



These interim financial statements represent Euro translation of the original interim financial statements expressed in Macedonian Denars. In case of any discrepancies between the translated and original interim financial statements, interim financial statements expressed in Macedonian Denars shall prevail

Interim Financial Statements and Independent Auditors' Review Report

Mermeren Kombinat AD, Prilep

30 June 2018

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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 2018 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 2018, and its financial performance and its cash flows for the six – months period that ended in accordance with International Accounting Standard 34.

Skopje,
31 August 2018

Grant Thornton Doo, Skopje

Director
Marjan Andonov

Certified Auditor
Maja Atanasovska

Interim Financial Statements
30 June 2018

Statement of Financial Position

	Notes	30 June 2018	30 June 2017	(Amounts in EUR) 31 December 2017
Assets				
Non-current assets				
Property, plant and equipment	9	8,562,053	8,175,703	8,589,773
Intangible assets	10	1,632,767	1,765,045	1,793,342
		10,194,820	9,940,748	10,383,115
Current assets				
Inventories	11	4,846,677	6,070,585	5,366,938
Trade and other receivables	12	2,991,264	3,007,940	4,315,460
Cash and cash equivalents	13	15,564,718	6,803,979	5,999,684
		23,402,659	15,882,504	15,682,082
Total assets		33,597,479	25,823,252	26,065,197
Equity				
	14			
Capital and reserves attributable to equity holders				
Share capital		4,686,858	4,686,858	4,686,858
Other components of equity		13,329,036	6,079,105	6,139,690
Retained earnings		11,170,497	5,058,018	10,944,429
Total equity		29,186,391	15,823,981	21,770,977
Liabilities				
Non – current liabilities				
Interest – bearing borrowings	15	1,219,941	5,982,599	1,298,647
		1,219,941	5,982,599	1,298,647
Current liabilities				
Interest – bearing borrowings	15	118,094	943,325	41,587
Trade and other payables	16	2,238,814	2,566,516	2,058,655
Income tax payables		728,200	345,908	787,055
Tax payables	17	106,039	160,923	108,276
		3,191,147	4,016,672	2,995,573
Total liabilities		4,411,088	9,999,271	4,294,220
Total liabilities and shareholders' equity		33,597,479	25,823,252	26,065,197

These interim financial statements were approved by the Board of Directors on 30 August 2018.

Signed on its behalf by,

Christoforos Pavlidis

Chairman

Perikles Nicolaou

Chief Executive Officer

Nikos Michalopoulos

Chief Financial Officer

Interim Financial Statements
30 June 2018

Statement of Comprehensive Income

	Note	(Amounts in EUR)		
		Six - month period ended 30 June		Year ended
		2018	2017	December 31 2017
Sales	18	19,093,467	12,292,379	26,140,710
Cost of sales	19	(5,871,621)	(5,290,990)	(10,925,818)
Gross profit		13,221,846	7,001,389	15,214,892
Administrative and selling expenses	20	(1,205,373)	(1,596,934)	(3,187,859)
Other operating income	22	64,553	45,570	153,884
Operating profit		12,081,026	5,450,025	12,180,917
Finance income	23	62,336	142,525	274,180
Finance costs	23	(120,082)	(314,321)	(604,656)
Finance (costs), net		(57,746)	(171,796)	(330,476)
Profit before income tax		12,023,280	5,278,229	11,850,441
Income tax (expense)	24	(1,191,226)	(558,651)	(1,244,455)
Profit for the period		10,832,054	4,719,578	10,605,986
Other comprehensive income:				
Items that will not be reclassified subsequently to profit and loss		-	-	-
Translation differences	14.2	4,766	(50,369)	10,219
Other comprehensive income for the period, net of tax		4,766	(50,369)	10,219
Total comprehensive income		10,836,820	4,669,209	10,616,205
Profit attributable to the holders of ordinary shares		10,832,054	4,719,578	10,605,986
Total comprehensive income attributable to the holders of ordinary shares		10,836,820	4,669,209	10,616,205
Earnings per share (expressed in Euros per share):	26			
Basic earnings per share				
- Earnings from continuing operations		2.31	1.01	2.26
- Earnings from discontinued operations		-	-	-
Total		2.31	1.01	2.26
Diluted earnings per share				
- Earnings from continuing operations		2.31	1.01	2.26
- Earnings from discontinued operations		-	-	-
Total		2.31	1.01	2.26
EBITDA		13,251,565	6,617,672	14,522,691

Accompanying notes from 6 to 24 are integral part of the interim financial statements

