



Interim Financial Statements and Independent Auditors' Review Report

Mermeren Kombinat AD, Prilep

30 June 2017

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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 2017 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 statements do not present fairly, in all material respects, the financial position of the Company as at 30 June 2017, and its financial performance and its cash flows for the six – months period that ended in accordance with International Accounting Standard 34.

Skopje,
10 August 2017

Grant Thornton Doo, Skopje

Director
Marjan Andonov

Certified Auditor
Marjan Andonov

Interim financial statements
30 June 2017

Statement of Financial Position

	Notes	30 June 2017	30 June 2016	(Amounts in EUR) 31 December 2016
Assets				
Non-current assets				
Property, plant and equipment	9	8,175,703	9,751,036	8,978,072
Intangible assets	10	1,765,045	1,854,393	1,789,827
		9,940,748	11,605,429	10,767,899
Current assets				
Inventories	11	6,070,585	7,534,318	6,583,002
Trade receivables	12	3,007,940	1,400,091	1,707,996
Income tax receivables		-	107,163	69,359
Cash and cash equivalents	13	6,803,979	2,521,036	5,564,344
		15,882,504	11,562,608	13,924,701
Total assets		25,823,252	23,168,037	24,692,600
Equity				
Capital and reserves attributable to equity holders				
Share capital	14	4,686,858	8,845,171	8,822,410
Other components of equity		6,079,105	1,989,732	1,999,780
Retained earnings		5,058,018	5,263,706	8,440,846
Total equity		15,823,981	16,098,609	19,263,036
Liabilities				
Non – current liabilities				
Interest – bearing borrowings	15	5,982,599	297,562	2,966,433
		5,982,599	297,562	2,966,433
Current liabilities				
Interest – bearing borrowings	15	943,325	2,854,524	744,193
Trade payables and other payables	16	2,566,516	3,825,049	1,550,060
Income tax payables		345,908	-	50,029
Tax payables	17	160,923	92,293	118,849
		4,016,672	6,771,866	2,463,131
Total liabilities		9,999,271	7,069,428	5,429,564
Total liabilities and shareholders' equity		25,823,252	23,168,037	24,692,600

These interim financial statements were approved by the Board of Directors on 10 August 2017.

Signed on its behalf by,

Theodoros Malfas

Pericles Nikolaou

Nikos Michalopoulos

Chairman

Chief Executive Officer

Chief Financial Officer

Accompanying notes from 6 to 25 are integral part of the interim financial statements

Interim financial statements
30 June 2017

Statement of Comprehensive Income

	Note	Six - month period ended 30 June		(Amounts in EUR) Year ended December 31
		2017	2016	2016
Sales	18	12,292,379	5,531,291	16,638,331
Cost of sales	19	(5,290,990)	(3,567,988)	(9,091,521)
Gross profit		7,001,389	1,963,303	7,546,810
Administrative and selling expenses	20	(1,596,934)	(1,425,698)	(3,417,531)
Other operating income	22	45,570	4,081	36,605
Operating profit		5,450,025	541,686	4,165,884
Finance income	23	142,525	22,854	58,662
Finance costs	23	(314,321)	(108,979)	(277,944)
Finance (costs), net		(171,796)	(86,125)	(219,282)
Profit before income tax		5,278,229	455,561	3,946,602
Income tax (expense)	24	(558,651)	(92,276)	(480,068)
Profit for the period		4,719,578	363,285	3,466,534
Other comprehensive income:				
Items that will not be reclassified subsequently to profit and loss				
Translation differences	14.2	(50,369)	(22,207)	38,971
Other comprehensive income for the period, net of tax		(50,369)	(22,207)	38,971
Total comprehensive income		4,669,209	341,078	3,505,505
Profit attributable to the holders of ordinary shares		4,719,578	363,285	3,466,534
Total comprehensive income attributable to the holders of ordinary shares		4,669,209	341,078	3,505,505
Earnings per share (expressed in Euros per share):				
	26			
Basic earnings per share				
- Earnings from continuing operations		1.01	0.08	0.74
- Earnings from discontinued operations		-	-	-
Total		1.01	0.08	0.74
Diluted earnings per share				
- Earnings from continuing operations		1.01	0.08	0.74
- Earnings from discontinued operations		-	-	-
Total		1.01	0.08	0.74
EBITDA		6,617,672	1,852,243	6,774,377

