



Interim Financial Information and Independent Auditors' Review Report

Mermeren Kombinat AD, Prilep

30 June 2013

Contents

	Page
Independent Auditors' Review Report	1
Statement of Financial Position	2
Statement of Comprehensive Income	3
Statement of Changes in Equity	4
Statement of Cash Flows	5
Notes to the Interim Financial Information	6

Independent Auditors' Review Report

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To the Management and Shareholders of
Mermeren Kombinat AD, Prilep

Introduction

We have reviewed the accompanying interim financial information consisting of Statement of financial position of Mermeren Kombinat AD, Prilep ("the Company") as of 30 June 2013 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 this interim financial information in accordance with International Accounting Standard 34, 'Interim financial reporting'. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not present fairly, in all material respects, the financial position of the Company as of 30 June 2013, and of its financial performance and its cash flows for the six – month period then ended in accordance with International Accounting Standard 34.

Grant Thornton

Skopje,
26 August 2013

Interim financial information
30 June 2013

Statement of Financial Position

	Notes	30 June 2013	30 June 2012	(Amounts in EUR) 31 December 2012
Assets				
Non-current assets				
Property, plant and equipment	9	13,401,330	12,851,838	13,077,082
Intangible assets	10	2,318,427	1,004,336	2,245,548
		15,719,757	13,856,174	15,322,630
Current assets				
Inventories	11	7,040,312	6,373,104	6,327,667
Trade and other receivables	12	4,315,337	6,283,760	5,003,181
Other short term financial assets	13	-	85	85
Cash and cash equivalents	14	1,807,414	878,960	1,252,221
		13,163,063	13,535,909	12,583,154
Total assets		28,882,820	27,392,083	27,905,784
Equity				
Capital and reserves attributable to equity holders				
Share capital	15.1	8,845,171	8,845,171	8,845,171
Other components of equity	15.2	5,261,285	5,279,937	5,310,118
Retained earnings / (accumulated losses)		2,851,269	(228,025)	1,921,118
Total equity		16,957,725	13,897,083	16,076,407
Liabilities				
Non – current liabilities				
Interest – bearing borrowings	16	5,166,093	6,540,725	5,255,562
		5,166,093	6,540,725	5,255,562
Current liabilities				
Interest – bearing borrowings	16	2,416,378	2,801,093	2,960,780
Trade and other payables	17	4,236,650	4,076,186	3,444,308
Tax payables	18	105,974	76,996	168,727
		6,759,002	6,954,275	6,573,815
Total liabilities		11,925,095	13,495,000	11,829,377
Total liabilities and shareholders' equity		28,882,820	27,392,083	27,905,784

This interim financial information was approved by the Board of Directors on 23 August 2013.

Signed on its behalf by,

Mr. Theodoros Malfas

Chairman

Mr. Ilias Rigopoulos

Chief Executive Officer

See accompanying notes to the interim financial information

Interim financial information
30 June 2013

Statement of Comprehensive Income

	Note	(Amounts in EUR)		
		Six - month period ended 30 June		December 31
		2013	2012	2012
Sales	19	7,410,417	5,435,401	13,269,558
Cost of sales	20	(3,597,649)	(3,602,773)	(7,156,540)
Gross profit		3,812,768	1,832,628	6,113,018
Administrative and selling expenses	21	(2,676,727)	(1,784,868)	(4,342,393)
Other operating income / revenue	23	174,603	352,196	687,489
Operating profit		1,310,644	399,956	2,458,114
Finance income	24	23,289	73,533	132,611
Finance costs	24	(313,781)	(319,129)	(669,607)
Profit before income tax		1,020,152	154,360	1,921,118
Income tax (expense)	25	(90,001)	(382,385)	-
Profit / (loss) for the period		930,151	(228,025)	1,921,118
Other comprehensive income:	25			
Items that will not be reclassified subsequently to profit and loss				
Translation differences		(48,833)	(28,628)	1,553
Items that will be reclassified subsequently to profit and loss		-	-	-
Other comprehensive income for the period, net of tax		(48,833)	(28,628)	1,553
Total comprehensive income / (loss)		881,318	(256,653)	1,922,671
Profit/(loss) attributable to the holders of ordinary shares		930,151	(228,025)	1,921,118
Total comprehensive income attributable to the holders of ordinary shares		881,318	(256,653)	1,922,671
Earnings per share (expressed in Euros per share):	26			
Basic earnings per share				
- Earnings from continuing operations		0.20	(0.05)	0.41
- Earnings from discontinued operations		-	-	-
Total		0.20	(0.05)	0.41
Diluted earnings per share				
- Earnings from continuing operations		0.20	(0.05)	0.41
- Earnings from discontinued operations		-	-	-
Total		0.20	(0.05)	0.41