Interim Financial Statements
30 June 2018

Statement of Changes in Equity

	(Amounts in EUR)			
	Share capital	Other components of the equity	Retained earnings	Total
At 1 January 2018	4,686,858	6,139,690	10,944,429	21,770,977
<u>Transaction with owners (Note 14.1.2.4):</u>				
Allocation of profit to reinvested earnings		7,184,580	(7,184,580)	-
Dividends declared	-	-	(3,421,406)	(3,421,406)
Total transactions with owners	-	7,184,580	(10,605,986)	(3,421,406)
Profit for the period	-	-	10,832,054	10,832,054
<u>Other comprehensive income (Note 14.2):</u>				
Translation differences	-	4,766	-	4,766
Total other comprehensive income	-	4,766	-	4,766
Total comprehensive income	-	4,766	10,832,054	10,836,820
At 30 June 2018	4,686,858	13,329,036	11,170,497	29,186,391
At 1 January 2017	8,822,410	1,999,780	8,440,846	19,263,036
<u>Transaction with owners (Note 14.4):</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 tangible assets	-	(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 2017	8,822,410	1,999,780	8,440,846	19,263,036
<u>Transactions with owners (Note 14.4):</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 year	-	-	10,605,986	10,605,986
<u>Other comprehensive income (Note 14.2):</u>				
Transfer of revaluation reserves on disposed tangible assets	-	(5,861)	5,861	-
Exchange differences on Translating	-	10,219	-	10,219
Total other comprehensive income	-	4,358	5,861	10,219
Total comprehensive income	-	4,358	10,611,847	10,616,205
At 31 December 2017	4,686,858	6,139,690	10,944,429	21,770,977

Accompanying notes from 6 to 24 are integral part of the interim financial statements

Interim financial statements
30 June 2018

Statement of Cash Flows

		(Amounts in EUR)		
		Six - month period ended 30 June		Year ended December 31
	Note	2018	2017	2017
Operating activities				
Net profit before income tax		12,023,280	5,278,229	11,850,441
<u>Adjusted for:</u>				
Depreciation and amortization	9,10	1,170,539	1,167,647	2,341,774
Net carrying amount of equipment sold	20	18,630	345	40,808
Impairment and write offs on trade and other receivables	20	18	21	1,002
Wastage, failure and fracture of inventory	20	-	-	222,012
Value adjustment of inventories	20	-	721	199,650
Stock count shortages of inventory	20	-	-	23,709
Losses on property, plant and equipment sold	20	-	-	2,135
Net carrying amount of equipment written off		-	-	974
Gain on property, plant and equipment sold	22	(3,185)	(16,929)	(29,862)
Gains from previously impaired receivables	12, 22	(490)	-	(128)
Payables written off	22	(43)	(41)	(7,625)
Liabilities for dividends written off		-	-	(1,038)
Finance result, net	23	24,516	99,572	207,854
Operating profit before working capital changes		13,233,265	6,529,565	14,851,706
<u>Changes in working capital:</u>				
Inventories		520,261	511,696	770,693
Trade and other receivables		(2,097,255)	(1,299,897)	813,588
Trade and other payables		178,113	1,002,930	509,030
Cash from operations		11,834,384	6,744,294	16,945,017
Interest paid		(25,430)	(95,883)	(217,041)
Income tax paid		(1,250,081)	(193,415)	(438,070)
Cash flows from operating activities, net		10,558,873	6,454,996	16,289,906
Investing activities				
Purchase of tangible assets , net of proceeds from sales	9	(980,327)	(232,083)	(1,659,564)
Purchase of intangible assets, net of proceeds from sales	10	(21,196)	(146,220)	(341,392)
Proceeds from sale of equipment	22	3,185	16,929	29,862
Interest received	23	768	2,217	3,831
Cash flows from investing activities, net		(997,570)	(359,157)	(1,967,263)
Financing activities				
New borrowings	15	-	3,875,775	4,293,676
Repayment of borrowings	15	-	(660,477)	(6,664,068)
Dividends paid and related taxes	14.4	-	(8,058,527)	(11,529,312)
Cash flows from financing activities, net		-	(4,843,229)	(13,899,704)
Net change in cash and cash equivalents		9,561,303	1,252,610	422,939
Cash and cash equivalents at beginning	13	5,999,684	5,564,344	5,564,344
Effects of exchange rate changes on cash and cash equivalents		3,731	(12,975)	12,401
Cash and cash equivalents at end	13	15,564,718	6,803,979	5,999,684

Accompanying notes from 6 to 24 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 U.A. (“Stoneworks”), a corporation incorporated in the Netherlands acquired 88.4% of the Company’s shares.

On 5 September 2017, Pavlidis S.A. Marble-Granite, Greece (“Pavlidis”) acquired 100% of the equity interests of Stoneworks.

The Company’s shares are listed on the Macedonian Stock Exchange and on the Athens Stock Exchange via the ELPIS (Greek Depository Receipts) status.

On 26 February 2018, Pavlidis proceeded to a public offer to EL.PIS. holders in order to acquire EL.PIS. In the period 01/03/2018 to 28/03/2018, a total of 310,262 EL.PIS. were bought, which represent 6.62% of the total shares of the Company.

