Financial statements and Independent Auditors' Report

Mermeren Kombinat AD, Prilep

31 December 2016

Contents

Independent Auditors' Report

Grant Thornton DOO
1000 Skopje
Ul. Sv. Kiril i Metodij 52 b - 1/20
Macedonia

T +389 2 3214 700
F +389 2 3214 710
www.grant-thornton.com.mk

To the Management and Shareholders of Mermeren Kombinat AD, Prilep

Opinion

We have audited the accompanying financial statements of Mermeren Kombinat AD, Prilep (the "Company"), which comprise the Statement of financial position as at 31 December 2016, and the Statement of comprehensive income, Statement of changes in equity and Statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mermeren Kombinat AD, Prilep as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements of the Company, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*How the matter was addressed in our audit*
Risk of fraud in revenue recognition ISAs presume there is a risk of fraud in revenue recognition on every audit engagement. We focused on recognition of revenue because there is a risk of intentional overstatement of revenues by management in order to meet sales target and secure performance incentives. In addition, there is a risk that the Company may have not properly recorded revenue transactions regarding sales returns and rebates at year end. Related accounting policies, judgements and estimates are disclosed in Note 2.20 in the accompanying financial statements.	We assessed the consistency of the application of the revenue recognition policy by reconsidering the accounting policy for the different sources of the Company's revenues. We tested the design and operating effectiveness of the controls over revenue systems to determine the extent of additional substantive testing required. We found no material misstatements from our testing. We checked that revenue had been recognized at the correct time by testing a sample of transactions and comparing the shipping dates against which the revenue had been recognized. No exceptions were noted from our testing.
Risk of management override of internal controls Based on both ISA and our audit methodology, management override of controls should be considered as a significant risk on every audit engagement. Management may directly or indirectly manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively.	We tested the appropriateness of journal entries recorded in the general ledger by making inquiries of individuals involved in the financial reporting process about inappropriate and unusual activity and tested journal entries. We considered whether there was evidence of bias by Management in the significant accounting estimates and judgements relevant to the financial statements. We also assessed the overall control environment of the Company and interviewed senior management.

Responsibilities of Management for the Financial Statements

Management of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards, and for such internal control as the Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The management of the Company is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

- Conclude on the appropriateness of the Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Skopje,

15 March 2017

Grant Thornton DOO, Skopje

Director	Certified Auditor
Marjan Andonov	Marjan Andonov

Statement of financial position

	Note	(Amounts in Euro) 31 December 2016	31 December 2015
Assets			
Non-current assets			
Property, plant and equipment	5	8,978,072	10,414,653
Intangible assets	6	1,789,827	1,977,803
		10,767,899	**12,392,456**
Current assets			
Inventories	8	6,583,002	6,695,085
Trade and other receivables	9	1,707,996	1,217,535
Income tax receivables		69,359	-
Cash and cash equivalents	10	5,564,344	3,276,340
		13,924,701	**11,188,960**
Total assets		**24,692,600**	**23,581,416**
Equity			
Shareholders' equity			
Share capital	11	8,822,410	8,845,171
Other components of equity		1,999,780	2,011,939
Retained earnings		8,440,846	7,150,113
Total shareholders' equity		**19,263,036**	**18,007,223**
Liabilities			
Non – current liabilities			
Borrowings	12	2,966,433	1,045,037
		2,966,433	**1,045,037**
Current liabilities			
Borrowings	12	744,193	2,335,755
Trade and other payables	13	1,550,060	1,498,324
Tax payables	14	168,878	695,077
		2,463,131	**4,529,156**
Total liabilities		**5,429,564**	**5,574,193**
Total liabilities and shareholders' equity		**24,692,600**	**23,581,416**

These financial statements have been approved by the Board of Directors on 15 March 2017 and signed on its behalf by,

Theodoros Malfas
Chairman

Perikles Nicolaou
Chief Executive Officer

Nikos Michalopoulos
Chief Financial Officer

Statement of comprehensive income

	Note	(Amounts in Euro) Year ended 31 December 2016	2015
Sales	15	16,638,331	16,307,620
Cost of sales	16	(9,091,521)	(7,414,672)
Gross profit		**7,546,810**	**8,892,948**
Administrative and selling expenses	17	(3,417,531)	(3,202,198)
Other operating income	19	36,605	46,936
Operating profit		**4,165,884**	**5,737,686**
Finance income	20	58,662	130,846
Finance costs	20	(277,944)	(383,072)
Finance (costs), net		(219,282)	(252,226)
Profit before income tax		**3,946,602**	**5,485,460**
Income tax expense	21	(480,068)	(599,091)
Profit for the year		**3,466,534**	**4,886,369**
Other comprehensive income for the year:			
Items that will be reclassified subsequently to profit or loss			
Translation differences		38,971	(24,399)
Other comprehensive income for the year		38,971	(24,399)
Total comprehensive income for the year		**3,505,505**	**4,861,970**
Profit attributable to the holders of ordinary shares		**3,466,534**	**4,886,369**
Total comprehensive income attributable to the holders of ordinary shares		**3,505,505**	**4,861,970**
Earnings per share (expressed in Euros per share)	24		
Basic and diluted:			
- Earnings from continuing operations		0.74	1.04
- Earnings from discontinuing operations		-	-
Total		0.74	1,04
EBITDA		**6,774,377**	**8,360,070**

Statement of changes in equity

(Amounts in Euro)

