hand	1,810	1,817	1,529
	<b>2,521,036</b>	<b>3,654,493</b>	<b>3,276,340</b>

Notes to the Interim Financial Statements (continued)  
As at and for the six - month period ended 30 June 2016  
(All amounts presented in Euros, unless otherwise stated)

## 14 Equity

### 14.1 Share capital

	Number of shares	Ordinary shares (Euros)	Amount (in Euros)	
			Share premium (Euros)	Total (Euros)
<i>Authorized, issued and fully paid ordinary shares 1 Euro at par</i>				
<b>At 30 June 2016</b>	<b>4,686,858</b>	<b>4,686,858</b>	<b>4,158,313</b>	<b>8,845,171</b>
<b>At 30 June 2015</b>	<b>4,686,858</b>	<b>4,686,858</b>	<b>4,158,313</b>	<b>8,845,171</b>
<b>At 31 December 2015</b>	<b>4,686,858</b>	<b>4,686,858</b>	<b>4,158,313</b>	<b>8,845,171</b>

The structure of share capital at 30 June 2016, 30 June 2015 and 31 December 2015 is as follows (amounts in Euros):

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

### 14.2 Other components of equity

	Translation reserve	Statutory reserves	Revaluation reserve	Total
<b>At 1 January 2016</b>	<b>(45,240)</b>	<b>621,393</b>	<b>1,435,786</b>	<b>2,011,939</b>
Translation differences	(22,207)	-	-	(22,207)
<b>At 30 June 2016</b>	<b>(67,447)</b>	<b>621,393</b>	<b>1,435,786</b>	<b>1,989,732</b>
<b>At 1 January 2015</b>	<b>(20,841)</b>	<b>621,393</b>	<b>1,435,786</b>	<b>2,036,338</b>
Translation differences	(65,978)	-	-	(65,978)
<b>At 30 June 2015</b>	<b>(86,819)</b>	<b>621,393</b>	<b>1,435,786</b>	<b>1,970,360</b>
<b>At 1 January 2015</b>	<b>(20,841)</b>	<b>621,393</b>	<b>1,435,786</b>	<b>2,036,338</b>
Translation differences	(24,399)	-	-	(24,399)
<b>At 31 December 2015</b>	<b>(45,240)</b>	<b>621,393</b>	<b>1,435,786</b>	<b>2,011,939</b>

### 14.3 Revaluation reserve

Revaluation surplus, which at 30 June 2016 amounts to Euro 1,435,786 (30 June 2015: Euro 1,435,786 and 31 December 2015: Euro 1,435,786) was initially created during 2002, based upon the independent valuation of groups of the Company's property, plant and equipment. Subsequent changes (transfers into retained earnings) relate to surpluses of those assets sold.

### 14.4 Statutory reserves

Reserves, which at 30 June 2016 amount to Euro 621,393 (30 June 2015: Euro 621,393 and 31 December 2015: Euro 621,393) 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 own shares.

Notes to the Interim Financial Statements (continued)  
As at and for the six - month period ended 30 June 2016  
(All amounts presented in Euros, unless otherwise stated)

## Equity (continued)

## Dividends

On 13 April 2016 and according to the Shareholders' Extraordinary Assembly decision no. 02-2104/2, part of the prior years retained earnings realized up to 31 December 2014 in the amount 2,249,692 Euros (2015: 4,686,858 Euros) were allocated for dividends distribution.

During the six – month period ended 30 June 2016 the Company paid dividends to its shareholders in the total amount of 260,488 Euros (31 December 2015: 3,983,134 Euros) out of which 26,030 Euros relates to taxes on dividends (31 December 2015: 46,092 Euros).