Interim financial statements
30 June 2017

Statement of Changes in Equity

	(Amounts in EUR)			
	Share capital	Other components of the equity	Retained earnings	Total
At 1 January 2017	8,822,410	1,999,780	8,440,846	19,263,036
<u>Transaction with owners (Note 14.1,2,4):</u>				
Transfer of share premium in reserves	(4,135,552)	4,135,552	-	-
Dividends declared	-	-	(8,108,264)	(8,108,264)
Total transactions with owners	(4,135,552)	4,135,552	(8,108,264)	(8,108,264)
Profit for the period	-	-	4,719,578	4,719,578
<u>Other comprehensive income (Note 14.2):</u>				
Transfer of revaluation reserves on disposed property, plant and equipment	-	(5,858)	5,858	-
Translation differences	-	(50,369)	-	(50,369)
Total other comprehensive income	-	(56,227)	5,858	(50,369)
Total comprehensive income	-	(56,227)	4,725,436	4,669,209
At 30 June 2017	4,686,858	6,079,105	5,058,018	15,823,981
At 1 January 2016	8,845,171	2,011,939	7,150,113	18,007,223
<u>Transaction with owners (Note 14.4):</u>				
Dividends declared	-	-	(2,249,692)	(2,249,692)
Total transactions with owners	-	-	(2,249,692)	(2,249,692)
Profit for the period	-	-	363,285	363,285
<u>Other comprehensive income (Note 14.2):</u>				
Translation differences	-	(22,207)	-	(22,207)
Total other comprehensive income	-	(22,207)	-	(22,207)
Total comprehensive income	-	(22,207)	363,285	341,078
At 30 June 2016	8,845,171	1,989,732	5,263,706	16,098,609
At 1 January 2016	8,845,171	2,011,939	7,150,113	18,007,223
<u>Transactions with owners (Note 14.4):</u>				
Dividends declared	-	-	(2,249,692)	(2,249,692)
Total transactions with owners	-	-	(2,249,692)	(2,249,692)
Profit for the year	-	-	3,466,534	3,466,534
<u>Other comprehensive income (Note 14.2):</u>				
Transfer of revaluation reserves on disposed property, plant and equipment	-	(73,891)	73,891	-
Translation differences	(22,761)	61,732	-	38,971
Total other comprehensive income	(22,761)	(12,159)	73,891	38,971
Total comprehensive income	(22,761)	(12,159)	3,540,425	3,505,505
At 31 December 2016	8,822,410	1,999,780	8,440,846	19,263,036

Interim financial statements
30 June 2017

Statement of Cash Flows

		(Amounts in EUR)		
		Six - month period ended 30 June		Year ended
	Note	2017	2016	December 31 2016
Operating activities				
Profit before income tax		5,278,229	455,561	3,946,602
<u>Adjusted for:</u>				
Depreciation and amortization	9,10	1,167,647	1,310,557	2,608,493
Value adjustment of inventories	20	721	-	287,403
Net carrying amount of equipment sold and written off	20	345	687	93,082
Impairment and write offs on trade and other receivables	20	21	36	1,429
Stock count shortages of inventory	20	-	-	55,857
Wastage, failure and fracture of inventory	20	-	-	41,102
Gain on property, plant and equipment sold	22	(16,929)	-	-
Payables written off	22	(41)	(8)	(4,819)
Gains from collected previously impaired receivables	12, 22	-	-	(9)
Finance result, net	23	99,572	62,143	117,549
Operating profit before working capital changes		6,529,565	1,828,976	7,146,689
<u>Changes in working capital:</u>				
Inventories		511,696	(839,233)	(272,279)
Trade and other receivables		(1,299,897)	(182,571)	(491,881)
Trade and other payables		1,002,930	(263,902)	79,387
Cash from operations		6,744,294	543,270	6,461,916
Interest paid		(95,883)	(63,602)	(122,160)
Income tax paid		(193,415)	(199,460)	(1,098,636)
Cash flows from operating activities, net		6,454,996	280,208	5,241,120
Investing activities				
Purchase of property, plant and equipment , net of proceeds from sales	9	(232,083)	(510,467)	(937,118)
Purchase of intangible assets	10	(146,220)	(33,727)	(120,066)
Proceeds from sale of equipment	22	16,929	-	-
Interest received	23	2,217	105	4,432
Cash flows from investing activities, net		(359,157)	(544,089)	(1,052,752)
Financing activities				
Proceeds from borrowings	15	3,875,775	938,376	4,963,033
Repayment of borrowings	15	(660,477)	(1,167,082)	(4,633,199)
Dividends paid and related taxes	14.4	(8,058,527)	(260,488)	(2,249,299)
Cash flows from financing activities, net		(4,843,229)	(489,194)	(1,919,465)
Net change in cash and cash equivalents		1,252,610	(753,075)	2,268,903
Effects of exchange rate changes on cash and cash equivalents		(12,975)	(2,229)	19,101
Cash and cash equivalents at beginning	13	5,564,344	3,276,340	3,276,340
Cash and cash equivalents at end	13	6,803,979	2,521,036	5,564,344

Accompanying notes from 6 to 25 are integral part of the interim financial statements

Notes to the Interim Financial Statements

1 General

Mermeren Kombinat AD, Prilep (the “Company” or “Mermeren”) 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 Netherlands (“Stoneworks”) acquired 88.4% of the Company’s shares.

On 2 February 2016, National Bank of Greece, the previous owner of Stoneworks through funds managed by its subsidiary NBGI Private Equity Limited, UK (“NBGI”) entered into a definitive agreement to sell 100% of its interests in eleven Limited Partnerships (“Funds”) held directly or indirectly by NBG and managed by NBGI to funds managed by Deutsche Bank Private Equity (“DBPE”) and Goldman Sachs Asset Management (“GSAM”).

The management responsibility of the Funds and underlying investments continued to be performed by the existing management team along with other persons appointed by the new fund investors, under a new management vehicle created expressly therefore, namely Stage Capital Management Limited, UK. Closing of the transaction was effected on 30 September 2016.

On 21 June 2017, the Company was informed that the holders of the equity interests of Stoneworks, have signed a definitive agreement to sell 100% of Stoneworks to Pavlidis S.A. Marble-Granite, Greece (“Pavlidis”). The completion of the transaction is conditional only on the obtaining of necessary approvals from the Macedonian Commission for Protection of Competition.