On 28 June 2018, Stoneworks acquired an additional 34,449 shares. Therefore, on 30 June 2018 Stoneworks was the holder of 89.14% of the issued share capital.

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 2018 employs 378 persons (30 June 2017: 382 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 2018
(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 2018 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 2017.

2.1 New standards adopted as of 01 January 2018

The Company has adopted the new accounting pronouncements which have become effective this year, and are as follows:

IFRS 9 ‘Financial Instruments’

The new Standard for financial instruments (IFRS 9) replaces IAS 39 ‘Financial Instruments: Recognition and Measurement’. It makes major changes to the previous guidance on the classification and measurement of financial assets and introduces an ‘expected credit loss’ model for the impairment of financial assets.

Management has identified the following areas mainly affected by the application of IFRS 9:

- the classification and measurement of the Company’s financial assets. Management holds most financial assets to hold and collect the associated cash flows.
- the impairment of financial assets applying the expected credit loss model. This applies to the Company’s trade receivables. For contract assets arising from IFRS 15 and trade receivables, the Company applies a simplified model of recognising lifetime expected credit losses as these items do not have a significant financing component.

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 2017.

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

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2018
(All amounts presented in Euros, unless otherwise stated)

Foreign currency translation (continued)

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 2018	30 June 2017	31 December 2017
1 USD	52.7482 Denars	54.0640 Denars	51.2722 Denars
1 EUR	61.4939 Denars	61.7033 Denars	61.4907 Denars
Average EUR	61.5293 Denars	61.6020 Denars	61.5743 Denars

5 Estimates

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

The judgments, estimates and assumptions applied in the interim financial statements, including the key sources of estimation uncertainty were the same as those applied in the Company's last annual financial statements for the year ended 31 December 2017.

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

In 2018, the Company shifted the major volume of trading to South–East Asia. Nevertheless it continued trading with its major Greek customers, whose trade is mostly directed to exports as well as to its clientele in the Middle East. On the other hand, the Company's management has minimized credit exposure to all its 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 2018 is considered to be good.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2018
(All amounts presented in Euros, unless otherwise stated)

Significant events and transactions (continued)

- 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.

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 2018, 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 2018			
Sales	16,045,294	3,048,173	19,093,467
Profit from operating activities	10,947,293	1,133,733	12,081,026
Financial result, net			(57,746)
Profit before tax			12,023,280
Income tax expense			(1,191,226)
Profit for the period			10,832,054
Other comprehensive income			4,766
Total comprehensive income for the period			10,836,820
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
Year to 31 December 2017			
Sales	22,061,606	4,079,104	26,140,710
Profit from operating activities	11,289,262	891,655	12,180,917
Financial result, net			(330,476)
Profit before tax			11,850,441
Income tax expense			(1,244,455)
Profit for the year			10,605,986
Other comprehensive income			10,219
Total comprehensive income for the year			10,616,205

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2018
(All amounts presented in Euros, unless otherwise stated)

Segment reporting (continued)

Segment assets and liabilities as at 30 June 2018 and 2017 and 31 December 2017 are as follows:

	Quarry	Factory	Total
30 June 2018			
Total assets	26,880,580	6,716,899	33,597,479
Liabilities	3,920,492	490,596	4,411,088
Capital expenditures	670,559	330,964	1,001,523
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
31 December 2017			
Total assets	20,030,114	6,035,083	26,065,197
Liabilities	3,833,268	460,952	4,294,220
Capital expenditures	1,978,495	22,461	2,000,956

Sales per geographical regions are as follows:

	Six months period ended		Year ended
	2018	2017	2017
Macedonia	187,585	274,444	764,016
China	11,118,257	3,304,254	8,939,545
Greece	5,688,265	6,186,741	11,552,160
Italy	1,505,302	1,085,022	2,162,541
Balkan region	116,701	142,319	299,155
Other markets	477,357	1,299,599	2,423,293
	19,093,467	12,292,379	26,140,710

As at 30 June 2018 Euros 9,308,344 or 48.8 % (30 June 2017: Euro 5,313,322 or 43.3 % and 31 December 2017: Euro 9,848,247 or 37.7%) of the Company's revenues depended on a four single customers, two from Greece and two from China, which individually represents more than 10% of revenues (30 June 2017: three single customers from Greece and 31 December 2017: 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 2018 represented 73% (first six months of 2017: 47%) of the annual level of these revenues for the year ended 31 December 2017.