**15 Interest-bearing borrowings**

	30 June 2016	30 June 2015	31 December 2015
<u>Long – term interest bearing borrowings from banks</u>			
Komercijalna Banka ad, Skopje (4,700,000 Euros; interest rate 6m.Libor+3,8%)	783,333	1,827,778	1,305,556
Komercijalna Banka ad, Skopje (original amount: 2.364.190 Euros; interest rate 6m.Euribor+3,8%)	1,059,521	1,464,609	1,460,241
Komercijalna Banka ad, Skopje (123,280,000 Denars; interest rate 5,5%p.a.)	352,627	822,785	588,668
	<b>2,195,481</b>	<b>4,115,172</b>	<b>3,354,465</b>
<i>Finance lease liabilities</i>	5,565	18,105	11,268
	<b>2,201,046</b>	<b>4,133,277</b>	<b>3,365,733</b>
Less: current maturity of long term borrowings	(1,903,484)	(2,170,122)	(2,320,696)
<b>Total long - term borrowings</b>	<b>297,562</b>	<b>1,963,155</b>	<b>1,045,037</b>
<u>Short – term interest bearing borrowings from banks</u>			
Komercijalna Banka ad, Skopje (original amount: 400.000 Euros; interest rate 6m.Euribor+3,8%)	167,383	-	-
Komercijalna Banka ad, Skopje (original amount: 49.200.000 Denars; interest rate 5,5% p.a.)	770,993	-	-
Komercijalna Banka ad, Skopje, Visa credit card	124	-	1,325
<i>Financial lease liabilities</i>	12,540	14,364	13,734
	<b>951,040</b>	<b>14,364</b>	<b>15,059</b>
Add: current maturity of long term borrowings	1,903,484	2,170,122	2,320,696
<b>Total short-term borrowings</b>	<b>2,854,524</b>	<b>2,184,486</b>	<b>2,335,755</b>

Loans from local financial institutions are secured by mortgage over part of the Company's properties (Note 28).

Total loans and finance lease additions during the period ended 30 June 2016 amounts to Euro 938,376 (30 June 2015: Euro 344,000 and 31 December 2015: Euro 460,190). Total loan repaid during the same period amounts to Euro 1,167,082 (30 June 2015: Euro 1,276,531 and 31 December 2015: Euro 2,159,570).

The borrowings repayment schedule is as follows:

	30 June 2016	30 June 2015	31 December 2015
Due within 12 months	2,841,860	2,170,122	2,320,696
Due within 1 – 2 years	288,124	1,780,202	926,396
Due within 2 – 5 years	3,873	164,848	107,373
	<b>3,133,857</b>	<b>4,115,172</b>	<b>3,354,465</b>

Notes to the Interim Financial Statements (continued)  
As at and for the six - month period ended 30 June 2016  
(All amounts presented in Euros, unless otherwise stated)

## Interest-bearing borrowings (continued)

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

	30 June 2016	30 June 2015	31 December 2015
Present value of payment:			
Due within 1 year	12,540	14,364	13,734
Due between 1 – 5 years	5,565	18,105	11,268
Due over 5 years	-	-	-
	<b>18,105</b>	<b>32,469</b>	<b>25,002</b>

## 16 Trade and other payables

	30 June 2016	30 June 2015	31 December 2015
<b>Trade creditors</b>			
Local suppliers	634,990	736,710	883,772
Foreign suppliers	160,548	83,968	108,353
Related party's payables (see Note 27)	-	1,223	67,549
	<b>795,538</b>	<b>821,901</b>	<b>1,059,674</b>
<b>Other current liabilities</b>			
Dividends payables (net of local taxes)	1,984,437	3,569,310	1,558
Accrued expenses	405,649	215,100	-
Liabilities to employees and management	350,087	244,429	263,836
Customers' prepayments	281,105	161,004	163,622
Interest payable	6,349	8,389	7,703
Other	1,884	1,997	1,931
	<b>3,029,511</b>	<b>4,200,229</b>	<b>438,650</b>
	<b>3,825,049</b>	<b>5,022,130</b>	<b>1,498,324</b>

## 17 Tax payables

	30 June 2016	30 June 2015	31 December 2015
Concession fees and other levies	68,713	84,133	77,240
Personal income tax liabilities	13,449	11,846	6,823
Withholding tax	10,131	4,842	11,776
Corporate income tax liabilities	-	261,091	599,238
	<b>92,293</b>	<b>361,912</b>	<b>695,077</b>

## 18 Sales

	Six - month period ended 30 June 2016	30 June 2015	Year ended 31 December 2015
Local market	372,249	406,632	917,253
Foreign markets:			
- Greece	3,201,767	4,509,939	9,291,410
-China	755,353	1,345,534	2,979,858
- Balkan	210,424	149,359	351,546
- Cyprus	-	122,365	122,326
- Other markets	991,498	1,011,369	2,645,227
Sub- total – sales on foreign markets	5,159,042	7,138,566	15,390,367
<b>Total sales</b>	<b>5,531,291</b>	<b>7,545,198</b>	<b>16,307,620</b>