The Company’s shares are listed on the Macedonian Stock Exchange and on 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, renewable then for another 30 years. The Company operates on local and foreign markets and at 30 June 2017 employs 382 persons (30 June 2016: 386 persons)

These interim financial statements have been reviewed, not audited.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2017
(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 2017 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 2016.

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 2016.

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 (“Euros” or “EUR”), 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 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:

	30 June 2017	30 June 2016	31 December 2016
1 USD	54.0640 Denars	55.6311 Denars	58.3258 Denars
1 EUR	61.7033 Denars	61.6949 Denars	61.4812 Denars
Average EUR	61.6020 Denars	61.6830 Denars	61.5950 Denars

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2017
(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 2016.

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 continuing 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 collaterals such as bank guarantees and cash deposits. Credit quality of trade receivables as at 30 June 2017 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 2017
(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 2017, 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 30 June 2017			
Sales	10,171,647	2,120,732	12,292,379
Profit from operating activities	5,057,455	392,570	5,450,025
Financial result, net			(171,796)
Profit before tax			5,278,229
Income tax expense			(558,651)
Profit for the period			4,719,578
Other comprehensive income			(50,369)
Total comprehensive income for the period			4,669,209
six months to 30 June 2016			
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)
Profit before tax			455,561
Income tax expense			(92,276)
Profit for the period			363,285
Other comprehensive income			(22,207)
Total comprehensive income for the period			341,078
Year to 31 December 2016			
Sales	14,393,975	2,244,356	16,638,331
Profit / (loss) from operating activities	4,202,884	(37,000)	4,165,884
Financial result, net			(219,282)
Profit before tax			3,946,602
Income tax			(480,068)
Profit for the year			3,466,534
Other comprehensive income			38,971
Total comprehensive income for the year			3,505,505

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2017
(All amounts presented in Euros, unless otherwise stated)

Segment reporting (continued)

Segment assets and liabilities as at 30 June 2017 and 2016 and 31 December 2016 are as follows:

	Quarry	Factory	Total
30 June 2017			
Total assets	19,481,488	6,341,764	25,823,252
Liabilities	8,432,895	1,566,376	9,999,271
Capital expenditures	368,193	10,110	378,303
30 June 2016			
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
31 December 2016			
Total assets	18,775,227	5,917,373	24,692,600
Liabilities	4,787,032	642,532	5,429,564
Capital expenditures	996,900	60,284	1,057,184

Sales per geographical regions are as follows:

	Six months period ended 2017	Year ended 2016	Year ended 2016
Macedonia	274,444	372,249	815,803
Greece	6,186,741	3,201,767	8,485,190
China	3,304,254	755,353	3,017,806
Italy	1,085,022	1,380	373,212
Other Balkan	142,319	210,424	436,429
Other markets	1,299,599	990,118	3,509,891
	12,292,379	5,531,291	16,638,331

As at 30 June 2017 Euros 5,313,322 or 43,25 % (30 June 2016 : Euro 3,168,959 or 57,3% and 31 December 2016 : Euro 6,948,139 or 42%) of the Company's revenues depended on a three single customers from Greece which individually represents more than 10% of revenues (30 June 2016: four single customers from Greece and 31 December 2016 : three single customers from Greece).

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 occurs 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 2017 represented 74% (first six months of 2016: 34%) of the annual level of these revenues for the year ended 31 December 2016.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2017
(All amounts presented in Euros, unless otherwise stated)

9 Property, plant and equipment

	Land & buildings	Machinery & equipment	Construct.in progress	Total
At 1 January 2017				
Cost or valuation	5,445,298	20,833,175	110,906	26,389,379
Accumulated depreciation	(2,459,506)	(14,951,801)	-	(17,411,307)
Net carrying amount	2,985,792	5,881,374	110,906	8,978,072
Changes during the period				
Opening net carrying amount	2,985,792	5,881,374	110,906	8,978,072
Translation differences	(10,544)	(20,109)	(396)	(31,049)
Additions, net of transfers from C.I.P.	-	233,961	(1,878)	232,083
Disposals-net	-	(345)	-	(345)
Depreciation charge for the period	(123,081)	(879,977)	-	(1,003,058)
Closing carrying amount	2,852,167	5,214,904	108,632	8,175,703
At 30 June 2017				
Cost or valuation	5,425,698	20,438,295	108,632	25,972,625
Accumulated depreciation	(2,573,531)	(15,223,391)	-	(17,796,922)
Net carrying amount	2,852,167	5,214,904	108,632	8,175,703
At 1 January 2016				
Cost or valuation	5,386,621	21,234,284	101,168	26,722,073
Accumulated depreciation	(2,218,813)	(14,088,607)	-	(16,307,420)
Net carrying amount	3,167,808	7,145,677	101,168	10,414,653
Changes during the period				
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)
Closing carrying amount	3,047,570	6,592,944	110,522	9,751,036
At 30 June 2016				
Cost or valuation	5,384,475	21,693,359	110,522	27,188,356
Accumulated depreciation	(2,336,905)	(15,100,415)	-	(17,437,320)
Net carrying amount	3,047,570	6,592,944	110,522	9,751,036
At 1 January 2016				
Cost or valuation	5,386,621	21,234,284	101,168	26,722,073
Accumulated depreciation	(2,218,813)	(14,088,607)	-	(16,307,420)
Net carrying amount	3,167,808	7,145,677	101,168	10,414,653
Changes during the year				
Opening net carrying amount	3,167,808	7,145,677	101,168	10,414,653
Translation differences	5,500	10,831	206	16,537
Additions, net of transfers from C.I.P.	68,971	858,615	9,532	937,118
Disposals-net	(12,352)	(80,730)	-	(93,082)
Depreciation charge for the year	(244,135)	(2,053,019)	-	(2,297,154)
Closing carrying amount	2,985,792	5,881,374	110,906	8,978,072
At 31 December 2016				
Cost or valuation	5,445,298	20,833,175	110,906	26,389,379
Accumulated depreciation	(2,459,506)	(14,951,801)	-	(17,411,307)
Net carrying amount	2,985,792	5,881,374	110,906	8,978,072