	Share capital	Other components of equity	Retained earnings	Total
At 01 January 2016	**8,845,171**	**2,011,939**	**7,150,113**	**18,007,223**
Dividends declared	-	-	(2,249,692)	(2,249,692)
Total transactions with owners	**-**	**-**	**(2,249,692)**	**(2,249,692)**
Profit for the year	-	-	3,466,534	3,466,534
Other comprehensive income:				
Transfer of revaluation reserves on disposed tangible assets	-	(73,891)	73,891	**-**
Exchange differences on Translating (Note 11)	(22,761)	61,732	-	38,971
Total other comprehensive income	(22,761)	**(12,159)**	**73,891**	**38,971**
Total comprehensive income	**(22,761)**	**(12,159)**	**3,540,425**	**3,505,505**
At 31 December 2016	**8,822,410**	**1,999,780**	**8,440,846**	**19,263,036**
At 01 January 2015	**8,845,171**	**2,036,338**	**6,950,602**	**17,832,111**
Dividends declared	-	-	(4,686,858)	(4,686,858)
Total transactions with owners	**-**	**-**	**(4,686,858)**	**(4,686,858)**
Profit for the year	-	-	4,886,369	4,886,369
Other comprehensive income:				
Exchange differences on Translating	-	(24,399)	**-**	(24,399)
Total other comprehensive income	-	**(24,399)**	**-**	**(24,399)**
Total comprehensive income	**-**	**(24,399)**	**4,886,369**	**4,861,970**
At 31 December 2015	**8,845,171**	**2,011,939**	**7,150,113**	**18,007,223**

Statement of cash flows

(Amounts in Euro)

	Note	31 December 2016	31 December 2015
Operating			
Net profit before income tax		3,946,602	5,485,460
Adjusted for:			
Depreciation and amortization	5,6	2,608,493	2,622,384
Impairment of inventories	8,17	287,403	201,566
Net carrying amount of equipment written off	5,17	93,082	1,700
Shortages	17	55,857	-
Wastage, failure and fracture	8,17	41,102	35,320
Impairment and write offs on trade and other receivables	9,17	1,429	3,327
Losses on property, plant and equipment sold	17	-	2,647
Payables written off	19	(4,819)	(1,414)
Gains from previously impaired receivables	9,19	(9)	(1,754)
Liabilities for dividends written off	19	-	(695)
Finance result, net	20	117,549	184,866
Operating profit before working capital changes		7,146,689	8,533,407
Changes in working capital:			
Inventories		(272,279)	(1,411,006)
Trade and other receivables		(491,881)	854,307
Trade and other payables		79,387	341,827
Cash from operations		6,461,916	8,318,535
Interest paid		(122,160)	(195,614)
Income tax paid		(1,098,636)	-
Cash flows from operating activities, net		**5,241,120**	**8,122,921**
Investing			
Purchase of tangible assets, net of proceeds from sales		(937,118)	(983,394)
Purchase of intangible assets , net of proceeds from sales		(120,066)	(32,150)
Proceeds from sale of equipment		-	16,039
Interest received		4,432	6,221
Cash flows from investing activities, net		**(1,052,752)**	**(993,284)**
Financing			
New Borrowings		4,963,033	460,190
Repayment of borrowings		(4,633,199)	(2,159,570)
Dividends paid and related taxes		(2,249,299)	(3,983,134)
Cash flows from financing activities, net		**(1,919,465)**	**(5,682,514)**
Net change in cash and cash equivalents		**2,268,903**	**1,447,123**
Cash and cash equivalents at beginning	10	3,276,340	1,827,323
Effects of exchange rate changes on cash and cash equivalents		19,101	1,894
Cash and cash equivalents at end	**10**	**5,564,344**	**3,276,340**

Notes to the financial statements

1 General

Mermeren Kombinat AD, Prilep (the "Company") is a Shareholders' Company incorporated and domiciled in the Republic of Macedonia. The address of its registered head office is Krushevski Pat b.b., Prilep, Republic of Macedonia.

On 10 April 2009 Stone Works Holdings Coöperatief U.A., a corporation incorporated in the Netherlands, acquired 88.4% of the Company's shares. The Company shares are listed on the Macedonian Stock Exchange and the Athens Exchange via the ELPIS (Greek depository receipts) status.

On 2 February 2016, National Bank of Greece, the previously ultimate owner of Stone Works Holdings Coöperatief U.A. through funds managed by its subsidiary NBGI PE Limited, entered into a definitive agreement to sell 100% of its interests in eleven Limited Partnerships held directly or indirectly by NBG and managed by NBGI PE Limited to funds managed by Deutsche Bank Private Equity ("DBPE") and Goldman Sachs Asset Management ("GSAM"). The management responsibility of the Funds and underlying investments continues to be performed by the existing management team along with other persons appointed by the new fund investors, under a new management vehicle created expressly therefore, namely Stage Capital Management Limited. Closing of the transaction was effected on 30 September 2016.

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 31 December 2016 employs 382 persons (2015: 351 persons).

2 Accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB). The financial statements have been prepared under the historical cost convention, as modified by available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) if any, at fair value through profit or loss. The measurement bases are more fully described in the accounting policies below.

Basis of preparation (continued)

The preparation of these financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4: Critical accounting estimates and judgements.

The financial statements have been prepared as of and for the years ended 31 December 2016 and 2015. Current and comparative data stated in these financial statements are expressed in Euros, unless otherwise stated.