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2018
(All amounts presented in Euros, unless otherwise stated)

9 Property, plant and equipment

	Land & buildings	Machinery & equipment	Construct.in progress	Total
At 1 January 2018				
Cost or valuation	5,466,986	21,362,469	9,852	26,839,307
Accumulated depreciation	(2,701,948)	(15,547,586)	-	(18,249,534)
Net carrying amount	2,765,038	5,814,883	9,852	8,589,773
Changes during the period				
Opening net carrying amount	2,765,038	5,814,883	9,852	8,589,773
Translation differences	(110)	(413)	62	(461)
Additions, net of transfers from C.I.P.	186,664	688,423	105,240	980,327
Disposals-net	-	(18,630)	-	(18,630)
Depreciation charge for the period	(127,342)	(861,614)	-	(988,956)
Closing carrying amount	2,824,250	5,622,649	115,154	8,562,053
At 30 June 2018				
Cost or valuation	5,653,473	21,804,446	115,154	27,573,073
Accumulated depreciation	(2,829,223)	(16,181,797)	-	(19,011,020)
Net carrying amount	2,824,250	5,622,649	115,154	8,562,053
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 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 year				
Opening net carrying amount	2,985,792	5,881,374	110,906	8,978,072
Translation differences	(760)	(998)	(155)	(1,913)
Additions, net of transfers from C.I.P.	28,041	1,732,422	(100,899)	1,659,564
Disposals-net	(960)	(40,822)	-	(41,782)
Depreciation charge for the year	(247,075)	(1,757,093)	-	(2,004,168)
Closing carrying amount	2,765,038	5,814,883	9,852	8,589,773
At 31 December 2017				
Cost or valuation	5,466,986	21,362,469	9,852	26,839,307
Accumulated depreciation	(2,701,948)	(15,547,586)	-	(18,249,534)
Net carrying amount	2,765,038	5,814,883	9,852	8,589,773

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2018
(All amounts presented in Euros, unless otherwise stated)

Property, plant and equipment (continued)

Construction in progress

As at 30 June 2018, the balance of construction in progress, amounting to Euro 115,154 consists of the cost of major repairs of equipment.

Property, plant and equipment pledged

As at 30 June 2018, 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 4,876,880 (see Note 28).

Vehicles under financial lease

As at 30 June 2018, the Company has the following amounts of assets under financial lease:

	30 June 2018	30 June 2017	31 December 2017
At 1 January 2018			
Cost or valuation	-	23,906	23,989
Accumulated depreciation	-	(18,428)	(21,490)
Net carrying amount	-	5,478	2,499

10 Intangible assets

	Software	Trademarks	Exploration and evaluation assets	Intangibles in progress	Total
At 1 January 2018					
Cost or valuation	175,300	180,133	2,874,016	57,344	3,286,793
Accumulated amortization	(151,330)	(124,570)	(1,217,551)	-	(1,493,451)
Net carrying amount	23,970	55,563	1,656,465	57,344	1,793,342
Changes during the period					
Opening net carrying amount	23,970	55,563	1,656,465	57,344	1,793,342
Translation differences	(5)	(2)	(181)	-	(188)
Additions, net of transfers from intangibles in progress	358	14,784	-	6,054	21,196
Amortization charge for the period	(6,621)	(14,413)	(160,549)	-	(181,583)
Closing carrying amount	17,702	55,932	1,495,735	63,398	1,632,767
At 30 June 2018					
Cost or valuation	175,649	194,916	2,873,866	63,398	3,307,829
Accumulated amortization	(157,947)	(138,984)	(1,378,131)	-	(1,675,062)
Net carrying amount	17,702	55,932	1,495,735	63,398	1,632,767
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
Amortisation 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

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2018
(All amounts presented in Euros, unless otherwise stated)

Intangible assets (continued)	Software	Trademarks	Exploration and evaluation assets	Intangibles in process of acquisition	Total
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 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	(33)	(26)	(260)	48	(271)
Additions, net of transfers from intangibles in progress	14,609	14,910	275,611	36,262	341,392
Amortization charge for the year	(33,136)	(25,653)	(278,817)	-	(337,606)
Closing carrying amount	23,970	55,563	1,656,465	57,344	1,793,342
At 31 December 2017					
Cost or valuation	175,300	180,133	2,874,016	57,344	3,286,793
Accumulated amortization	(151,330)	(124,570)	(1,217,551)	-	(1,493,451)
Net carrying amount	23,970	55,563	1,656,465	57,344	1,793,342

Exploration and evaluation assets

As of 30 June 2018 the balance of exploration and evaluation assets amounting to Euro 1,495,735 (30 June 2017: Euro 1,567,270 and 31 December 2017: Euro 1,656,465) includes capitalized expenses related to quarry stripping activities with remaining amortization period for 12 years, geophysics research and quarry 10-year plan.