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2017
(All amounts presented in Euros, unless otherwise stated)

Property, plant and equipment (continued)

Construction in progress

As at 30 June 2017, the balance of construction in progress, amounting to Euro 108,632 consists of the cost of major repairs of equipment.

Property, plant and equipment pledged

As at 30 June 2017, 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 8,952,642 and their present value is Euro 6,210,888 (see Note 28).

Vehicles under financial lease

As at 30 June 2017, the Company has the following amounts of assets under financial lease:

	30 June 2017	30 June 2016	31 December 2016
At 1 January 2017			
Cost or valuation	23,906	51,591	51,771
Accumulated depreciation	(18,428)	(39,558)	(43,273)
Net carrying amount	5,478	12,033	8,498

10 Intangible assets

	Software	Trademarks	Exploration and evaluation assets	Intangibles in progress	Total
At 1 January 2017					
Cost or valuation	160,697	165,229	2,598,431	21,034	2,945,391
Accumulated amortization	(118,167)	(98,897)	(938,500)	-	(1,155,564)
Net carrying amount	42,530	66,332	1,659,931	21,034	1,789,827
Changes during the period					
Opening net carrying amount	42,530	66,332	1,659,931	21,034	1,789,827
Translation differences	(146)	(227)	(5,832)	(208)	(6,413)
Additions, net of transfers from intangibles in progress	11,413	5,032	48,832	80,943	146,220
Amortization charge for the period	(16,409)	(12,519)	(135,661)	-	(164,589)
Closing carrying amount	37,388	58,618	1,567,270	101,769	1,765,045
At 30 June 2017					
Cost or valuation	171,512	169,658	2,637,830	101,769	3,080,769
Accumulated amortization	(134,124)	(111,040)	(1,070,560)	-	(1,315,724)
Net carrying amount	37,388	58,618	1,567,270	101,769	1,765,045
At 1 January 2016					
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)
Net carrying amount	65,991	60,489	1,850,309	1,014	1,977,803
Changes during the period					
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
Amortisation charge for the period	(15,372)	(9,959)	(128,618)	-	(153,949)
Closing carrying amount	52,894	59,555	1,718,711	23,233	1,854,393
At 30 June 2016					
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)
Net carrying amount	52,894	59,555	1,718,711	23,233	1,854,393

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2017
(All amounts presented in Euros, unless otherwise stated)

Intangible assets (continued)	Software	Trademarks	Exploration and evaluation assets	Intangibles in process of acquisition	Total
At 1 January 2016					
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)
Net carrying amount	65,991	60,489	1,850,309	1,014	1,977,803
Changes during the period					
Opening net carrying amount	65,991	60,489	1,850,309	1,014	1,977,803
Translation differences	78	123	3,058	38	3,297
Additions, net of transfers from intangibles in progress	7,656	27,742	64,686	19,982	120,066
Amortization charge for the year	(31,195)	(22,022)	(258,122)	-	(311,339)
Closing carrying amount	42,530	66,332	1,659,931	21,034	1,789,827
At 31 December 2016					
Cost or valuation	160,697	165,229	2,598,431	21,034	2,945,391
Accumulated amortization	(118,167)	(98,897)	(938,500)	-	(1,155,564)
Net carrying amount	42,530	66,332	1,659,931	21,034	1,789,827

Exploration and evaluation assets

As of 30 June 2017 the balance of exploration and evaluation assets amounting to Euro 1,567,270 (30 June 2016: Euro 1,718,711 and 31 December 2016: Euro 1,659,931) includes capitalized expenses related to quarry stripping activities with remaining amortization period for 13 years.

Intangibles in process of acquisition

As at 30 June 2017 the balance of intangibles in process of acquisition amounting to Euro 101,769 (30 June 2016: Euro 23,233 and 31 December 2016 : Euro 21,034) relates to capitalized expenses for geophysics research, mineral resources exploration, migration to new version of ERP and new corporate web site.

Allocation of depreciation and amortization charge

Out of the total depreciation and amortization for the period ended 30 June 2017 amounting Euro 1,167,647 (30 June 2016 : Euro 1,310,557 and 31 December 2016 : Euro 2,608,493), Euro 1,108,976 (30 June 2016 : Euro 1,237,053 and 31 December 2016 : Euro 2,461,804) has been charged in cost of sales and the remaining in the amount of Euro 58,671 (30 June 2016 : Euro 73,504 and 31 December 2016 : Euro 146,689) into administrative and selling expenses (see Note 20).