See accompanying notes to the interim financial information

Interim financial information
30 June 2013

Statement of Changes in Equity

	(Amounts in EUR)			
	Share capital	Other components of the equity	Retained earnings	Total
At 1 January 2013	8,845,171	5,310,118	1,921,118	16,076,407
<u>Transaction with owners:</u>				
Dividends declared	-	-	-	-
Total transactions with owners	-	-	-	-
Profit for the period	-	-	930,151	930,151
<u>Other comprehensive income:</u>				
Translation differences	-	(48,833)	-	(48,833)
Total other comprehensive income	-	(48,833)	-	(48,833)
Total comprehensive income	-	(48,833)	930,151	881,318
At 30 June 2013	8,845,171	5,261,285	2,851,269	16,957,725
At 1 January 2012	8,845,171	9,101,005	191,389	18,137,565
<u>Transaction with owners:</u>				
Dividends declared	-	(1,398,785)	(2,585,044)	(3,983,829)
Total transactions with owners	-	(1,398,785)	(2,585,044)	(3,983,829)
Loss for the period	-	-	(228,025)	(228,025)
<u>Other comprehensive income:</u>				
Loss coverage for the year 2011	-	(2,316,618)	2,316,618	-
Reallocation of translation differences	-	(77,037)	77,037	-
Translation differences	-	(28,628)	-	(28,628)
Total other comprehensive income	-	(2,422,283)	2,393,655	(28,628)
Total comprehensive income	-	(2,422,283)	2,165,630	(256,653)
At 30 June 2012	8,845,171	5,279,937	(228,025)	13,897,083
At 1 January 2012	8,845,171	9,101,005	191,389	18,137,565
<u>Transactions with owners:</u>				
Dividends declared	-	(1,398,785)	(2,585,044)	(3,983,829)
Total transactions with owners	-	(1,398,785)	(2,585,044)	(3,983,829)
Profit for the year	-	-	1,921,118	1,921,118
<u>Other comprehensive income:</u>				
Loss coverage for the year 2011	-	(2,316,618)	2,316,618	-
Reallocation of translation differences	-	(77,037)	77,037	-
Translation differences	-	1,553	-	1,553
Total other comprehensive income	-	(2,392,102)	2,393,655	1,553
Total comprehensive income	-	(2,392,102)	4,314,773	1,922,671
At 31 December 2012	8,845,171	5,310,118	1,921,118	16,076,407

See accompanying notes to the interim financial information

Interim financial information
30 June 2013

Statement of Cash Flows

		(Amounts in EUR)		
	Note	Six - month period ended 30 June 2013	2012	December 31 2012
Operating				
Profit before income tax		1,020,152	154,360	1,921,118
<u>Adjusted for:</u>				
Depreciation and amortization	9,10	1,161,245	502,134	1,035,975
Write offs and allowances on trade and other receivables	21	1,745	163	181,375
Shortages	21	-	-	2,932
Wastage, failure and fracture		-	-	136,614
Write off of obsolete inventories	21	-	-	118,413
Value adjustment of inventories		(163,108)	(347,642)	(552,620)
Net carrying amount of equipment written off		-	-	510
Loss from sale of government bonds	13	3	-	-
Payables written off	23	(37)	(7)	(852)
Stock count surplus		-	-	(727)
Finance result, net	24	230,026	159,165	418,939
Operating profit before working capital changes		2,250,026	468,173	3,261,677
<u>Changes in working capital:</u>				
Inventories		(549,537)	14,226	7,602
Trade and other receivables		685,870	(534,888)	564,478
Trade and other payables		722,563	(321,006)	301,689
Cash from operations		3,108,922	(373,495)	4,135,446
Interest paid		(239,902)	(170,050)	(450,005)
Income tax paid		(74,182)	(205,167)	(1,011,440)
Cash flows from operating activities, net		2,794,838	(748,712)	2,674,001
Investing				
Purchase of tangible assets , net of proceeds from sales		(1,481,698)	(137,861)	(823,016)
Purchase of intangible assets , net of proceeds from sales		(122,563)	(695,598)	(1,981,274)
Investments in government bonds, net		82	9	9
Interest received		1,120	33,173	49,847
Cash flows from investing activities, net		(1,603,059)	(800,277)	(2,754,434)
Financing				
(Repayment of borrowings) / New Borrowings, net		(633,871)	5,722,444	4,596,968
Dividends paid		-	(3,983,134)	(3,983,134)
Cash flows from financing activities, net		(633,871)	1,739,310	613,834
Translation differences		(2,715)	(28,628)	1,553
Net change in cash and cash equivalents		555,193	161,693	534,954
Cash and cash equivalents at beginning	14	1,252,221	717,267	717,267
Cash and cash equivalents at end	14	1,807,414	878,960	1,252,221

See accompanying notes to the interim financial information

Notes to the Interim Financial Information

1 General

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

On 10 April 2009 Stone Works Holding Cooperatief U.A Nederland’s acquired 88.4% of the Company’s shares.

The Company shares are listed on Macedonian Stock Exchange and Athens Stock Exchange.

The Company’s main business activities include mining, processing and distribution of marble and decorative stones. The Company operates on local and foreign markets and at 30 June 2013 employs 377 persons (30 June 2012: 398 persons).

This interim financial information has been reviewed, not audited.

2 Basis of preparation

This interim financial information as at and for the six months period ended 30 June 2013 and is 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 2012.

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 2012, except for the application of the following standards as of 1 January 2013:

- IFRS 10 ‘Consolidated Financial Statements’ (IFRS 10)
- IFRS 11 ‘Joint Arrangements’ (IFRS 11)
- IFRS 13 ‘Fair Value Measurement’ (IFRS 13)
- the revised version of IAS 19 ‘Employee Benefits’ (IAS 19R)
- Annual Improvements 2009-2011 (Annual Improvements).

The effects of applying these standards are described below.

Notes to the Interim Financial Information (continued)
As of and for the six - month period ended 30 June 2013
(All amounts presented in Euros, unless otherwise stated)

Significant accounting policies (continued)

IFRS 10 'Consolidated Financial Statements' (IFRS 10)

IFRS 10 supersedes IAS 27 'Consolidated and Separate Financial Statements' (IAS 27) and SIC 12 'Consolidation-Special Purpose Entities'. IFRS 10 revises the definition of control and provides extensive new guidance on its application. These new requirements have the potential to affect which of the Group's investees are considered to be subsidiaries and therefore change the scope of consolidation. The requirements on consolidation procedures, accounting for changes in non-controlling interests and accounting for loss of control of a subsidiary are unchanged. Management has reviewed its control assessments in accordance with IFRS 10 and has concluded that there is no effect on the classification (as subsidiaries or otherwise) of any of the Group's investees held during the period or comparative periods covered by these financial statements.