2.2 *Changes in accounting policies*

2.2.1 New and revised standards that are effective for annual periods beginning on or after 1 January 2016

The Company has not adopted any new standards or amendments that have a significant impact on the Company's results or financial position. The standards and amendments that are effective for the first time in 2016 are:

- 'Annual Improvements to IFRSs' 2012-2014 cycle
- 'Disclosure Initiative' (Amendments to IAS 1)
- 'Clarification of Acceptable Methods of Depreciation and Amortization' (Amendments to IAS 16 and IAS 38)
- 'Agriculture: Bearer Plants' (Amendments to IAS 16 and IAS 41)
- 'Accounting for Acquisitions of Interests in Joint Operations' (Amendments to IFRS 11)
- 'Equity Method in Separate Financial Statements' (Amendments to IAS 27)
- 'Investment Entities: Applying the Consolidation Exception' (Amendments to IFRS 10, IFRS 12 and IAS 27).

These amendments do not have a significant impact on these financial statements and therefore disclosures have not been made.
In addition, IFRS 14 'Regulatory Deferral Accounts' is also effective from 1 January 2016. However it is only applicable to first time adopters of IFRS and therefore is not applicable to the Company.

2.2.2 Standards, amendments and interpretations to existing standards that are not yet effective and have not been adopted early by the Group

At the date of authorization of these financial statements, certain new standards, and amendments to existing standards have been published by the IASB that are not yet effective, and have not been adopted early by the Company. Information on those expected to be relevant to the Company's financial statements is provided below.
Management anticipates that all relevant pronouncements will be adopted in the Company's accounting policies for the first period beginning after the effective date of the pronouncement. New standards, interpretations and amendments not either adopted or listed below are not expected to have a material impact on the Company's financial statements.

<u>IFRS 9 'Financial Instruments'</u>

The new standard for financial instruments (IFRS 9) introduces extensive changes to IAS 39's guidance on the classification and measurement of financial assets and introduces a new 'expected credit loss' model for the impairment of financial assets. IFRS 9 also provides new guidance on the application of hedge accounting.
Management has started to assess the impact of IFRS 9 but is not yet in a position to provide quantified information. At this stage the main areas of expected impact are as follows:

Changes in accounting policies (continued)

• the classification and measurement of the Company's financial assets will need to be reviewed based on the new criteria that considers the assets' contractual cash flows and the business model in which they are managed an expected credit loss-based impairment will need to be recognized on the Company's trade receivables in accordance with the new criteria

• it will no longer be possible to measure equity investments at cost less impairment and all such investments will instead be measured at fair value. Changes in fair value will be presented in profit or loss unless the Company makes an irrevocable designation to present them in other comprehensive income.

• if the Company elect the fair value option for certain financial liabilities, fair value movements will be presented in other comprehensive income to the extent those changes relate to the Company's own credit risk.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018

IFRS 15 'Revenue from Contracts with Customers'

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 'Revenue', IAS 11 'Construction Contracts' and several revenue-related Interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for annual reporting periods beginning on or after 1 January 2018.

Management intends to adopt the Standard retrospectively, recognizing the cumulative effect of initially applying this Standard as an adjustment to the opening balance of retained earnings on the initial date of application. Under this method, IFRS 15 will only be applied to contracts that are incomplete as at 1 January 2018.

Management has started to assess the impact of IFRS 15 but is not yet in a position to provide quantified information.

IFRS 16 'Leases'

IFRS 16 will replace IAS 17 and three related Interpretations. It completes the IASB's long-running project to overhaul lease accounting. Leases will be recorded on the statement of financial position in the form of a right-of-use asset and a lease liability.

IFRS 16 is effective from periods beginning on or after 1 January 2019.

Management assesses that the Standard will not have a significant impact on the financial statements.

2.3 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, which is "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 recognised as financial income or expense, respectively, in each statement of comprehensive income for the period they relate to.

Foreign currency translation (continued)

Transactions and balances

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

	31 December 2016	**31 December 2015**
1 USD	58.3258 Denars	56.3744 Denars
1 EUR	61.4812 Denars	61.5947 Denars
Average EUR	61.5950 Denars	61.6098 Denars

2.4 Property, plant and equipment

Items of property, plant and equipment are carried at their revaluated cost, based on the valuation performed by independent authorized appraisers, less subsequent accumulated depreciation and impairment losses, if any. The increase in the carrying amount of property, plant and equipment due to their revaluation is recognized within asset revaluation surplus, which forms part of the total reserves included within the Company's equity. When revaluated assets are disposed of or sold, the amounts included in the revaluation surplus are transferred to the retained earnings for the period.

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of items of property, plant and equipment. Constructed assets are depreciated from the time they are put into use. Land and construction in progress are not depreciated.

The estimated useful lives are as follows:

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

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.6).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within other expenses or other income in the statement of comprehensive income.

Interest costs on borrowings used to finance the construction of property, plant and equipment are capitalized, during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

The costs of regular maintenance and repairs are charged to operating expenses as incurred. Improvements to the existing assets are capitalized only when they increase the future economic benefits embodied in the item of property, plant and equipment.

2.5 Intangible assets

Exploration and evaluation assets

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the statement of comprehensive income as an expense as incurred. Expenditure on development activities, where by research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized if the product or process is technically or commercially feasible and the Company has sufficient resources to complete development. The expenditure capitalized includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognized in the statement of comprehensive income as an expense as incurred.

Capitalized development expenditure is stated at cost less accumulated amortization and impairment losses. Amortization is charged to the statement of comprehensive income on a straight-line basis over the period of its expected benefit, which is estimated at five to sixteen years.

Stripping costs

The Company recognises a stripping activity asset if, and only if, all of the following are met:

- It is probable that the future economic benefit (improved access to the ore body) associated with the stripping activity will flow to the Company;

- The Company can identify the component of the ore body for which access has been improved, and

- The cost relating to the stripping activity associated with the component can be measured reliably.