11 Inventories

	30 June 2017	30 June 2016	31 December 2016
Work in progress	3,413,880	4,474,842	3,975,232
Finished products	1,260,435	1,925,263	1,316,237
Spare parts	1,065,191	796,641	967,914
Raw materials	198,916	188,809	188,678
Trade goods	107,058	108,321	108,697
Other	25,105	40,442	26,244
	6,070,585	7,534,318	6,583,002

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2017
(All amounts presented in Euros, unless otherwise stated)

12 Trade and other receivables

	30 June 2017	30 June 2016	31 December 2016
Current trade receivables			
Local debtors	23,229	21,110	29,406
Foreign debtors	1,421,580	767,314	1,419,013
Related party's receivables(see Note 27)	-	65,102	-
	1,444,809	853,526	1,448,419
Less: provision for impairment	(67,730)	(70,061)	(67,798)
	1,377,079	783,465	1,380,621
Prepayments and other receivables			
Advances to suppliers	1,012,576	131,193	153,769
Deferred expenses	319,690	254,932	12,536
Prepaid VAT	262,160	191,359	138,149
Other current receivables	36,435	39,142	22,921
	1,630,861	616,626	327,375
	3,007,940	1,400,091	1,707,996

The major part of the balance of advances to suppliers at 30 June 2017 relates to advance to Atlas Copco for the purchase of two excavators and one loader, amounting to Euro 920,099.

At 30 June 2017 the credit quality of Company's trade receivables can be analyzed as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	1,363,748	13,331	67,730	1,444,809
Less: Impairment provision	-	-	(67,730)	(67,730)
	1,363,748	13,331	-	1,377,079

At 30 June 2016 the credit quality of Company's trade receivables can be analyzed as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	777,320	6,145	70,061	853,526
Less: Impairment provision	-	-	(70,061)	(70,061)
	777,320	6,145	-	783,465

At 31 December 2016 the credit quality of Company's trade receivables can be analysed as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	1,367,654	12,967	67,798	1,448,419
Less: Impairment provision	-	-	(67,798)	(67,798)
	1,367,654	12,967	-	1,380,621

At 30 June 2017 the age structure of past due not impaired trade receivables is as follows:

	Domestic trade receivables	Foreign trade receivables	Total
Overdue up to 1 year	4,338	8,429	12,767
Overdue more than 1 year	-	564	564
	4,338	8,993	13,331

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

Trade and other receivables (continued)

At 30 June 2016 the age structure of past due not impaired trade receivables and advances to suppliers is as follows:

	Domestic trade receivables	Foreign trade receivables	Total
Overdue up to 1 year	2,129	3,683	5,812
Overdue more than 1 year	-	333	333
	2,129	4,016	6,145

At 31 December 2016 the age structure of past due not impaired trade receivables is as follows:

	Domestic trade receivables	Foreign trade receivables	Total
Overdue up to 1 year	10,534	2,433	12,967
Overdue more than 1 year	-	-	-
	10,534	2,433	12,967

Following table provides for the movement of impairment provision account:

	30 June 2017	30 June 2016	31 December 2016
At 1 January	67,798	70,092	70,092
Written off of previously impaired receivables	-	(1)	(3,558)
Collected fully provided bad debts (Note 22)	-	-	(9)
Impairment provision	-	-	1,236
Translation differences	(68)	(30)	37
At 30 June / 31 December	67,730	70,061	67,798

13 Cash and cash equivalents

	30 June 2017	30 June 2016	31 December 2016
Bank accounts	6,801,968	2,519,226	5,562,678
Cash on hand	2,011	1,810	1,666
	6,803,979	2,521,036	5,564,344

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2017
(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>				
At 01 January 2017	4,686,858	4,686,858	4,135,552	8,822,410
Transfer of share premium in reserves	-	-	(4,135,552)	(4,135,552)
At 30 June 2017	4,686,858	4,686,858	-	4,686,858
At 01 January 2016	4,686,858	4,686,858	4,158,313	8,845,171
At 30 June 2016	4,686,858	4,686,858	4,158,313	8,845,171
At 01 January 2016	4,686,858	4,686,858	4,158,313	8,845,171
Exchange differences on translating	-	-	(22,761)	(22,761)
At 31 December 2016	4,686,858	4,686,858	4,135,552	8,822,410

The structure of share capital at 30 June 2017, 30 June 2016 and 31 December 2016 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.	468,700	468,700	10.00
Other – minority	74,801	74,801	1.60
	4,686,858	4,686,858	100.00

All shares issued are fully paid. Holders of ordinary shares are entitled to vote right in the Assembly of the Company, entitled to payment of part of profit, and right to payment of rest of the liquidation or bankruptcy estate of the Company.