IFRS 11 Joint Arrangements (IFRS 11)

IFRS 11 supersedes IAS 31 'Interests in Joint Ventures' (IAS 31) and SIC 13 'Jointly Controlled Entities– Non-Monetary-Contributions by Venturers'. It aligns more closely the accounting by the investors with their rights and obligations relating to the joint arrangement. In addition, IAS 31's option of using proportionate consolidation for joint ventures has been eliminated. IFRS 11 now requires the use of the equity accounting method, which is currently used for investments in associates.

IFRS 13 'Fair Value Measurement' (IFRS 13)

IFRS 13 clarifies the definition of fair value and provides related guidance and enhanced disclosures about fair value measurements. It does not affect which items are required to be fair-valued. IFRS 13 applies prospectively for annual periods beginning on or after 1 January 2013.

Revised version of IAS 19 'Employee Benefits' (IAS 19R)

IAS 19R makes a number of changes to the accounting for employee benefits, the most significant relating to defined benefit plans. IAS 19R:

- eliminates the 'corridor method' and requires the recognition of re-measurements (including actuarial gains and losses) arising in the reporting period in other comprehensive income.
- changes the measurement and presentation of certain components of the defined benefit cost. The net amount in profit or loss is affected by the removal of the expected return on plan assets and interest cost components and their replacement by a net interest cost based on the net defined benefit asset or liability.
- enhances disclosures, including more information about the characteristics of defined benefit plans and related risks.

IAS 19R applies retrospectively in accordance with its transitional provisions.

Annual Improvements 2009-2011 (the Annual Improvements)

The Annual Improvements made minor amendments to a number of IFRSs. The only amendment that affects these financial statements clarifies that the total assets and liabilities for a particular reportable segment are required to be disclosed in interim financial statements if this information is regularly provided to the chief operating decision maker and there has been a material change since the most recent annual financial statements.

Notes to the Interim Financial Information (continued)
As of and for the six - month period ended 30 June 2013
(All amounts presented in Euros, unless otherwise stated)

4 Foreign currency translation

Functional and presentation currency

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

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

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

Transactions and balances

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

	30 June 2013	30 June 2012	31 December 2012
1 USD	47.1576 Denars	48.9532 Denars	46.6510 Denars
1 EUR	61.6821 Denars	61.6321 Denars	61.5000 Denars
Average EUR	61.5911 Denars	61.5686 Denars	61.5025 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 2012.

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

As at 30 June 2013, the Company's Management has made an estimation of the useful lives of certain assets on the basis of which a correction has been made, as presented in the table below:

Notes to the Interim Financial Information (continued)
As of and for the six - month period ended 30 June 2013
(All amounts presented in Euros, unless otherwise stated)

Estimates (continued)

	2013	2012
Buildings & Foundation	20 years	40 years
Machines	4-10 years	10-20 years
Equipment	4-10 years	4-20 years
Transport & furniture	4-5 years	4-20 years

Estimations and useful lives of certain items from property, plant and equipment were reviewed during period ended 30 June 2013 (Note 9).

6 Significant events and transactions

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

- No significant decline in order intake experienced in larger projects. Further, the Company has several long-term contracts with a number of its customers.
- According to the Company's policy, all major customers' exposures are secured with different types of collaterals such as bank guarantees and cash deposits.
- The Company's major customers have not experienced financial difficulties. Credit quality of trade receivables as at 30 June 2013 is considered to be good.

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

Notes to the Interim Financial Information (continued)
As of and for the six - month period ended 30 June 2013
(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 2013, there have been no changes from prior periods in the measurement methods used to determine operating segments and reported segment profit and loss.

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

	Quarry	Factory	Total
six months to June 2013			
Sales	6,078,603	1,331,814	7,410,417
Profit / (loss) from operating activities	1,644,515	(333,871)	1,310,644
Financial result, net			(290,492)
Profit before tax			1,020,152
Income tax			(90,001)
Profit for the period			930,151
Other comprehensive income			(48,833)
Total comprehensive income for the period			881,318
six months to June 2012			
Sales	3,509,786	1,925,615	5,435,401
Profit / (loss) from operating activities	874,063	(474,107)	399,956
Financial result, net			(245,596)
Profit before tax			154,360
Income tax			(382,385)
Loss for the period			(228,025)
Other comprehensive income			(28,628)
Total comprehensive loss for the period			(256,653)
Year to 31 December 2012			
Sales	9,412,724	3,856,834	13,269,558
Profit / (loss) from operating activities	2,765,187	(307,073)	2,458,114
Financial result, net			(536,996)
Profit before tax			1,921,118
Income tax			-
Profit for the year			1,921,118
Other comprehensive income			1,553
Total comprehensive income for the year			1,922,671

Notes to the Interim Financial Information (continued)
As of and for the six - month period ended 30 June 2013
(All amounts presented in Euros, unless otherwise stated)

Information on operating segments (continued)

Segment assets and liabilities as of 30 June 2013 are as follows:

	Quarry	Factory	Total
30 June 2013			
Total assets	18,444,749	10,438,071	28,882,820
Liabilities	10,123,780	1,801,315	11,925,095
Capital expenditures	1,589,681	14,580	1,604,261
30 June 2012			
Total assets	15,867,150	11,524,933	27,392,083
Liabilities	9,649,926	3,845,074	13,495,000
Capital expenditures	739,148	94,311	833,459
31 December 2012			
Total assets	17,396,012	10,509,772	27,905,784
Liabilities	8,905,682	2,923,695	11,829,377
Capital expenditures	2,643,309	161,655	2,804,964

Sales per geographical regions are as follows:

	Six months period ended		Year ended
	2013	2012	2012
Macedonia	390,197	277,777	730,858
Greece	2,881,801	3,276,655	6,761,870
Cyprus	1,968,005	1,335,073	3,694,082
Other Former Yugoslavia	203,312	284,405	621,383
Other markets	1,967,102	261,491	1,461,365
	7,410,417	5,435,401	13,269,558