The stripping activity asset is accounted for as an addition to the intangibles. It is initially measured at cost, this being the accumulation of costs directly incurred to perform the stripping activity that improves the access to the identified component or ore, plus an allocation of indirectly attributable overhead costs. The costs associated with the incidental operations are not included in the cost of stripping activity asset. After initial recognition, the stripping activity asset is carried at cost less accumulated amortization and less impairment losses, if any. The stripping activity asset shall be depreciated or amortized on a systematic basis, over the expected useful life of the identified component of the ore body that becomes more accessible as a result of the stripping activity.

Other intangible assets

Expenditure to acquire rights, licenses, trademarks and software is capitalized and amortized using the straight-line method over a period of five years.

2.6 Impairment of non – financial assets

Property, plant and equipment, as well as intangibles with defined useful life, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognized in statement of comprehensive income. The recoverable amount is the higher of an asset's net selling price and value in use. The net selling price is the amount obtainable from the sale of an asset in an arm's length transaction while value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Recoverable amounts are estimated for individual assets or, if it is not possible, for the cash-generating unit.

2.7 Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss, financial assets held to maturity, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Assets in this category are classified as current assets. Assets in this category are measured at fair value with gains or losses recognised in profit or loss. The Company has no assets classified under this category.

Financial assets held to maturity

Financial assets held to maturity are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's Management has the positive intention and ability to hold to maturity. The Company has no assets classified under this category.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the statement of financial position date. These are classified as non-current assets.

The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents as of the statement of financial position date.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date. The Company has no assets classified under this category.

Recognition and measurement of financial assets

Purchases and sales of financial assets are recognized on the trade-date – the date on which the Company commits to purchase or sell the asset.

All financial assets that are not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Financial assets carried at fair value through profit or loss is initially recognized at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Financial assets (continued)

All financial assets that are not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the statement of comprehensive income within 'other (losses)/gains – net' in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the profit and loss as part of other income when the Company's right to receive payments is established. Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statement of comprehensive income as 'gains and losses from investment securities'.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the statement of comprehensive income as part of finance income. Dividends on available-for-sale equity instruments are recognised in the statement of comprehensive income as part of other income when the company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques.

The Company assesses at each statement of financial position date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is removed from equity and recognized in the statement of comprehensive income. Impairment losses recognized in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income. Impairment testing of trade receivables is described further within Note 2.10.

Impairment of financial assets

a. Assets carried at amortised cost

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets (continued)

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the statement of comprehensive income. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the statement of comprehensive income.

b. Assets classified as available for sale

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. For debt securities, the Company uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the statement of comprehensive income.

2.8 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.9 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.10 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Individually significant debtors are tested for impairment on an individual basis. The remaining debtors are assessed collectively in groups that share similar credit risk characteristic.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Assets with a short maturity are not discounted. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the statement of comprehensive income within 'selling and marketing costs'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in the statement of comprehensive income.

2.11 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

2.12 Share capital, reserves, retained earnings and dividends

(a) Share capital and share premium
Share capital consists of the fair value of monetary considerations contributed by the shareholders.

(b) Reserves
Reserves, which comprise of revaluation and statutory reserves, are generated during the period, based on gains / losses from revaluation of tangible assets, in the case of revaluation reserves, as well as distributing accumulated gains based on legislation and decisions of the management and shareholders of the company. Translation reserve comprises foreign currency translation differences arising from the translation of financial statements to the presentation currency Euro.

(c) Retained earnings
Retained earnings comprise of non-distributed earnings from the current and past periods.

(d) Dividends
Dividends are recognized in the equity in the period when approved by the Company's owners. Dividends for the year that are published after the Statement of financial position date are disclosed in the Note for subsequent events.

2.13 Financial liabilities

Financial liabilities are classified in accordance with the substance of the contractual arrangement. All financial liabilities of the company at the reporting dates are classified as other financial liabilities at amortised cost. Financial liabilities at amortised cost consist of loans and trade and other payables.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade payables are recognized initially at their fair value and subsequently measured at their amortized cost by applying the effective interest rate method.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at their amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of comprehensive income over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs.

2.14 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.15 Lease

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Company as a lessee

Finance leases, which transfers to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased vehicles and equipment or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income. Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term. The Company has not classified any assets under this category.

Lease (continued)

Payments of the operating leasing are recognized as an expense on a straight-line basis over the lease term. Associated cost as maintenance and insurance, are expensed as incurred.

Company as a lessor
Leases where the Company retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are presented as deferred expenses in the Statement of financial position and recognised in profit or loss over the lease term on the same basis as rental income. Contingent rents are recognized as revenue in the period in which they are earned. Prepaid rents are recognized as deferred income.

2.16 Current and deferred tax expense

Curent tax expense for the period is the sum of current and deferred income tax.

Current income tax
Current tax expense at 10% rate is based on the profit shown in the Statement of comprehensive income, adjusted for certain under - declared revenue and non – recognized expenses for tax purposes, tax credit as well as other tax reductions. Legal entities may use tax losses from current period for compensation or elimination of tax liabilities for following periods.

Deferred tax expense
Deferred tax expense is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes. Currently enacted tax rates are used in determination of deferred tax expense. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

The Company has not recognized any deferred tax assets or liability or asset at 31 December 2016 and 2015, as there are no temporary differences existing at that date.

2.17 Employee benefits

Pension obligations
The Company has pension scheme as prescribed by the local social security legislation under which it contributes to its employees' post retirement plans. Contributions, based on salaries, are made to the first and second pension pillar responsible for the payment of pensions. There is no additional liability regarding these plans.