14.2 Other components of equity

	Translation reserve	Statutory reserves	Revaluation reserve	Total
At 1 January 2017	16,492	621,393	1,361,895	1,999,780
Transfer of share premium in reserves (Note 14.4)	-	4,135,552	-	4,135,552
Transfer of revaluation reserves on disposed property, plant and equipment	-	-	(5,858)	(5,858)
Translation differences	(50,369)	-	-	(50,369)
At 30 June 2017	(33,877)	4,756,945	1,356,037	6,079,105
At 1 January 2016	(45,240)	621,393	1,435,786	2,011,939
Translation differences	(22,207)	-	-	(22,207)
At 30 June 2016	(67,447)	621,393	1,435,786	1,989,732
At 1 January 2016	(45,240)	621,393	1,435,786	2,011,939
Transfer of revaluation reserves on disposed property, plant and equipment	-	-	(73,891)	(73,891)
Translation differences	61,732	-	-	61,732
At 31 December 2016	16,492	621,393	1,361,895	1,999,780

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2017
(All amounts presented in Euros, unless otherwise stated)

Equity (continued)

14.3 Revaluation reserve

Revaluation reserve, which at 30 June 2017 amounts to Euro 1,356,037 (30 June 2016: Euro 1,435,786 and 31 December 2016 : Euro 1,361,895) 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 2017 amount to Euro 4,756,945 (30 June 2016: Euro 621,393 and 31 December 2016: 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.

At 24 April 2017 and according to the Shareholders' Extraordinary Assembly decision no. 02-2223/3, the premiums on issued shares of the Company, in the amount of 4,135,552 Euros were transferred in the special reserves for increasing the basic capital of the Company.

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

Dividends

At 24 April 2017 and according to the Shareholders' Extraordinary Assembly decision no. 02-2223/4, part of the prior years retained earnings realized up to 31 December 2015 in the amount 4,686,858 Euros were allocated for dividends distribution.

At 15 June 2017 and according to the Shareholders' Annual Assembly decision no. 02-3385/6, the profit for the year 2016 in the amount 3,421,406 Euros were allocated for dividends distribution.

At 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 were allocated for dividends distribution.

During the six – month period ended 30 June 2017 the Company paid dividends to its shareholders in the total amount of 8,058,527 Euros (31 December 2016: 2,249,299 Euros) out of which 88,445 Euros relates to taxes on dividends (31 December 2016: 26,030 Euros).

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

15 Interest-bearing borrowings

	30 June 2017	30 June 2016	31 December 2016
<u>Long – term interest bearing borrowings from local banks</u>			
Komercijalna Banka ad, Skopje (original amount: Eur.6.920.099; interest rate 6m.Euribor+3,8%)	6,920,099	1,059,521	3,699,250
Komercijalna Banka ad, Skopje (original amount: Eur.4.700.000; interest rate 6m.Libor+3,8%)	-	783,333	-
Komercijalna Banka ad, Skopje (original amount: denars.123.280.000; interest rate 5,5% p.a.)	-	352,627	-
<i>Finance lease liabilities</i>	-	5,565	2,234
Long – term borrowings	6,920,099	2,201,046	3,701,484
Less: current maturity of long term borrowings	(937,500)	(1,903,484)	(735,051)
Non-current portion of long - term borrowings	5,982,599	297,562	2,966,433
<u>Short – term interest bearing borrowings from local 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, other short term	260	124	87
<i>Financial lease liabilities</i>	5,565	12,540	9,055
Short – term borrowings	5,825	951,040	9,142
Add: current maturity of long term borrowings	937,500	1,903,484	735,051
Total short-term borrowings and current maturity	943,325	2,854,524	744,193

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

Total loans and finance lease additions during the six-month period ended 30 June 2017 amounts to Euro 3,875,775 (30 June 2016: Euro 938,376 and 31 December 2016: Euro 4,963,033). Total loan repaid during the same period amounts to Euro 660,477 (30 June 2016: Euro 1,167,082 and 31 December 2016: Euro 4,633,199).

The borrowings repayment schedule is as follows:

	30 June 2017	30 June 2016	31 December 2016
Due within 12 months	937,500	2,841,860	735,051
Due within 1 – 2 years	1,500,000	288,124	868,455
Due within 2 – 5 years	3,941,364	3,873	2,095,744
Due in over 5 years	541,235	-	-
	6,920,099	3,133,857	3,699,250

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

	30 June 2017	30 June 2016	31 December 2016
Present value of payment:			
Due within 1 year	5,565	12,540	9,055
Due between 1 – 5 years	-	5,565	2,234
Due over 5 years	-	-	-
	5,565	18,105	11,289

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

16 Trade and other payables

	30 June 2017	30 June 2016	31 December 2016
Trade creditors			
Local suppliers	908,432	634,990	672,401
Foreign suppliers	226,261	160,548	51,565
Related party's payables (see Note 27)	920	-	-
	1,135,613	795,538	723,966
Other current liabilities			
Customers' prepayments	758,133	281,105	483,682
Accrued expenses	308,069	405,649	41,250
Liabilities to employees and management	297,986	350,087	290,183
Dividends payables (net of local taxes)	51,652	1,984,437	1,915
Interest payable	13,430	6,349	7,524
Other	1,633	1,884	1,540
	1,430,903	3,029,511	826,094
	2,566,516	3,825,049	1,550,060

17 Tax payables

	30 June 2017	30 June 2016	31 December 2016
Concession fees and other levies	135,439	68,713	106,720
Withholding tax	17,544	10,131	8,069
Personal income tax liabilities	7,940	13,449	4,060
	160,923	92,293	118,849