8 Seasonal fluctuations

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

Notes to the Interim Financial Information (continued)
As of and for the six - month period ended 30 June 2013
(All amounts presented in Euros, unless otherwise stated)

9 Property, plant and equipment

	Land & buildings	Machinery & equipment	Construct.in progress	Total
At 1 January 2013				
Cost or valuation	5,208,041	17,357,258	183,185	22,748,484
Accumulated depreciation	(1,681,949)	(7,989,453)	-	(9,671,402)
Net carrying amount	3,526,092	9,367,805	183,185	13,077,082
Changes during the period				
Opening net carrying amount	3,526,092	9,367,805	183,185	13,077,082
Translation differences	(10,245)	(28,456)	(442)	(39,143)
Additions, net of transfers from C.I.P.	860	1,547,824	(66,986)	1,481,698
Depreciation charge for the period	(112,567)	(1,005,740)	-	(1,118,307)
Closing carrying amount	3,404,140	9,881,433	115,757	13,401,330
At 30 June 2013				
Cost or valuation	5,117,435	18,630,580	115,757	23,863,772
Accumulated depreciation	(1,713,295)	(8,749,147)	-	(10,462,442)
Net carrying amount	3,404,140	9,881,433	115,757	13,401,330
At 1 January 2012				
Cost or valuation	5,098,796	16,633,947	191,657	21,924,400
Accumulated depreciation	(1,570,648)	(7,149,325)	-	(8,719,973)
Net carrying amount	3,528,148	9,484,622	191,657	13,204,427
Changes during the period				
Opening net carrying amount	3,528,148	9,484,622	191,657	13,204,427
Translation differences	(7,274)	(19,236)	(386)	(26,896)
Additions, net of transfers from C.I.P.	53,086	93,254	(8,479)	137,861
Depreciation charge for the period	(55,416)	(408,138)	-	(463,554)
Closing carrying amount	3,518,544	9,150,502	182,792	12,851,838
At 30 June 2012				
Cost or valuation	5,144,608	16,707,965	182,792	22,035,365
Accumulated depreciation	(1,626,064)	(7,557,463)	-	(9,183,527)
Net carrying amount	3,518,544	9,150,502	182,792	12,851,838
At 1 January 2012				
Cost or valuation	5,098,796	16,633,947	191,657	21,924,400
Accumulated depreciation	(1,570,648)	(7,149,325)	-	(8,719,973)
Net carrying amount	3,528,148	9,484,622	191,657	13,204,427
Changes during the year				
Opening net carrying amount	3,528,148	9,484,622	191,657	13,204,427
Translation differences	287	765	16	1,068
Additions, net of transfers from C.I.P.	108,958	723,220	(8,488)	823,690
Disposals-net	-	(674)	-	(674)
Depreciation charge for the year	(111,301)	(840,128)	-	(951,429)
Closing carrying amount	3,526,092	9,367,805	183,185	13,077,082
At 31 December 2012				
Cost or valuation	5,208,041	17,357,258	183,185	22,748,484
Accumulated depreciation	(1,681,949)	(7,989,453)	-	(9,671,402)
Net carrying amount	3,526,092	9,367,805	183,185	13,077,082

Notes to the Interim Financial Information (continued)
As of and for the six - month period ended 30 June 2013
(All amounts presented in Euros, unless otherwise stated)

Property, plant and equipment (continued)

Construction in progress

The balance of construction in progress as at 30 June 2013 in the amount of 115,757 Euros consists of the cost of building part of filtering station and other equipment.

Property, plant and equipment pledged

As of 30 June 2013, the Company has pledged part of its property, plant and equipment to secure borrowings (see Note 16). As of the statement of financial position date, their appraised value is in the amount of 8,923,600 Euros (see Note 28).

Changes in accounting estimates

During period ended 30 June 2013, based on analysis of operational efficiency, the Company has made adjustments to the useful lives of part of the equipment in use. The effect of these changes on the depreciation cost for the period ended 30 June 2013 is 558,557 Euros.

10 Intangible assets

	Software and development expenditure	Intangibles in progress	Total
At 1 January 2013			
Cost or valuation	555,690	1,858,246	2,413,936
Accumulated depreciation	(168,388)	-	(168,388)
Net carrying amount	387,302	1,858,246	2,245,548
Changes during the period			
Opening net carrying amount	387,302	1,858,246	2,245,548
Translation differences	(1,382)	(5,364)	(6,746)
Additions	205,192	(82,629)	122,563
Depreciation charge for the period	(42,938)	-	(42,938)
Closing carrying amount	548,174	1,770,253	2,318,427
At 30 June 2013			
Cost or valuation	758,955	1,770,253	2,529,208
Accumulated depreciation	(210,781)	-	(210,781)
Net carrying amount	548,174	1,770,253	2,318,427
At 1 January 2012			
Cost or valuation	363,389	69,166	432,555
Accumulated depreciation	(83,842)	-	(83,842)
Net carrying amount	279,547	69,166	348,713
Changes during the period			
Opening net carrying amount	279,547	69,166	348,713
Translation differences	(628)	(767)	(1,395)
Additions	88,831	606,767	695,598
Depreciation charge for the period	(38,580)	-	(38,580)
Closing carrying amount	329,170	675,166	1,004,336
At 30 June 2012			
Cost or valuation	451,592	675,166	1,126,758
Accumulated depreciation	(122,422)	-	(122,422)
Net carrying amount	329,170	675,166	1,004,336

Notes to the Interim Financial Information (continued)
As of and for the six - month period ended 30 June 2013
(All amounts presented in Euros, unless otherwise stated)

Intangible assets (continued)

	Trademarks and development expenditure	Intangibles in progress	Total
At 1 January 2012			
Cost or valuation	363,389	69,166	432,555
Accumulated depreciation	(83,842)	-	(83,842)
Net carrying amount	279,547	69,166	348,713
Changes during the period			
Opening net carrying amount	279,547	69,166	348,713
Translation differences	27	80	107
Additions	192,274	1,789,000	1,981,274
Depreciation charge for the year	(84,546)	-	(84,546)
Closing carrying amount	387,302	1,858,246	2,245,548
At 31 December 2012			
Cost or valuation	555,690	1,858,246	2,413,936
Accumulated depreciation	(168,388)	-	(168,388)
Net carrying amount	387,302	1,858,246	2,245,548

Intangibles in process of acquisition

As at 30 June 2013 the balance of intangibles in progress in the amount of 1,647,871 Euros relates to different kind of services related to earth moving and stripping activities. Since the activities performed are related to development and pre-production phase, the Company has capitalized all the expenses as intangible asset in its Statement of financial position.