Short – term benefits
Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

Employee benefits (continued)

A liability is recognized for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. The Company pays to the employee's recourse for short term benefits in accordance with the legislation and compensation for unused vacation.

Post – retirement obligations
The Company provides its retirees an amount equal to two months average salary according to the related local provisions. No provision has been made at the statement of financial position date in respect of this post – retirement obligations, since that amount would not have a material effect on the financial statements.

2.18 Value-added tax

Revenues, expenses and assets are recognized net of the amount of value added tax, except:

- When the value added tax from the purchase of assets or services is not reimbursable by the tax authority, in which case the value added tax is recognized as part of the expenses for the acquisition or as part of the cost where appropriate; and

- Receivables and liabilities which are presented with value added tax included.

The net amount of value added tax which is recoverable from, or payable to the tax authorities is included as part of the receivables or liabilities in the Statement of financial position.

2.19 Provisions

A provision is recognized when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed at each statement of financial position date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, the amount of provision is the present value of the expenditures expected to be required to settle the obligation. Provisions are not recognised for future operating losses.

2.20 Revenue and expense recognition

Revenue comprises of revenue from sale of goods and from rendering of services. Revenue from major products and services is shown in note 15.

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for goods supplied and services provided, excluding sales taxes, rebates, and trade discounts.

The Company applies the revenue recognition criteria set out below to each separately identifiable component of the sales transaction in order to reflect the substance of the transaction. The consideration received from these transactions is allocated to the separately identifiable component by taking into account the relative fair value of each component.

Revenue and expense recognition (continued)

Revenue is recognized when the amount of revenue can be measured reliably, collection is probable, the costs incurred or to be incurred can be measured reliably, and when the criteria for each of the Company's different activities have been met. These activity-specific recognition criteria are based on the goods or solutions provided to the customer and the contract conditions in each case, and are described below:

Sales of goods – wholesale marble blocks and tiles
Sales of goods are recognized when the products are delivered to the customer, when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved.

Sales of services
Sales of services are recognized in the period in which services are rendered, by reference to the stage of completion when can be measured reliably. The stage of completion is determined based on surveys of work performed.

Interest income
Interest income is recognized on a time proportion basis that reflects the effective yield on the assets.

2.21 Commitments and contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

The amount of a contingent loss is recognized as a provision if it is probable that future events will confirm that, a liability incurred as at the statement of financial position date and a reasonable estimate of the amount of the resulting loss can be made.

2.22 Related party transactions

Related parties are those where one of the parties is controlled by the other or has significant influence in making financial or business decisions of the other party.

2.23 Segment reporting

A segment is a distinguishable group of assets and operating activities that is engaged in providing products or services, subject to risks and rewards that are different from those of other segments. Geographical segment provides products and services within a defined economic surrounding exposed to risks different from those of other geographical segments.

2.24 Events after the reporting date

Post-year-end events that provide additional information about a Company's position at the statement of financial position date (adjusting events) are reflected in the financial statements. Post-year-end events that are not adjusting events are disclosed in the notes when material.

3 Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks, including credit risk and risks associated with the effects of changes in foreign currency exchange rates and interest rates. The Company's risk management focuses on unpredictability of markets and seeks to minimize potential adverse effects over the Company's business performance.

Risk management is carried out by the Board of Directors based on certain pre – approved written policies and procedures that cover overall risk management, as well as specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of appropriate securities and investing excess liquidity.

3.2 Market risk

Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro. The Company does not use any instrument to hedge the foreign exchange risk. The Company's Board of Directors is responsible to maintain adequate net position in each currency and in total and its operations are daily monitored by the Company's management.

The carrying value of the monetary assets and liabilities of the Company denominated in foreign currencies is as follows:

Assets		2016	2015
Cash and cash equivalents	EUR	5,291,141	3,111,058
Cash and cash equivalents	USD	2,587	-
Trade receivables – foreign debtors	EUR	1,447,929	958,043
Trade receivables – foreign debtors	USD	42,960	82,800
Trade receivables – foreign debtors	GBP	25,500	-
		6,810,117	**4,151,901**
Liabilities			
Trade payables – foreign suppliers	EUR	(493,652)	(134,307)
Trade payables – foreign suppliers	USD	(369)	(709)
Trade payables – foreign suppliers	GBP	-	(30,218)
Borrowings	EUR	(3,699,250)	(2,765,797)
		(4,193,271)	**(2,931,032)**

Market risk(continued)

Foreign currency sensitivity analysis

	Net amount	+1%	+5%	-1%	-5%
31 December 2016					
EUR	2,546,168	25,462	-	(25,462)	-
USD	45,178	-	2,259	-	(2,259)
GBP	25,500	-	1,275	-	(1,275)
Gain or (loss)	**2,616,846**	**25,462**	**3,534**	**(25,462)**	**(3,534)**

	Net amount	+1%	+5%	-1%	-5%
31 December 2015					
EUR	1,168,997	11,690	-	(11,690)	-
USD	82,091	-	4,105	-	(4,105)
GBP	(30,218)	-	(1,511)	-	1,511
Gain or (loss)	**1,220,870**	**11,690**	**2,594**	**(11,690)**	**(2,594)**

The sensitivity analysis includes only monetary items denominated in foreign currencies at year end, and a correction of their value is made for a 1% change in the currency of the Euro and for 5% change in the other foreign currency rates. The positive, i.e. negative amount indicates increase/decrease in profit or other equity, which occurs when the Denar weakens/strengthens its value against the Euro by +/- 1% and against other foreign currencies by +/-5%.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligation with a floating interest rate. The Company's management is primarily responsible for daily monitoring of the net interest rate risk position and it sets limits to reduce the potential of interest rate mismatch.