18 Sales

	Six - month period ended 30 June 2017	30 June 2016	Year ended 31 December 2016
Local market	274,444	372,249	815,803
Foreign markets:			
- Greece	6,186,741	3,201,767	8,485,190
-China	3,304,254	755,353	3,017,806
- Italy	1,085,022	1,380	373,212
- Balkan	142,319	210,424	436,429
- Other markets	1,299,599	990,118	3,509,891
Sub- total – sales on foreign markets	12,017,935	5,159,042	15,822,528
Total sales	12,292,379	5,531,291	16,638,331

19 Cost of sales

	Six - month period ended 30 June 2017	30 June 2016	Year ended 31 December 2016
Stock of finished products and W.I.P. at the beginning of the period	5,291,469	5,650,888	5,650,888
Plus: Total production cost for the period ended 30 June / 31 December	4,674,557	4,317,205	8,989,575
Plus: Income from value adjustment of previously written-off Inventory	158,530	32,763	187,709
Less: Value adjustment, wastage, failure and fracture of Inventories	(721)	-	(257,473)
Lees: Income from released value adjustment of inventories sold	(158,530)	(32,763)	(187,709)
Less: Stock of finished products and W.I.P. at the end of period	(4,674,315)	(6,400,105)	(5,291,469)
	5,290,990	3,567,988	9,091,521

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

20 Administrative and selling expenses

	Six - month period ended 30 June 2017		Six - month period ended 30 June 2016		Year ended 31 December 2016	
	Administrative	Selling	Administrative	Selling	Administrative	Selling
Professional advisory services	667,721	-	430,289	-	929,645	-
Staff costs	331,158	56,383	327,587	74,523	620,668	127,364
Marketing and promotion	62,383	92,734	37,820	188,782	93,743	254,237
Depreciation and amortization (Note 10)	41,436	17,235	55,413	18,091	110,647	36,042
Taxes and other levies	32,074	2,989	33,689	8,993	98,524	16,044
Services	30,404	74,097	49,096	45,517	91,273	162,834
Materials, supplies and utilities	14,102	4,604	13,652	2,270	36,902	6,064
Expenses for operating lease Present value of equipment sold and written off	11,564	3,322	11,552	3,318	23,131	6,644
Impairment and write off of receivables	345	-	687	-	-	93,082
Value adjustment of inventories	-	21	-	36	-	1,429
Wastage, failure and fracture of inventories	721	-	-	-	-	287,403
Stock count shortages of inventory	-	-	-	-	-	41,102
Other expenses and provisions	-	-	-	-	-	55,857
	115,729	37,912	89,564	34,819	248,772	76,124
	1,307,637	289,297	1,049,349	376,349	2,253,305	1,164,226

21 Staff costs

	Six - month period ended 30 June		Year ended 31 December
	2017	2016	2016
Net salaries	1,224,817	1,017,217	2,086,471
Personal tax and mandatory contributions	546,779	478,417	982,844
Less: amount corresponding to future periods	(131,829)	(25,917)	-
Business trips	2,426	3,772	11,166
Other allowances	135,054	123,301	279,267
	1,777,247	1,596,790	3,359,748

Out of the total staff costs for the six-month period ended 30 June 2017 amounting Euro 1,777,247, Euro 1,389,706 charged the cost of sales and the remaining amount of Euro 387,541 – to administrative and selling expenses (see Note 20).

22 Other operating income

	Six - month period ended 30 June		Year ended 31 December
	2017	2016	2016
Income from re-invoicing of transport cost and other services	546,815	123,874	364,118
- minus: Cost associated with the above services	(523,475)	(122,887)	(344,279)
Gains on property, plant and equipment sold	16,929	-	-
Raw materials sold	2,703	1,748	4,514
Income from rents	2,169	-	97
Payables write offs and stock count surplus	41	8	4,819
Income from collected fully provided bad debts	-	-	9
Other income	388	1,338	7,327
	45,570	4,081	36,605

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2017
(All amounts presented in Euros, unless otherwise stated)

23 Finance income and costs

	Six - month period ended 30 June		Year ended 31
	2017	2016	December
			2016
Finance income			
Interest income	2,217	105	4,432
Foreign exchange gains	140,308	22,749	54,230
	142,525	22,854	58,662
Finance costs			
Interest (expense)	(101,789)	(62,248)	(121,981)
Bank (charges)	(52,121)	(23,217)	(94,843)
Foreign exchange (losses)	(160,411)	(23,514)	(61,120)
	(314,321)	(108,979)	(277,944)
Net finance costs	(171,796)	(86,125)	(219,282)

24 Income tax

The charge for the year can be reconciled to the profit per Statement of comprehensive income at 30 June 2017 and 2016 and 31 December 2016 as follows:

	Six - month period ended 30 June		Year ended 31
	2017	2016	December
			2016
Profit before income tax	5,278,229	455,561	3,946,602
Non – deductible expenses	320,488	316,454	854,401
Tax deductions	(583)	-	(322)
Temporary differences of the tax base	(11,621)	150,745	-
Translation differences	-	-	-
Income tax base	5,586,513	922,760	4,800,681
Current tax charge at rate of 10%	558,651	92,276	480,068
Income tax reduction	-	-	-
Income tax (expense)	558,651	92,276	480,068
Effective tax rate	10.58%	20.26%	12.16%