Allocation of depreciation and amortization charge

Out of the total depreciation and amortization for the period ended 30 June 2013 amounting 1,161,245 Euros, 1,107,386 Euros has been charged in "cost of sales" and the remaining, in the amount of 53,859 Euros - into administrative and selling expenses.

11 Inventories

	30 June 2013	30 June 2012	31 December 2012
Work in progress	4,763,384	4,355,529	4,306,237
Finished products	1,623,343	1,424,943	1,474,462
Spare parts	387,161	348,942	342,849
Raw materials	171,628	147,238	119,075
Trade goods	79,741	82,003	79,977
Other	15,055	14,449	5,067
	7,040,312	6,373,104	6,327,667

Notes to the Interim Financial Information (continued)
As of and for the six - month period ended 30 June 2013
(All amounts presented in Euros, unless otherwise stated)

12 Trade and other receivables

	30 June 2013	30 June 2012	31 December 2012
Current trade receivables			
Local debtors	516,924	535,022	502,644
Foreign debtors	1,529,227	9,337,692	1,338,122
Related party's receivables	876,946	2,915,503	1,753,254
	2,923,097	12,788,217	3,594,020
Less: provision for impairment	(78,016)	(7,209,931)	(78,245)
	2,845,081	5,578,286	3,515,775
Prepayments and other receivables			
Prepaid corporate income tax	1,008,495	-	1,011,480
Deferred expenses	213,248	317,706	273,256
Prepaid VAT	156,211	190,585	101,749
Other current receivables	55,266	42,784	47,333
Advances to suppliers	37,036	154,399	53,588
	1,470,256	705,474	1,487,406
Less: provision for impairment	-	-	-
	1,470,256	705,474	1,487,406
Current trade and other receivables, net	4,315,337	6,283,760	5,003,181

At 30 June 2013 the balance of 1,008,495 Euros relates to prepaid Corporate Income Tax on which the Company submitted request for tax refund to the Revenue Public Office. Further, Decision by Revenue Public Office was received in May 2013 partly confirming the tax refund in amount of 295,395 Euros. Currently, there is an on-going tax control by tax authorities for Corporate Income Tax (Note 28).

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

	Domestic trade receivables	Foreign trade receivables	Advances	Total
Amount not due	13,741	1,892,049	-	1,905,790
Overdue up to 1 year	30,196	455,702	33,410	519,308
Overdue more than 1 year	472,987	58,422	3,626	535,035
	516,924	2,406,173	37,036	2,960,133
Less : provision for impairment	(77,445)	(571)	-	(78,016)
	439,479	2,405,602	37,036	2,882,117

At 30 June 2012 the age structure of trade receivables and advances to suppliers is as follows:

	Domestic trade receivables	Foreign trade receivables	Advances	Total
Amount not due	9,939	3,119,651	-	3,129,590
Overdue up to 1 year	219,059	9,054,362	152,823	9,426,244
Overdue more than 1 year	306,024	79,182	1,576	386,782
	535,022	12,253,195	154,399	12,942,616
Less : provision for impairment	(77,523)	(7,132,408)	-	(7,209,931)
	457,499	5,120,787	154,399	5,732,685

Notes to the Interim Financial Information (continued)
As of and for the six - month period ended 30 June 2013
(All amounts presented in Euros, unless otherwise stated)

Trade and other receivables (continued)

At 31 December 2012 the age structure of trade receivables and advances to suppliers is as follows:

	Domestic trade receivables	Foreign trade receivables	Advances	Total
Amount not due	16,242	2,959,042	-	2,975,284
Overdue up to 1 year	9,924	75,892	52,432	138,248
Overdue more than 1 year	476,478	56,442	1,156	534,076
	502,644	3,091,376	53,588	3,647,608
Less: provision for impairment	(77,674)	(571)	-	(78,245)
	424,970	3,090,805	53,588	3,569,363

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

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	1,905,790	976,327	78,016	2,960,133
Less: Impairment provision	-	-	(78,016)	(78,016)
	1,905,790	976,327	-	2,882,117

At 30 June 2012 the credit quality of Company's trade receivables and advances to suppliers can be analyzed as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	3,129,590	2,603,095	7,209,931	12,942,616
Less: Impairment provision	-	-	(7,209,931)	(7,209,931)
	3,129,590	2,603,095	-	5,732,685

At 31 December 2012 the credit quality of Company's trade receivables and advances to suppliers can be analysed as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	2,975,284	594,079	78,245	3,647,608
Less: Impairment provision	-	-	(78,245)	(78,245)
	2,975,284	594,079	-	3,569,363

Following table provides for the movement of impairment provision account:

	30 June 2013	30 June 2012	31 December 2012
At 1 January	78,245	7,210,091	7,210,091
Written off of previously impaired receivables	-	-	(16,564)
Write off of previously impaired receivables – Phalercio	-	-	(7,115,288)
Impairment provision	-	-	-
Translation differences	(229)	(160)	6
At 30 June / 31 December	78,016	7,209,931	78,245