Intangibles in process of acquisition

As at 30 June 2018 the balance of intangibles in process of acquisition amounting to Euro 63,398 (30 June 2017: Euro 101,769 and 31 December 2017: Euro 57,344) relates to mainly to 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 2018 amounting Euro 1,170,539 (30 June 2017: Euro 1,167,647 and 31 December 2017: Euro 2,341,774), Euro 1,116,473 (30 June 2017: Euro 1,108,976 and 31 December 2017: Euro 2,223,861) has been charged in cost of sales and the remaining in the amount of Euro 54,066 (30 June 2017: Euro 58,671 and 31 December 2017: Euro 117,913) into 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 2018
(All amounts presented in Euros, unless otherwise stated)

11 Inventories

	30 June 2018	30 June 2017	31 December 2017
Work in progress	2,916,823	3,413,880	3,011,123
Spare parts	834,220	1,065,191	818,031
Finished products	793,872	1,260,435	1,272,546
Raw materials	185,984	198,916	139,258
Trade goods	73,474	107,058	107,428
Other	42,304	25,105	18,552
	4,846,677	6,070,585	5,366,938

12 Trade and other receivables

	30 June 2018	30 June 2017	31 December 2017
Current trade receivables			
Local debtors	33,050	23,229	19,151
Foreign debtors	880,325	1,421,580	543,443
Related party's receivables (see Note 27)	309,632	-	-
	1,223,007	1,444,809	562,594
Less: provision for impairment	(65,133)	(67,730)	(65,624)
	1,157,874	1,377,079	496,970
Prepayments and other receivables			
Advances to suppliers	879,195	1,012,576	256,874
Deferred expenses	487,885	319,690	14,591
Prepaid VAT	444,322	262,160	100,534
Advance dividend	-	-	3,421,924
Other current receivables	21,988	36,435	24,567
	1,833,390	1,630,861	3,818,490
	2,991,264	3,007,940	4,315,460

The major part of the balance of advances to suppliers at 30 June 2018 relates to advance to Teknoksgrupp Macedonia for the purchase of two loaders, amounting Euro 471,252 and to SIMEC S.p.A. for the purchase of a polishing line, amounting Euro 199,700.

At 30 June 2018 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	356,132	801,742	65,133	1,223,007
Less: Impairment provision	-	-	(65,133)	(65,133)
	356,132	801,742	-	1,157,874

Out of the 802,083 Euro past due on 30 June 2018, 798,997 Euro have been paid until the approval of these interim financial statements.

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

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2018
(All amounts presented in Euros, unless otherwise stated)

Trade and other receivables (continued)

At 31 December 2017 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	480,054	16,916	65,624	562,594
Less: Impairment provision	-	-	(65,624)	(65,624)
	480,054	16,916	-	496,970

At 30 June 2018 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	5,619	796,089	801,708
Overdue more than 1 year	-	34	34
	5,619	796,123	801,742

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

At 31 December 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	-	16,916	16,916
Overdue more than 1 year	-	-	-
	-	16,916	16,916

Following table provides for the movement of impairment provision account:

	30 June 2018	30 June 2017	31 December 2017
At 1 January	65,624	67,798	67,798
Collected fully provided bad debts (Note 22)	(490)	-	(128)
Written off of previously impaired receivables	-	-	(2,931)
Impairment provision	-	-	888
Translation differences	(1)	(68)	(3)
At 30 June / 31 December	65,133	67,730	65,624

13 Cash and cash equivalents

	30 June 2018	30 June 2017	31 December 2017
Bank accounts	15,563,136	6,801,968	5,998,196
Cash on hand	1,582	2,011	1,488
	15,564,718	6,803,979	5,999,684

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2018
(All amounts presented in Euros, unless otherwise stated)

14 Equity

14.1 Share capital

Authorized, issued and fully paid ordinary shares 1 Euro at par	Number of shares	Ordinary shares (Euros)	Amount (in Euros)	
			Share premium (Euros)	Total (Euros)
At 01 January 2018	4,686,858	4,686,858	-	4,686,858
At 30 June 2018	4,686,858	4,686,858	-	4,686,858
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 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 31 December 2017	4,686,858	4,686,858	-	4,686,858

The structure of share capital at 30 June 2018, 30 June 2017 and 31 December 2017 is as follows (amounts in Euros):

	Number	Amount	%
At 30 June 2018			
Stone Works Holding Coöperatief U.A Netherlands	4,177,806	4,177,806	89.14
Piraeus Bank SA.	468,700	468,700	10.00
Other – minority	40,352	40,352	0.86
	4,686,858	4,686,858	100.00
At 30 June 2017/ 31 December 2017			
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 2018	26,711	4,756,945	1,356,034	6,139,690
Allocation of profit to Reinvested earnings	-	7,184,580	-	7,184,580
Translation differences	4,766	-	-	4,766
At 30 June 2018	31,477	11,941,525	1,356,034	13,329,036
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 tangible assets	-	-	(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

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2018
(All amounts presented in Euros, unless otherwise stated)

Equity (continued)

At 1 January 2017	16,492	621,393	1,361,895	1,999,780
Transfer of share premium in reserves	-	4,135,552	-	4,135,552
Transfer of revaluation reserves on disposed property, plant and equipment	-	-	(5,861)	(5,861)
Translation differences	10,219	-	-	10,219
At 31 December 2017	26,711	4,756,945	1,356,034	6,139,690

14.3 Statutory reserves

Reserves, which at 30 June 2018 amount to Euro 11,941,525 (30 June 2017: Euro 4,756,945 and 31 December 2017: Euro 4,756,945) 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.