Market risk(continued)

The table below summarizes the Company's exposure to interest rate risk.

	2016 In Euro	2015 In Euro
Assets		
Non-interest bearing:		
Trade and other receivables	1,403,542	975,907
Cash and cash equivalents	1,666	1,529
	1,405,208	**977,436**
with fixed interest rate:		
Cash and cash equivalents	5,562,678	3,274,811
	5,562,678	3,274,811
	6,967,886	**4,252,247**
Liabilities		
Non-interest bearing:		
Trade and other payables	1,025,128	1,334,702
	1,025,128	**1,334,702**
With fixed interest rate:		
Borrowings	11,376	26,327
	11,376	**26,327**
With variable interest rate:		
Borrowings	3,699,250	3,354,465
	3,699,250	3,354,465
Interest sensitivity gap	**4,735,754**	**4,715,494**

Interest rate sensitivity analysis

At 31 December 2016	Net amount in Euro	2%	-2%
Borrowings with variable interest rate	**(3,699,250)**	**(73,985)**	**73,985**

At 31 December 2015	Net amount in Euro	2%	-2%
Borrowings with variable interest rate	**(3,354,465)**	**(67,089)**	**67,089**

3.3 Credit risk

Credit risk is the risk of financial loss inflicted to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises mainly from the Company's trade receivables. The Company's exposure to credit risk is principally influenced by the individual characteristics of each customer.

The Company has policies in place to ensure that sales of goods and services are made to customers with an appropriate credit history. It also has policies that limit the amount of credit exposure to any counter party. Credit terms to the foreign customers are secured with letter of credits that mature from 30 to 120 days.

The Company establishes a provision for impairment that represents its estimate of incurred losses in respect to the trade receivables, based entirely on specific and individual exposures. The Company's maximum exposure to credit risk is represented by the carrying amount of each financial asset in the statement of financial position as summarised below:

Credit risk(continued)

	2016	2015
Classes of financial assets – carrying amounts (in Euro):		
Cash and cash equivalents	5,564,344	3,276,340
Trade and other receivables	1,403,542	975,907
	6,967,886	**4,252,247**

The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

The Company secures its credit exposure to customers with bank guarantees, letter of credits, cash deposits, prepayments etc. Though the Company has a big exposure to Greek customers (at around 51% of sales), the selected distributors are mostly export oriented, which minimizes the Greek market exposure risk. To the best of our knowledge, the Company's major customers have not experienced significant financial difficulties to date. Credit quality of trade receivables as at 31 December 2016 is considered to be good.

As of the statement of financial position date the credit quality of Company's trade receivables and advances to suppliers is disclosed in Note 9.

3.4 Liquidity risk

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecasting cash inflows and outflows due in day-to-day business. Liquidity needs are monitored in various time intervals. Net cash requirement are compared to available borrowing facilities in order to determine any shortfalls. This analysis shows if available borrowing facilities are expected to be sufficient over the lookout period. The Company maintains cash to meet its liquidity requirements for 30-day periods at the least. Funding for long-term liquidity needs is additionally secured by an adequate amount of committed credit facilities.

As at 31 December 2016 and 2015, the Company's liabilities have contractual maturities (including interest payments where applicable) as summarised below:

At 31 December 2016	Current 1 to 12 months (In Euro)	1 to 5 years (In Euro)	Non – current Later than 5 years (In Euro)
Interest – bearing borrowings	744,193	2,966,433	-
Trade and other payables	1,025,128	-	-
	1,769,321	**2,966,433**	**-**

At 31 December 2015	Current 1 to 12 months (In Euro)	1 to 5 years (In Euro)	Non – current Later than 5 years (In Euro)
Interest – bearing borrowings	2,335,755	1,045,037	-
Trade and other payables	1,334,702	-	-
	3,670,457	**1,045,037**	**-**

The above amounts reflect the contractual undiscounted cash flows, which may differ from the carrying values of the liabilities at the reporting date.

3.5 Capital risk management

The Company's objectives when managing capital are the following:

- To safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders

- To maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Gearing ratio

The structure of the Company's equity comprises of liabilities, cash and cash equivalents and equity, which comprises of share capital, reserves, revaluation surplus and retained earnings. The Management reviews the capital structure on annual basis as a relation between the net loan liabilities and the total capital.

The net loan liabilities are calculated as total liabilities for borrowings less the amount for cash and cash equivalents.

The debt indicator at year end is as follows:

	2016 (In Euro)	2015 (In Euro)
Interest-bearing borrowings	3,710,626	3,380,792
Cash and cash equivalents	(5,564,344)	(3,276,340)
Net liabilities	**(1,853,718)**	**104,452**
Shareholders' equity	19,263,036	18,007,223
Gearing ratio	**-**	**0.01**

3.6 Fair value estimation

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. No financial instrument is presented at fair value as of 31 December 2016.

3.6.1 Financial instruments that are not presented at fair value

The following table summarizes the carrying amounts and fair values to those financial assets and liabilities that are not presented in the Statement of financial position at their fair value:

	Carrying value		Fair value	
	2016 (In Euro)	2015 (In Euro)	2016 (In Euro)	2015 (In Euro)
Assets				
Trade and other receivables	1,403,542	975,907	1,403,542	**975,907**
Cash and cash equivalents	5,564,344	3,276,340	5,564,344	3,276,340
Total assets	**6,967,886**	**4,252,247**	**6,967,886**	**4,252,247**
Liabilities				
Borrowings	3,710,626	3,380,792	3,710,626	3,380,792
Trade and other payables (without tax liabilities)	1,025,128	1,334,702	1,025,128	1,334,702
	4,735,754	**4,715,494**	**4,735,754**	**4,715,494**

Fair value estimation (continued)

Loans and receivables

Loans and receivables are carried at amortized cost, minus the provisions for impairment. Their fair value corresponds to their carrying value.