Notes to the Interim Financial Information (continued)
As of and for the six - month period ended 30 June 2013
(All amounts presented in Euros, unless otherwise stated)

Trade and other receivables (continued)

Following table provides for the movement of impairment provision account of other receivables:

	30 June 2013	30 June 2012	31 December 2012
At 1 January	-	2,962,456	2,962,456
Impairment provision	-	-	-
Written off of previously impaired receivables	-	(2,962,456)	(2,962,456)
At 30 June / 31 December	-	-	-

13 Other short term financial assets

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

	30 June 2013	30 June 2012	31 December 2012
At 1 January	85	94	94
Sold government bonds	(82)	-	-
Matured government bonds	-	(9)	(9)
(Loss) from sale of government bonds	(3)	-	-
At 30 June / 31 December	-	85	85

14 Cash and cash equivalents

	30 June 2013	30 June 2012	31 December 2012
Bank accounts	1,805,608	876,888	1,251,000
Cash on hand	1,806	2,072	1,221
	1,807,414	878,960	1,252,221

15 Equity**15.1 Share capital**

	Number of shares	Ordinary shares (Euros)	Amount (in Euros)	
			Share premium (Euros)	Total (Euros)
<i>Authorized, issued and fully paid ordinary shares 1 Euro at par</i>				
At 30 June 2013	4,686,858	4,686,858	4,158,313	8,845,171
At 30 June 2012	4,686,858	4,686,858	4,158,313	8,845,171
At 31 December 2012	4,686,858	4,686,858	4,158,313	8,845,171

The structure of share capital at 30 June 2013, 30 June 2012 and 31 December 2012 is as follows (amounts in Euros):

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

Notes to the Interim Financial Information (continued)
As of and for the six - month period ended 30 June 2013
(All amounts presented in Euros, unless otherwise stated)

Equity (continued)

15.2 Other components of equity

	Translation reserve	Statutory reserves	Revaluation reserve	Total
At 1 January 2013	(85,526)	3,813,068	1,582,576	5,310,118
Translation differences	(48,833)	-	-	(48,833)
At 30 June 2013	(134,359)	3,813,068	1,582,576	5,261,285
At 1 January 2012	(10,042)	7,528,471	1,582,576	9,101,005
Allocation for dividends	-	(1,398,785)	-	(1,398,785)
Loss coverage for the year 2011	-	(2,316,618)	-	(2,316,618)
Translation differences	(28,628)	-	-	(28,628)
Reallocation of translation differences	(77,037)	-	-	(77,037)
At 30 June 2012	(115,707)	3,813,068	1,582,576	5,279,937
At 1 January 2012	(10,042)	7,528,471	1,582,576	9,101,005
Allocation for dividends	-	(1,398,785)	-	(1,398,785)
Loss coverage for the year 2011	-	(2,316,618)	-	(2,316,618)
Reallocation of translation differences	(77,037)	-	-	(77,037)
Translation differences	1,553	-	-	1,553
At 31 December 2012	(85,526)	3,813,068	1,582,576	5,310,118

15.3 Revaluation reserve

Revaluation surplus, which at 30 June 2013 amounts 1,582,576 Euros (30 June 2012 and 31 December 2012: 1,582,576 Euros) was initially created during 2002, based upon the independent valuation of groups of the Company's property, plant and equipment. Subsequent changes (transfers into retained earnings) relate to surpluses of those assets sold.

15.4 Statutory reserves

Reserves, which at 30 June 2013 amount to 3,813,068 Euros (30 June 2012 and 31 December 2012: 3,813,068 Euros) are created during the years by allocation of parts of the net income after tax. According to the prevailing local legal regulations, the Company is required to set aside each year, minimum 5% (2012: 15%) from its annual net income after tax, until the level of such reserves reach 10% (2012: 20%) of the registered capital.

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

Notes to the Interim Financial Information (continued)
As of and for the six - month period ended 30 June 2013
(All amounts presented in Euros, unless otherwise stated)

16 Borrowings

	30 June 2013	30 June 2012	31 December 2012
<u>Long – term interest bearing borrowings from banks</u>			
Komercijalna Banka ad, Skopje (18,920,000 Euros; interest rate 6m.Euro Libor+4%)	4,775,689	7,341,125	6,188,913
Komercijalna Banka ad, Skopje(1,000,000 Euros; interest rate 6m.Euribor+4%)	1,000,000	-	-
Komercijalna Banka ad, Skopje (123,280,000 Denars; interest rate 6,5%)	1,763,501	2,000,256	2,004,553
<i>Finance lease liabilities</i>	28,415	-	12,435
	7,567,605	9,341,381	8,205,901
Less: current maturity of long term borrowings	(2,401,512)	(2,800,656)	(2,950,339)
Total long - term borrowings	5,166,093	6,540,725	5,255,562
<u>Short – term interest bearing borrowings from banks</u>			
Komercijalna Banka ad, Skopje, Visa credit card	-	437	2,587
<i>Financial lease liabilities</i>	14,866	-	7,854
	14,866	437	10,441
Add: current maturity of long term borrowings	2,401,512	2,800,656	2,950,339
Total short-term borrowings	2,416,378	2,801,093	2,960,780

The long term borrowings repayment schedule is as follows:

	30 June 2013	30 June 2012	31 December 2012
Due within 12 months	2,401,512	2,800,656	2,950,339
Due within 1 – 2 years	1,848,045	2,374,119	1,831,893
Due within 2 – 5 years	3,289,633	4,166,606	3,411,234
	7,539,190	9,341,381	8,193,466

Loans from local financial institutions are secured by mortgage over part of the Company's properties (see also Notes 9 and 28).