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

25 Expenses by nature

	Six - month period ended 30 June		Year ended 31
	2017	2016	December 2016
Staff costs	1,777,247	1,596,790	3,359,748
Depreciation and amortization	1,167,647	1,310,557	2,608,493
Spent materials, spare parts and small inventory	1,141,603	870,350	1,770,488
Energy and water	677,425	615,560	1,311,807
Professional advisory services	667,721	430,289	929,645
Services	431,958	309,319	698,120
Marketing and promotion	155,117	226,602	347,980
Other expenses and provisions	153,641	125,070	324,896
Taxes and other contributions	65,087	69,634	170,630
Expenses for operating leasing	14,886	14,870	29,775
Representation	11,129	11,634	22,538
Transport costs	4,002	5,540	10,870
Insurance	2,220	13,989	16,006
Impairment of materials	721	-	-
Present value of assets sold and written off	345	-	93,082
Write off of receivables	21	36	1,429
Value adjustment of inventories	-	-	357,167
Shortages	-	-	55,857
Wastage, failure and fracture	-	-	41,102
	6,270,770	5,600,240	12,149,633
Changes of stock of work in progress and finished products	617,154	(606,554)	359,419
	6,887,924	4,993,686	12,509,052

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 2017 and 2016 and the year ended 31 December 2016.

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
	2017	2016	December 2016
Profit attributable to equity holders of the Company	4,719,578	363,285	3,466,534
Weighted average number of ordinary shares	4,686,858	4,686,858	4,686,858
Basic and diluted earnings per share (Euro per share)	1.01	0.08	0.74

Notes to the Interim Financial Statements (continued)
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(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 2017, 30 June 2016 and 31 December 2016:

30 June 2017	Cash	Receivables	Payables	Income	Expenses
Stone Works Holding Coöperatief U.A Netherlands	-	-	-	-	-
Castleblock Limited Nicosia Cyprus	-	-	-	-	-
Stage Capital Management Limited, UK	-	-	920	-	42,099
Key management remuneration	-	-	-	-	162,290
	-	-	920	-	204,389

30 June 2016	Cash	Receivables	Payables	Income	Expenses
Stone Works Holding Coöperatief 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
	6,625	65,102	-	-	186,636

31 December 2016	Cash	Receivables	Payables	Income	Expenses
Stone Works Holding Coöperatief U.A Netherlands	-	-	-	-	408,110
Castleblock Limited Nicosia Cyprus	-	-	-	-	-
NBGI Private Equity Limited London	-	-	-	172,574	49,552
Key management remuneration	-	-	-	-	379,858
	-	-	-	172,574	837,520

28 Contingent liabilities

Mortgages

Mortgages provided with appraised value are as follows:

	Six - month period ended 30 June		Year ended 31
	2017	2016	December
			2016
Business premises	2,670,452	2,572,000	2,670,452
Machinery & equipment	6,282,190	6,351,600	6,282,190
	8,952,642	8,923,600	8,952,642

Mortgages provided with present value are as follows:

	Six - month period ended 30 June		Year ended 31
	2017	2016	December
			2016
Business premises	1,511,988	1,721,421	1,598,365
Machinery & equipment	4,698,900	4,413,174	5,383,157
	6,210,888	6,134,595	6,981,522

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2017
(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
	2017	2016	December
			2016
Issued by Komercijalna Banka AD Skopje	416,310	145,879	146,386
	416,310	145,879	146,386

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.

Litigations

At 30 June 2017, the estimated Euro equivalent of the legal proceedings raised against the Company amounts Euro 41,431 (30 June 2016: Euro 62,182; 31 December 2016: Euro 42,712). 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 2017 the Company was subject of following tax inspections by tax authorities:

- for VAT until 30 June 2009;
- for Personal Income tax until 31 December 2008;
- for Corporate Income tax until 31 December 2012;
- for tax on concessions until 31 December 2011;
- for withholding tax 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.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2017
(All amounts presented in Euros, unless otherwise stated)

29 Commitments

Operating lease liabilities

As at 30 June 2017 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
	2017	2016	December
			2016
Operating lease liabilities			
Present value of payment:			
Due within 1 year	29,665	29,664	29,664
Due between 1 – 5 years	1,061	30,726	15,893
Due over 5 years	-	-	-
	30,726	60,390	45,557

As at 30 June 2017, the Company recognized expenses for operating lease in the amount of Euro 14,886 (30 June 2016: Euro 14,870 and 31 December 2016: Euro 29,775) (Note 25).

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 /m³
 - tombolones at 5% of the value of material determined at 147 Euros /m³ and
 - material different than blocks and tombolones, that is crushed or milled 0,325 Euros/t

31 Events after the reporting date

Subsequent to 30 June 2017 until the approval of these interim financial statements, there are no adjusting events reflected in these interim financial statements. The following events is materially significant for disclosure in these interim financial statements:

On 17 June 2017, and further to proceedings by the Company, the High Court of England and Wales issued a decision holding that the use of the name Sivec by Fox Marble Holdings Plc, UK (“Fox Marble”) was in infringement of the Company’s EU trademark Sivec® and issued an injunction to prevent Fox Marble from continuing to use this name in relation to its products. The decision has not been appealed until the deadline of 26 July 2017 and Fox Marble have published the respective notice on their corporate website as per the order of the Court.



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