Notes to the Interim Financial Statements (continued)  
As at and for the six - month period ended 30 June 2016  
(All amounts presented in Euros, unless otherwise stated)

## 19 Cost of sales

	Six - month period ended 30 June		Year ended 31
	2016	2015	December
			2015
Stock of finished products and W.I.P. at the beginning of the period	5,650,888	4,737,162	4,737,162
Plus: Total production for the period ended 30 June / 31 December	4,317,205	3,908,279	8,550,033
Plus: Income from value adjustment of previously written-off Inventory	32,763	6,504	87,911
Less: Impairment, wastage, failure and fracture of Inventories	-	-	(221,635)
Lees: Income from released value adjustment of inventories sold	(32,763)	(6,504)	(87,911)
Less: Stock of finished products and W.I.P. at the end of period	(6,400,105)	(5,454,772)	(5,650,888)
	<b>3,567,988</b>	<b>3,190,669</b>	<b>7,414,672</b>

## 20 Administrative and selling expenses

	Six - month period ended		Six - month period ended		Year ended 31 December	
	30 June 2016		30 June 2015		2015	
	Administrative	Selling	Administrative	Selling	Administrative	Selling
Professional advisory services	430,289	-	334,545	-	820,217	-
Staff costs	327,587	74,523	405,901	93,147	809,677	234,496
Depreciation	55,413	18,091	47,912	18,416	103,228	36,541
Services	49,096	45,517	61,651	64,201	87,189	141,806
Marketing and promotion	37,820	188,782	34,771	196,353	84,239	265,289
Taxes and other levies	33,689	8,993	20,286	12,627	74,039	16,928
Materials, supplies and utilities	13,652	2,270	18,235	2,131	34,675	4,534
Expenses for operating lease	11,552	3,318	11,563	3,321	40,740	12,903
Impairment and write off of receivables	-	36	-	10	-	3,327
Impairment of inventories	-	-	-	-	-	201,566
Wastage, failure and fracture	-	-	-	-	-	35,320
Present value of assets sold and written off	687	-	-	2,647	-	4,347
Other expenses	89,564	34,819	70,191	53,770	84,306	106,831
	<b>1,049,349</b>	<b>376,349</b>	<b>1,005,055</b>	<b>446,623</b>	<b>2,138,310</b>	<b>1,063,888</b>

## 21 Staff costs

	Six - month period ended 30 June		Year ended 31
	2016	2015	December
			2015
Net salaries	1,017,217	1,159,912	2,180,519
Personal tax and mandatory contributions	478,417	514,010	991,614
Less: amount corresponding to future periods	(25,917)	(246,554)	-
Business trips	3,772	9,452	20,623
Other allowances	123,301	113,098	237,087
	<b>1,596,790</b>	<b>1,549,918</b>	<b>3,429,843</b>

Out of the total staff costs for the period ended 30 June 2016 amounting Euro 1,596,790 , Euro 1,194,680 charged the cost of sales and the remaining, amounting to Euro 402,110 administrative and selling expenses (see Note 20).

Notes to the Interim Financial Statements (continued)  
As at and for the six - month period ended 30 June 2016  
(All amounts presented in Euros, unless otherwise stated)

## 22 Other operating income

	Six - month period ended 30 June		Year ended 31
	2016	2015	December 2015
Income from re-invoicing of transport cost and other services	123,874	186,773	352,429
- minus: Cost associated with the above services	(122,887)	(179,886)	(334,356)
Raw materials sold	1,748	2,404	6,058
Payables write offs and stock count surplus	8	20	1,414
Income from rents	-	4,202	4,200
Collected fully provided bad debts	-	1,740	1,754
Liabilities for dividends written off	-	-	695
Other income	1,338	8,315	14,742
	<b>4,081</b>	<b>23,568</b>	<b>46,936</b>