At 05 June 2018 and according to the Shareholders' Annual Assembly decision no. 02-3016/13, part of the profit for the year 2017, in the amount of 7,184,580 Euros was allocated to reinvested earnings for financing the investment program 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.

14.4 Revaluation reserve

Revaluation reserve, which at 30 June 2018 amounts to Euro 1,356,034 (30 June 2017: Euro 1,356,037 and 31 December 2017: Euro 1,356,034) 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.

14.5 Dividends

At 05 June 2018 and according to the Shareholders' Annual Assembly decision no. 02-3016/13, part of the profit of the Company for the year 2017 in the amount of 3,421,406 Euros were allocated for dividends distribution. The amount for dividend on ordinary shares has already been distributed as pre-dividend according to the decision of the Board of Directors of 11 August 2017.

15 Interest-bearing borrowings

	30 June 2018	30 June 2017	31 December 2017
<u>Long – term interest bearing borrowings from local banks</u>			
Komercijalna Banka ad, Skopje (original amount: Eur.1,338,000; interest rate 6m.Euribor+3.8%)	1,338,000	6,920,099	1,338,000
Long – term borrowings	1,338,000	6,920,099	1,338,000
Less: current maturity of long term borrowings	(118,059)	(937,500)	(39,353)
Non-current portion of long - term borrowings	1,219,941	5,982,599	1,298,647

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2018
(All amounts presented in Euros, unless otherwise stated)

Interest – bearing borrowings (continued)

<u>Short – term interest bearing borrowings from local banks</u>			
Komercijalna Banka ad, Skopje, other short term	35	260	-
<i>Financial lease liabilities</i>	-	5,565	2,234
Short – term borrowings	35	5,825	2,234
Add: current maturity of long term borrowings	118,059	937,500	39,353
Total short-term borrowings and current maturity	118,094	943,325	41,587

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

Total loan repaid during the six-month period ended 30 June 2018 amounts to Euro 0 (30 June 2017: Euro 660,477 and 31 December 2017: Euro 6,664,068).

The borrowings repayment schedule is as follows:

	30 June 2018	30 June 2017	31 December 2017
Due within 12 months	118,059	937,500	39,353
Due within 1 – 2 years	157,412	1,500,000	157,412
Due within 2 – 5 years	472,235	3,941,364	472,235
Due in over 5 years	590,294	541,235	669,000
	1,338,000	6,920,099	1,338,000

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

	30 June 2018	30 June 2017	31 December 2017
Present value of payment:			
Due within 1 year	-	5,565	2,234
Due between 1 – 5 years	-	-	-
Due over 5 years	-	-	-
	-	5,565	2,234

16 Trade and other payables

	30 June 2018	30 June 2017	31 December 2017
Trade creditors			
Local suppliers	683,743	908,432	734,826
Foreign suppliers	158,330	226,261	58,563
Related party's payables (see Note 27)	-	920	339,576
	842,073	1,135,613	1,132,965
Other current liabilities			
Customers' prepayments	719,535	758,133	605,347
Accrued expenses	364,757	308,069	-
Liabilities to employees and management	305,675	297,986	313,841
Dividends payable (net of local taxes)	2,790	51,652	2,791
Interest payable	2,023	13,430	2,168
Other	1,961	1,633	1,543
	1,396,741	1,430,903	925,690
	2,238,814	2,566,516	2,058,655

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2018
(All amounts presented in Euros, unless otherwise stated)

17 Tax payables

	30 June 2018	30 June 2017	31 December 2017
Concession fees and other levies	104,712	135,439	106,751
Personal income tax liabilities	1,327	7,940	774
Withholding tax	-	17,544	751
	106,039	160,923	108,276

18 Sales

	Six - month period ended 30 June 2018	30 June 2017	Year ended 31 December 2017
Local market	187,585	274,444	764,016
Foreign markets:			
-China	11,118,257	3,304,254	8,939,545
- Greece	5,688,265	6,186,741	11,552,160
- Italy	1,505,302	1,085,022	2,162,541
- Balkan region	116,701	142,319	299,155
- Other markets	477,357	1,299,599	2,423,293
Sub- total – sales on foreign markets	18,905,882	12,017,935	25,376,694
Total sales	19,093,467	12,292,379	26,140,710