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

	30 June 2013	30 June 2012	31 December 2012
Present value of payment:			
Due within 1 year	14,866	-	7,854
Due between 1 – 5 years	28,415	-	12,435
Due over 5 years	-	-	-
	43,281	-	20,289

Notes to the Interim Financial Information (continued)
As of and for the six - month period ended 30 June 2013
(All amounts presented in Euros, unless otherwise stated)

17 Trade and other payables

	30 June 2013	30 June 2012	31 December 2012
Trade creditors			
Local suppliers	1,806,589	939,840	1,064,553
Foreign suppliers	1,554,115	2,545,294	1,742,385
Related party's payables	200,000	200,000	308,990
	3,560,704	3,685,134	3,115,928
Other current liabilities			
Liabilities to employees and management	459,718	245,647	230,039
Customers' prepayments	99,464	16,072	71,252
Accrued expenses	98,708	98,788	-
Interest payable	15,776	27,971	24,532
Dividends payables (net of local taxes)	1,918	1,993	1,924
Other	362	581	633
	675,946	391,052	328,380
	4,236,650	4,076,186	3,444,308

18 Tax payables

	30 June 2013	30 June 2012	31 December 2012
Concession fees and other levies	82,881	73,496	62,152
Personal income tax liabilities	20,956	1,128	214
Tax on dividends distributed to non – residents	2,137	2,372	2,980
Corporate income tax liabilities	-	-	92,464
Withholding tax	-	-	10,917
	105,974	76,996	168,727

19 Sales

	Six - month period ended 30 June 2013	30 June 2012	Year ended 31 December 2012
Local market	390,197	277,777	730,858
Foreign markets:			
- Greece	2,881,801	3,276,655	6,761,870
- Cyprus	1,968,005	1,335,073	3,694,082
- Other Former Yugoslavia	203,312	284,405	621,383
- Other markets	1,967,102	261,491	1,461,365
Sub- total – sales on foreign markets	7,020,220	5,157,624	12,538,700
Total sales	7,410,417	5,435,401	13,269,558

20 Cost of sales

	Six - month period ended 30 June 2013	30 June 2012	Year ended 31 December 2012
Stock of finished products and W.I.P. at the beginning of the period	5,780,699	5,473,912	5,473,912
Add: Total production for the period ended 30 June / 31 December	4,203,677	3,909,333	7,463,327
Less: Stock of finished products and W.I.P. at the end of period	(6,386,727)	(5,780,472)	(5,780,699)
	3,597,649	3,602,773	7,156,540

Notes to the Interim Financial Information (continued)
As of and for the six - month period ended 30 June 2013
(All amounts presented in Euros, unless otherwise stated)

21 Administrative and selling expenses

	Six - month period ended 30 June 2013		Six - month period ended 30 June 2012		Year ended 31 December 2012	
	Administrative	Selling	Administrative	Selling	Administrative	Selling
Customers' discounts	-	1,237,757	-	581,434	-	1,757,251
Staff costs	404,306	82,139	248,084	31,930	459,803	100,686
Professional advisory services	311,266	-	620,829	-	803,292	-
Services	68,265	148,850	50,779	32,995	110,668	114,443
Depreciation	53,227	632	22,176	251	44,326	501
Marketing and promotion	19,521	70,485	21,304	50,144	45,010	97,324
Materials, supplies and utilities	13,348	6,199	14,435	9,070	32,250	21,393
Taxes and other levies	12,556	969	40,217	510	90,230	1,043
Direct write off of receivables	-	1,745	-	163	-	181,375
Wastage, failure and fracture	-	-	-	-	-	136,614
Write off of obsolete inventories	-	-	-	-	-	118,413
Shortages	-	-	-	-	-	2,932
Present value of assets sold and written off	-	-	-	-	-	510
Other expenses	191,877	53,585	57,634	2,913	200,036	24,293
	1,074,366	1,602,361	1,075,458	709,410	1,785,615	2,556,778

Staff costs

	Six - month period ended 30 June		Year ended 31
	2013	2012	December 2012
Net salaries	978,398	1,016,272	1,972,782
Personal tax and mandatory contributions	447,906	476,791	917,682
Other allowances	262,443	164,302	300,668
	1,688,747	1,657,365	3,191,132

22 Other operating income

	Six - month period ended 30 June		Year ended 31
	2013	2012	December 2012
Income from value adjustment of inventories	163,108	347,642	552,620
Raw materials sold	207	-	277
Income from rents	154	-	-
Payables write offs and stock count surplus	37	7	1,579
Income from investments in government bonds	-	1	1
Other income	11,097	4,546	133,012
	174,603	352,196	687,489

The amount of 163,108 Euros relates to release of previously recognised provision for impairment losses for inventories sold during six-month period ended 30 June 2013.

23 Finance income and costs

	Six - month period ended 30 June		Year ended 31
	2013	2012	December 2012
Finance income			
Interest income	1,120	33,173	49,847
Foreign exchange gains	22,169	40,360	82,764
	23,289	73,533	132,611
Finance costs			
Interest (expense)	(231,146)	(192,338)	(468,786)
Bank (charges)	(37,270)	(67,564)	(103,201)
Foreign exchange (losses)	(45,365)	(59,227)	(97,620)
	(313,781)	(319,129)	(669,607)
Finance costs, net	(290,492)	(245,596)	(536,996)

Notes to the Interim Financial Information (continued)
As of and for the six - month period ended 30 June 2013
(All amounts presented in Euros, unless otherwise stated)

24 Income tax expense

	Six - month period ended 30 June		Year ended 31
	2013	2012	December 2012
Current tax expense	90,001	382,385	-
Deferred tax expense	-	-	-
	90,001	382,385	-

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

	Six - month period ended 30 June		Year ended 31
	2013	2012	December 2012
Advance payments during period ended June 2013 and 2012	90,001	382,385	-
Non – deductible expenses at the end of the year	-	-	537,606
Tax credit of expenses with deferred recognition	-	-	(9,858,401)
	-	-	-
Current tax charge at rate of 10%	-	-	-

The tax credit in the amount of EUR 9,844,219 relates to expenses for impairment of receivables from Phalerco LTD Cyprus and FHL H. Kyriakidis Marbles - Granites S.A. recognized in 2011, where no appropriate documentation as required by the tax authorities was available in order these receivables to be recognized as tax deductible expenses. Hence, these expenses were considered as non-deductible expenses and the tax charge of 10% was recognized in the financial statements as of and for the year ended 31 December 2011. However, in 2012 the Company obtained all the relevant documentation such as Confirmation of receipt of the claim and acceptance of the receivables by the liquidator for Phalerco and AWARD by the International Court of Arbitration for FHL and it declared the tax credit of expenses with deferred recognition in the amount of EUR 9,844,219 (Note 18).