## 23 Finance income and costs

	Six - month period ended 30 June		Year ended 31
	2016	2015	December 2015
<b>Finance income</b>			
Interest income	105	1,916	6,221
Foreign exchange gains	22,749	68,014	124,625
	<b>22,854</b>	<b>69,930</b>	<b>130,846</b>
<b>Finance costs</b>			
Interest (expense)	(62,248)	(106,729)	(191,087)
Bank (charges)	(23,217)	(27,293)	(60,702)
Foreign exchange (losses)	(23,514)	(60,581)	(131,283)
	<b>(108,979)</b>	<b>(194,603)</b>	<b>(383,072)</b>
	<b>(86,125)</b>	<b>(124,673)</b>	<b>(252,226)</b>

## 24 Income tax

The charge for the year can be reconciled to the profit per Statement of comprehensive income at 30 June 2016 and 2015 and 31 December 2015 as follows:

	Six - month period ended 30 June		Year ended 31
	2016	2015	December 2015
At 01 January	-	(174,505)	(174,505)
Profit before income tax	455,561	2,801,746	5,485,460
Non – deductible expenses	316,454	268,332	686,142
Tax deductions	-	(1,740)	(1,754)
Temporary differences of the tax base	150,745	(282,924)	-
Translation differences	-	-	(36)
At 30 June / 31 December tax credit of expenses with deferred recognition	922,760	2,610,909	5,995,307
<b>Current tax charge at rate of 10%</b>	<b>92,276</b>	<b>261,091</b>	<b>599,531</b>
Income tax reduction	-	-	(440)
<b>Income tax (expense)</b>	<b>92,276</b>	<b>261,091</b>	<b>599,091</b>

Notes to the Interim Financial Statements (continued)  
As at and for the six - month period ended 30 June 2016  
(All amounts presented in Euros, unless otherwise stated)

## 25 Expenses by nature

	Six - month period ended 30 June		Year ended 31
	2016	2015	December 2015
Staff costs	1,596,790	1,549,918	3,429,843
Depreciation and amortization	1,310,577	1,324,408	2,622,384
Spent materials, spare parts and small inventory	870,350	662,982	1,603,007
Energy and water	615,560	650,763	1,356,683
Professional advisory services	430,289	334,545	820,217
Services	309,319	279,072	624,380
Marketing and promotion	226,602	231,124	349,528
Other expenses and provisions	125,070	123,961	191,137
Taxes and other contributions	69,634	59,013	145,983
Expenses for operating leasing	14,870	14,884	53,643
Insurance	13,989	6,234	22,726
Representation	11,634	5,172	16,632
Transport costs	5,540	3,937	12,395
Direct write off of receivables	36	10	3,327
Wastage, failure and fracture	-	-	35,320
Present value of assets destroyed and written off	-	2,647	4,347
Other expenses	135,098	150,074	319,813
	<b>5,735,358</b>	<b>5,398,744</b>	<b>11,611,365</b>
Impairment and other changes of inventories	(741,672)	(756,397)	(994,495)
	<b>4,993,686</b>	<b>4,642,347</b>	<b>10,616,870</b>

## 26 Earnings per share

### Basic and diluted earnings per share

Both basic and diluted earnings per share have been calculated using the profit attributable to equity holders of the Company as the numerator, i.e. no adjustments to profits were necessary during the six months period to 30 June 2016 and 2015 and the year ended 31 December 2015.

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.

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
	2016	2015	December 2015
Profit attributable to equity holders of the Company	363,285	2,540,655	4,886,369
Weighted average number of ordinary shares	4,686,858	4,686,858	4,686,858
<b>Basic and diluted earnings per share (Euro per share)</b>	<b>0.08</b>	<b>0.54</b>	<b>1.04</b>

Notes to the Interim Financial Statements (continued)  
As at and for the six - month period ended 30 June 2016  
(All amounts presented in Euros, unless otherwise stated)

## 27 Related parties

The table below provides for the volume and balances from the related party transactions as at and for the periods ended 30 June 2016, 30 June 2015 and 31 December 2015:

30 June 2016	Cash	Receivables	Payables	Income	Expenses
Stone Works Holding Cooperatief U.A Netherlands	-	-	-	-	-
Castleblock Limited Nicosia Cyprus	-	-	-	-	-
NBGI Private Equity Limited London	-	65,102	-	-	-
Stopanska Banka AD Skopje	6,625	-	-	-	-
Key management remuneration	-	-	-	-	186,636
	<b>6,625</b>	<b>65,102</b>	<b>-</b>	<b>-</b>	<b>186,636</b>
30 June 2015	Cash	Receivables	Payables	Income	Expenses
Stone Works Holding Cooperatief U.A Netherlands	-	-	-	-	200,405
Castleblock Limited Nicosia Cyprus	-	122,298	1,223	122,508	1,225
NBGI Private Equity Limited London	-	-	-	-	-
Stopanska Banka AD Skopje	6,696	-	-	-	-
Key management remuneration	-	-	-	-	270,554
	<b>6,696</b>	<b>122,298</b>	<b>1,223</b>	<b>122,508</b>	<b>472,184</b>
31 December 2015	Cash	Receivables	Payables	Income	Expenses
Stone Works Holding Cooperatief U.A Netherlands	-	-	-	-	400,365
Castleblock Limited Nicosia Cyprus	-	-	-	122,546	1,448
NBGI Private Equity Limited London	-	131,102	67,549	131,070	67,699
Stopanska Banka AD Skopje	6,664	-	-	-	-
Key management remuneration	-	-	-	-	471,942
	<b>6,664</b>	<b>131,102</b>	<b>67,549</b>	<b>253,616</b>	<b>941,454</b>

## 28 Contingent liabilities

### Mortgages

Mortgages provided are as follows:

	Six - month period ended 30 June		Year ended 31
	2016	2015	December 2015
Business premises	2,572,000	2,572,000	2,572,000
Machinery & equipment	6,351,600	6,351,600	6,351,600
	<b>8,923,600</b>	<b>8,923,600</b>	<b>8,923,600</b>

### Guarantees

Guarantees provided are as follows:

	Six - month period ended 30 June		Year ended 31
	2016	2015	December 2015
Issued by Komercijalna Banka AD Skopje	145,879	149,415	295,777
	<b>145,879</b>	<b>149,415</b>	<b>295,777</b>

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



**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2016**  
**(All amounts presented in Euros, unless otherwise stated)**

**Contingent liabilities (continued)**

***Litigations***

At 30 June 2016, the estimated Euro equivalent of the legal proceedings raised against the Company amounts Euro 62,182 (30 June 2015: Euro 24,192; 31 December 2015: Euro 62,932). 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 2016 the Company was subject of following tax inspections by tax authorities:

- for VAT until 30 June 2009;
- for Personal Income tax for period from 1 January 2007 until 31 December 2008;
- for Corporate Income tax for period from 1 January 2007 until 31 December 2012;
- for tax on concessions for the period until 31 December 2011;
- for withholding tax for the period until 31 March 2012.

For the unaudited tax periods of the Company's accounting records, there is a possibility for additional taxes and penalties. The Company is conducting regular assessment for potential liabilities which are expected to arise from tax inspections of past years. The management is considering that such amounts which might occur will not have any material effect on the financial results and cash flows.

**29 Commitments**

***Operating lease liabilities***

As at 30 June 2016 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
	2016	2015	December
			2015
<b>Operating lease liabilities</b>			
Present value of payment:			
Due within 1 year	29,664	29,664	29,664
Due between 1 – 5 years	30,726	60,390	45,558
Due over 5 years	-	-	-
	<b>60,390</b>	<b>90,054</b>	<b>75,222</b>

As at 30 June 2016, the entity has recognized expenses for operating lease in the amount of Euro 14,870 (30 June 2015: Euro 14,884 and 31 December 2015: Euro 53,643) (Note 25).

**Notes to the Interim Financial Statements (continued)**  
**As at and for the six - month period ended 30 June 2016**  
**(All amounts presented in Euros, unless otherwise stated)**

### **30 Concession agreements**

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

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

- Annual fee for use of territory on which the concession has been granted in the amount of 5,742 Euros; and
- Concession fee on sold quantities of commercial marble according to the Methodology established by the Ministry of Economy of RM for:
  - blocks at 5% of the value of the material determined at 294 Euros /m<sup>3</sup>;
  - tombolones at 5% of the value of material determined at 147 Euros /m<sup>3</sup> and
  - material different than blocks and tombolones, that is crushed or milled 0,325 Euros/t

### **31 Events after the reporting date**

Subsequent to 30 June 2016 until the approval of these financial statements, there are no adjusting events recognized in these interim financial statements. The following non – adjusting event is substantially important to be disclosed in the present interim financial statements:

On August 17, 2016 the Company signed a new 5-year credit limit agreement for Euro 10 million with Komercijalna Banka.



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