19 Cost of sales

	Six - month period ended 30 June 2018	30 June 2017	Year ended 31 December 2017
Stock of finished products and W.I.P. at the beginning of the period	4,283,669	5,291,469	5,291,469
Plus: Total production cost for the period ended 30 June	5,331,632	4,674,557	10,317,670
Plus: Income from value adjustment of previously written-off Inventory	31,542	158,530	214,356
Plus: Cost of various material sold	33,857	-	6,010
Use of own products	(66,842)	-	(22,355)
Wastage, failure and fracture of products (excluding VAT effect)	-	-	(163,565)
Shortages (excluding VAT effect)	-	-	(20,092)
Less: Value adjustment of Inventories	-	(721)	(199,650)
Less: Income from released value adjustment of inventories sold	(31,542)	(158,530)	(214,356)
Less: Stock of finished products and W.I.P. at the end of period	(3,710,695)	(4,674,315)	(4,283,669)
	5,871,621	5,290,990	10,925,818

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2018
(All amounts presented in Euros, unless otherwise stated)

20 Administrative and selling expenses

	Six - month period ended 30 June 2018		Six - month period ended 30 June 2017		Year ended 31 December 2017	
	Administrative	Selling	Administrative	Selling	Administrative	Selling
Staff costs	382,744	44,663	331,158	56,383	978,440	119,405
Marketing and promotion	59,798	54,365	62,383	92,734	132,843	146,494
Professional advisory services	53,464	-	667,721	-	672,431	-
Depreciation and amortization (Note 10)	34,672	19,394	41,436	17,235	83,366	34,547
Services	28,251	376,136	30,404	74,097	61,936	134,056
Materials, supplies and utilities	21,941	1,665	14,102	4,604	31,676	8,317
Present value of equipment sold and written off	18,630	-	345	-	345	2,764
Expenses for operating lease	11,644	-	11,564	3,322	23,139	6,646
Taxes and other levies	7,179	203	32,074	2,989	20,147	14,262
Impairment and write off of receivables	-	18	-	21	-	1,002
Value adjustment of inventories	-	-	721	-	721	198,929
Wastage, failure and fracture of inventories	-	-	-	-	-	222,012
Stock count shortages of inventory	-	-	-	-	-	23,709
Other expenses and provisions	73,632	16,974	115,729	37,912	196,163	74,509
	691,955	513,418	1,307,637	289,297	2,201,207	986,652

21 Staff costs

	Six - month period ended 30 June		Year ended 31
	2018	2017	December 2017
Net salaries	1,395,047	1,224,817	2,674,687
Personal tax and mandatory contributions	648,173	546,779	1,141,662
Less: amount corresponding to future periods	(222,463)	(131,829)	-
Business trips	5,471	2,426	7,630
Other allowances	251,911	135,054	434,016
	2,078,139	1,777,247	4,257,995

Out of the total staff costs for the six-month period ended 30 June 2018 Euro 1,650,732 has been charged in the cost of sales and the remaining amount of Euro 427,407 – to administrative and selling expenses (see Note 20).

22 Other operating income

	Six - month period ended 30 June		Year ended 31
	2018	2017	December 2017
Income from re-invoicing of transport cost and other services	89,154	546,815	1,141,699
- minus: Cost associated with the above services	(87,635)	(523,475)	(1,105,723)
Reimbursement of participation in trade fair	24,885	-	-
Raw materials sold	19,848	2,703	8,564
Returned VAT from representative office in Athens	10,853	-	-
Gains on property, plant and equipment sold	3,185	16,929	29,862
Income from collected fully provided bad debts	490	-	128
Income from rents	366	2,169	6,026
Payables write offs and stock count surplus	43	41	7,625
Income from court verdicts	-	-	58,654
Liabilities for dividends written off	-	-	1,038
Other income	3,364	388	6,011
	64,553	45,570	153,884

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2018
(All amounts presented in Euros, unless otherwise stated)

23 Finance income and costs

	Six - month period ended 30 June		Year ended 31
	2018	2017	December 2017
Finance income			
Interest income	768	2,217	3,831
Foreign exchange gains	61,568	140,308	270,349
	62,336	142,525	274,180
Finance costs			
Interest (expense)	(25,284)	(101,789)	(211,685)
Bank charges	(22,223)	(52,121)	(87,667)
Foreign exchange losses	(72,575)	(160,411)	(305,304)
	(120,082)	(314,321)	(604,656)
Net finance costs	(57,746)	(171,796)	(330,476)

24 Income tax

The charge for the year can be reconciled to the profit per Statement of comprehensive income at 30 June 2018 and 2017 and 31 December 2017 as follows:

	Six - month period ended 30 June		Year ended 31
	2018	2017	December 2017
Profit before income tax	12,023,280	5,278,229	11,850,441
Non – deductible expenses	265,473	320,488	844,516
Tax deductions	(3,483)	(583)	(712)
Temporary differences of the tax base	(123,128)	(11,621)	-
Income tax base	12,162,142	5,586,513	12,694,245
Current tax charge at rate of 10%	1,216,214	558,651	1,269,425
Income tax reduction	(24,988)	-	(24,970)
Income tax (expense)	1,191,226	558,651	1,244,455
Effective tax rate	9.91%	10.58%	10.50%