Other financial assets

Fair value of monetary assets that include cash and cash equivalents is considered to approximate their carrying value due to their maturity of less than 3 months.

Trade and loans payable

Carrying value of trade and loans payable approximates their fair value.

4 *Critical accounting estimates and judgements*

In the application of the Company's accounting policies, which are described in Note 2, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Uncertainty in judgments

Impairment of non- financial assets

Impairment losses are recognized in the amount for which the carrying value of the asset or the cash generating unit exceeds the recoverable amount. When determining the recoverable amount, the Management evaluates expected prices and cash flows from each cash generating unit and determines an appropriate interest rate when calculating the present value of such cash flows.

Impairment of financial assets

Impairment of trade and other receivables

The Company calculates impairment for trade and other receivables based on estimated losses resulting from the inability of customers to make required payments. The estimation is based on the ageing of account receivables balance and historical write-off experience, customer credit-worthiness and changes in customer payment terms when evaluating the adequacy of the impairment loss for doubtful accounts. These involve assumptions about future customer behaviour and the resulting future cash collections. If the financial condition of customers were to deteriorate, actual write-offs of currently existing receivables may be higher than expected and may exceed the level of the impairment losses recognized so far.

Useful life of amortised assets

The Management regularly reviews the useful lives of amortised assets as at the statement of financial position date. Management estimates that the determined useful life of assets represents the expected usefulness (utility) of assets. The carrying values of such assets are analysed in Note 5 and 6. However, the factual results may differ due to the technological obsolescence.

Inventories

Inventories are stated at the lower of cost and net realisable value. When determining the net realisable value, the most objective evidence / data available at the making of assessments are used.

(All amounts expressed in Euros, unless otherwise stated)

5 Property, plant and equipment

	Land & Buildings	Machinery & equipment	Construction in progress	Total
01 January 2015				
Cost or valuation	5,329,350	20,110,733	136,771	25,576,854
Accumulated depreciation and impairment	(1,982,461)	(11,801,580)	-	(13,784,041)
Net carrying amount	**3,346,889**	**8,309,153**	**136,771**	**11,792,813**
Year ended 31 December 2015				
Opening net carrying amount	3,346,889	8,309,153	136,771	11,792,813
Translation differences	(6,199)	(15,624)	(260)	(22,083)
Additions, net of transfers from C.I.P.	69,827	948,910	(35,343)	983,394
Disposals-net	(1,310)	(19,076)	-	(20,386)
Depreciation charge for the year	(241,399)	(2,077,686)	-	(2,319,085)
Closing carrying amount	**3,167,808**	**7,145,677**	**101,168**	**10,414,653**
At 31 December 2015 / 01 January 2016				
Cost or valuation	5,386,621	21,234,284	101,168	26,722,073
Accumulated depreciation and impairment	(2,218,813)	(14,088,607)	-	(16,307,420)
Net carrying amount	**3,167,808**	**7,145,677**	**101,168**	**10,414,653**
Year ended 31 December 2016				
Opening net carrying amount	3,167,808	7,145,677	101,168	10,414,653
Translation differences	5,500	10,831	206	16,537
Additions, net of transfers from C.I.P.	68,971	858,615	9,532	937,118
Disposals-net	(12,352)	(80,730)	-	(93,082)
Depreciation charge for the year	(244,135)	(2,053,019)	-	(2,297,154)
Closing carrying amount	**2,985,792**	**5,881,374**	**110,906**	**8,978,072**
At 31 December 2016				
Cost or valuation	5,445,298	20,833,175	110,906	26,389,379
Accumulated depreciation and impairment	(2,459,506)	(14,951,801)	-	(17,411,307)
Net carrying amount	**2,985,792**	**5,881,374**	**110,906**	**8,978,072**

Disposals

During year ended 31 December 2016, the Company has written off equipment, transportation vehicles and foundation for machines with net carrying value of Euro 93,082 (31 December 2015: Euro 4,347) (see Note 17). During year ended 31 December 2015, the Company sold equipment with total net carrying value of Euro 18,686. Sale value of the part related to assets sold is Euro 16,039. Loss incurred from these transaction amounts to Euro 2,647, included in the administrative and selling expenses (see note 17).

Construction in progress

As of 31 December 2016, the balance of construction in progress in the amount of Euro 110,906 (2015: Euro 101,168) consists of the cost of major repairs of equipment.

Pledge over property, plant and equipment

As of 31 December 2016, the Company has pledged part of its property, plant and equipment to secure borrowings (see Note 12). As of the statement of financial position date, their appraised value is 8,952,642 Euros (see Note 25).