25 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 2013 and 2012 and the year ended 31 December 2012.

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.

Amounts in shares	Six - month period ended 30 June		Year ended 31
	2013	2012	December 2012
Weighted average number of ordinary shares used in basic earnings per share	4,686,858	4,686,858	4,686,858
Weighted average number of ordinary shares used in diluted earnings per share	4,686,858	4,686,858	4,686,858

Notes to the Interim Financial Information (continued)
As of and for the six - month period ended 30 June 2013
(All amounts presented in Euros, unless otherwise stated)

Earnings per share (continued)

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
	2013	2012	December 2012
Profit/(Loss) attributable to equity holders of the Company	930,151	(228,025)	1,921,118
Weighted average number of ordinary shares	4,686,858	4,686,858	4,686,858
Basic and diluted earnings per share (Euro per share)	0.20	(0.05)	0.41

26 Related parties

The table below provides for the volume and balances from the related party transactions as of and for the period ended 30 June 2013:

30 June 2013	Cash	Receivables	Payables	Income	Expenses
Stone Works Holding Cooperatief U.A Netherlands	-	-	200,000	-	200,079
Castleblock Limited Nicosia Cyprus	-	876,946	-	1,968,004	19,687
NBGI Private Equity Limited London	-	-	-	-	-
Ethemba Capital No.8 NV Curacao Netherlands Antilles ¹²	-	-	-	-	9,135
Stopanska Banka AD Skopje	1,199	-	-	-	-
Key management remuneration	-	-	-	-	133,418
	1,199	876,946	200,000	1,968,004	362,319
30 June 2012	Cash	Receivables	Payables	Income	Expenses
Stone Works Holding Cooperatief U.A Netherlands	-	-	200,000	-	199,793
Castleblock Limited Nicosia Cyprus	-	2,915,503	-	1,335,073	13,355
NBGI Private Equity Limited London	-	-	-	-	4,211
Ethemba Capital No.8 NV Curacao Netherlands Antilles	-	-	-	-	-
Stopanska Banka AD Skopje	3,360	-	-	-	-
Key management remuneration	-	-	-	-	96,915
	3,360	2,915,503	200,000	1,335,073	314,274
31 December 2012	Cash	Receivables	Payables	Income	Expenses
Stone Works Holding Cooperatief U.A Netherlands	-	-	200,000	-	199,992
Castleblock Limited Nicosia Cyprus	-	1,644,066	-	3,700,448	36,938
NBGI Private Equity Limited London	-	109,188	75,990	109,184	80,202
Ethemba Capital No.8 NV Curacao Netherlands Antilles	-	-	33,000	-	32,999
Stopanska Banka AD Skopje	3,957	-	-	-	-
Key management remuneration	-	-	-	-	203,095
	3,957	1,753,254	308,990	3,809,632	553,226

¹ As of 31 May 2013, the indirect equity interests of Ethemba Capital No.8 L.P. in Stone Works Holdings Cooperatief U.A. were acquired by funds managed by NBGI Private Equity Limited.

² As of July 2013, Ethemba Capital No. 8 NV has been renamed to Stone Castle Holding NV.

Notes to the Interim Financial Information (continued)
As of and for the six - month period ended 30 June 2013
(All amounts presented in Euros, unless otherwise stated)

27 Contingent liabilities

Mortgages

Mortgages provided are as follows:

	Six - month period ended 30 June		Year ended 31
	2013	2012	December
			2012
Business premises	2,572,000	2,600,000	2,600,000
Machinery & equipment	6,351,600	5,800,000	5,800,000
	8,923,600	8,400,000	8,400,000

Guarantees

Guarantees provided are as follows:

	Six - month period ended 30 June		Year ended 31
	2013	2012	December
			2012
Issued by Komercijalna Banka AD Skopje	145,909	129,802	130,081
	145,909	129,802	130,081

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 2013, the estimated Euro equivalent of the legal proceedings raised against the Company amount in total 28,533 Euros (30 June 2012: 75,818 Euros; 31 December 2012: 79,232 Euros). No significant liabilities have been anticipated from these proceedings, as professional advice indicates that it is unlikely that any significant loss will arise.

Tax inspections

Up to 30 June 2013 the Company was subject of following tax inspections by tax authorities:

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

Currently, there is an ongoing tax control by tax authorities for Corporate Income Tax for the period 01 January 2009 till 31 December 2011.

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 Information (continued)
As of and for the six - month period ended 30 June 2013
(All amounts presented in Euros, unless otherwise stated)

28 Commitments

Operating lease liabilities

As of 30 June 2013 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
	2013	2012	December
			2012
Operating lease liabilities			
Present value of payment:			
Due within 1 year	21,215	31,400	31,400
Due between 1 – 5 years	-	30,073	45,773
Due over 5 years	-	-	-
	21,215	61,473	77,173

29 Concession agreements

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

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

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

30 Events after the reporting date

After 30 June 2013 to the reporting date until the approval of this interim financial information, there are no materially significant events adjusting the interim financial information or events that are materially significant for disclosure in this interim financial information.