25 Expenses by nature

	Six - month period ended 30 June		Year ended 31
	2018	2017	December 2017
Staff costs	2,078,139	1,777,247	4,257,995
Depreciation and amortization	1,170,539	1,167,647	2,341,774
Consumed materials, spare parts and small inventory	1,006,348	1,141,603	2,183,710
Energy and water	990,912	677,425	1,411,713
Services	902,979	431,958	1,022,990
Marketing and promotion	114,163	155,117	279,337
Other expenses and provisions	90,606	153,641	270,672
Professional advisory services	53,464	667,721	672,431
Taxes and other contributions	43,819	65,087	97,532
Present value of assets sold and written off	18,630	345	41,782
Expenses for operating leasing	13,237	14,886	29,785
Representation	10,541	11,129	24,273
Transport costs	7,413	4,002	20,539
Insurance	3,212	2,220	4,971
Write off of receivables	18	21	1,002
Impairment of materials	-	721	-
Value adjustment of inventories	-	-	199,650
Shortages	-	-	23,709
Wastage, failure and fracture	-	-	222,012
	6,504,020	6,270,770	13,105,877
Changes of stock of work in progress and finished products	572,974	617,154	1,007,800
	7,076,994	6,887,924	14,113,677

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2018
(All amounts presented in Euros, unless otherwise stated)

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 2018 and 2017 and the year ended 31 December 2017.

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
	2018	2017	December
	2017		
Profit attributable to equity holders of the Company	10,832,054	4,719,578	10,605,986
Weighted average number of ordinary shares	4,686,858	4,686,858	4,686,858
Basic and diluted earnings per share (Euro per share)	2.31	1.01	2.26

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 2018, 30 June 2017 and 31 December 2017:

30 June 2018	Cash	Receivables	Payables	Revenues	Expenses
Stone Works Holding Coöperatief U.A Netherlands	-	-	-	-	-
Pavlidis S.A. Marble-Granite Drama Greece	-	309,632	-	2,800,043	29,984
Key management remuneration	-	-	-	-	157,383
	-	309,632	-	2,800,043	187,367
30 June 2017	Cash	Receivables	Payables	Revenues	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
31 December 2017	Cash	Receivables	Payables	Revenues	Expenses
Stone Works Holding Coöperatief U.A Netherlands	-	-	-	-	-
Stage Capital Management Limited, UK	-	-	-	-	42,118
Pavlidis S.A. Marble-Granite Drama Greece	-	-	339,576	1,202,991	-
Key management remuneration	-	-	-	-	619,377
	-	-	339,576	1,202,991	661,495

Notes to the Interim Financial Statements (continued)
As at and for the six - month period ended 30 June 2018
(All amounts presented in Euros, unless otherwise stated)

28 Contingent liabilities

Mortgages

Mortgages provided with appraised value are as follows:

	Six - month period ended 30 June		Year ended 31
	2018	2017	December
			2017
Business premises	2,670,452	2,670,452	2,670,452
Machinery & equipment	6,282,190	6,282,190	6,282,190
	8,952,642	8,952,642	8,952,642

Mortgages provided with present value are as follows:

	Six - month period ended 30 June		Year ended 31
	2018	2017	December
			2017
Business premises	1,409,370	1,511,988	1,488,854
Machinery & equipment	3,467,510	4,698,900	4,146,499
	4,876,880	6,210,888	5,635,353

Guarantees

Guarantees provided are as follows:

	Six - month period ended 30 June		Year ended 31
	2018	2017	December
			2017
Issued by Komercijalna Banka AD Skopje	896,515	416,310	-
	896,515	416,310	-

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

Litigations

At 30 June 2018, the estimated Euro equivalent of the legal proceedings raised against the Company amounts Euro 42,053 (30 June 2017: Euro 41,431; 31 December 2017: Euro 42,261). 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 2018 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 2018
(All amounts presented in Euros, unless otherwise stated)

29 Commitments

Operating lease liabilities

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
	2018	2017	December
			2017
Operating lease liabilities			
Present value of payment:			
Due within 1 year	1,061	29,665	15,893
Due between 1 – 5 years	-	1,061	-
	1,061	30,726	15,893

As at 30 June 2018, the Company recognized expenses for operating lease in the amount of Euro 13,237 (30 June 2017: Euro 14,886 and 31 December 2017: Euro 29,785) (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 2018 until the approval of these interim financial statements, there are no adjusting events reflected in these interim financial statements. The following events are substantially important to be disclosed in these interim financial statements:

On 27 June 2018, the Company decided to set lower credit limit in amount of Euro 3,500,000 against collaterals of total appraised value of Euro 3,342,752. The Notary act for the new mortgage and pledge on its property, plant and equipment was signed on 09 August 2018.

On 12 July 2018, Stoneworks acquired an additional 5,082 shares of Mermeren, with which Stoneworks becomes a holder of 89.25% of the issued share capital of the Company.



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