Vehicles under financial lease

As at 31 December 2016, the Company has the following amounts of assets under financial lease:

	2016	2015
Cost or valuation	51,771	51,675
Accumulated depreciation	(43,273)	(33,163)
Net carrying amount	**8,498**	**18,512**

(All amounts expressed in Euros, unless otherwise stated)

6 *Intangible assets*

	Software	Trademarks	Exploration and evaluation assets	Intangibles in progress	Total
At 01 January 2015					
Cost or valuation	148,374	115,650	2,528,853	-	2,792,877
Accumulated amortisation	(57,084)	(60,064)	(422,566)	-	(539,714)
Net carrying amount	**91,290**	**55,586**	**2,106,287**	**-**	**2,253,163**
Year ended 31 December 2015					
Opening net carrying amount	91,290	55,586	2,106,287	-	2,253,163
Translation differences	(173)	(102)	(3,936)	-	(4,211)
Additions, net of transfers from intangibles in progress	4,642	21,740	4,754	1,014	32,150
Depreciation charge for the year	(29,768)	(16,735)	(256,796)	-	(303,299)
Closing carrying amount	**65,991**	**60,489**	**1,850,309**	**1,014**	**1,977,803**
At 31 December 2015 / 01 January 2016					
Cost or valuation	152,745	137,182	2,528,956	1,014	2,819,897
Accumulated amortisation	(86,754)	(76,693)	(678,647)	-	(842,094)
Net carrying amount	**65,991**	**60,489**	**1,850,309**	**1,014**	**1,977,803**
Year ended 31 December 2016					
Opening net carrying amount	65,991	60,489	1,850,309	1,014	1,977,803
Translation differences	78	123	3,058	38	3,297
Additions, net of transfers from C.I.P.	7,656	27,742	64,686	19,982	120,066
Depreciation charge for the year	(31,195)	(22,022)	(258,122)	-	(311,339)
Closing carrying amount	**42,530**	**66,332**	**1,659,931**	**21,034**	**1,789,827**
At 31 December 2016					
Cost or valuation	160,697	165,229	2,598,431	21,034	2,945,391
Accumulated amortisation	(118,167)	(98,897)	(938,500)	-	(1,155,564)
Net carrying amount	**42,530**	**66,332**	**1,659,931**	**21,034**	**1,789,827**

Exploration and evaluation assets

As of 31 December 2016 the balance of exploration and evaluation assets in amount of Euros 1,659,931 (31 December 2015: Euros 1,850,309).

Intangibles in process of acquisition

As of 31 December 2016 the balance of intangibles in progress amounting to Euros 21,034 (31 December 2015: Euro 1,014) relates mainly to migration to new version of ERP software and new corporate web site.

Allocation of depreciation and amortization charged

Out of the total depreciation and amortization for the year ended 31 December 2016 amounting to Euro 2,608,493 (2015: Euro 2,622,384) disclosed in note 22, Euro 2,461,804 (2015: Euro 2,482,615) has been charged in cost of sales and the remaining in the amount of Euro 146,689 (2015: Euro 139,769) into administrative and selling expenses (see Note 17).

(All amounts expressed in Euros, unless otherwise stated)

7 Financial instruments by categories

The carrying amounts of the Company's financial assets and liabilities as recognised at the statement of financial position date may also be categorised as follows.

	2016	2015
Assets		
Assets carried at amortized cost		
Trade and other receivables	1,403,542	975,907
Cash and cash equivalents	5,564,344	3,276,340
	6,697,886	**4,252,247**
Liabilities		
Other financial liabilities at amortized cost		
Borrowings	3,710,626	3,380,792
Trade and other payables	1,025,128	1,334,702
	4,735,754	**4,715,494**

8 Inventories

	2016	2015
Work in progress	3,975,232	4,290,888
Finished products	1,316,237	1,360,000
Spare parts	967,914	681,903
Raw materials	188,678	212,315
Trade goods	108,697	108,497
Other	26,244	41,482
	6,583,002	**6,695,085**

During 2016, the Company recognized expense for wastage, failure and fracture in the amount of Euro 41,102 (2015: Euro 35,320) and stock count shortages in the amount of Euro 55,857 (2015: Nil) accounted for in administrative and selling expenses (see Note 17).

Furthermore, as at 31 December 2016 the Company has assessed the net realizable value of the inventories and has decreased its value in total amount of Euro 544,876 (2015: Euro 387,881) (Note 22). The amount of Euro 257,473 (2015: Euro 186,315) has been charged in cost of sales (see Note 16) and the remaining, amounting Euro 287,403 (2015: Euro 201,566) - into administrative and selling expenses (see Note 17).

Cost of raw materials, spare parts and other materials included in the cost of sale for the year ended 31 December 2016 amounts to Euro 3,117,513 (2015: Euro 2,892,635).

9 Trade and other receivables

	2016	2015
Current trade receivables		
Local debtors	29,406	22,278
Foreign debtors	1,419,013	868,995
Related parties' receivables (Note 23)	-	131,102
	1,448,419	**1,022,375**
Less: impairment provision	(67,798)	(70,092)
	1,380,621	**952,283**
Prepayments		
Advances to suppliers	153,769	108,008
Prepaid VAT	138,149	96,846
Deferred expenses	12,536	36,774
Other current receivables	22,921	23,624
	327,375	**265,252**
Less: impairment provision	-	-
	327,375	**265,252**
Trade and other receivables, net	**1,707,996**	**1,217,535**

(All amounts expressed in Euros, unless otherwise stated) 31

Trade and other receivables (continued)

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

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	1,367,654	166,736	67,798	1,602,188
Less: Impairment provision	-	-	(67,798)	(67,798)
	1,367,654	**166,736**	**-**	**1,534,390**

At 31 December 2015 the credit quality of Company's trade receivables and advances to suppliers can be analysed as follows:

	Neither past due nor impaired	Past due but not impaired	Impaired	Total
Cost	945,966	114,325	70,092	1,130,383
Less: Impairment provision	-	-	(70,092)	(70,092)
	945,966	**114,325**	**-**	**1,060,291**

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

	Domestic trade receivables	Foreign trade receivables	Advances to suppliers	Total
Overdue up to 1 year	10,534	2,433	153,749	166,716
Overdue more than 1 year	-	-	20	20
	10,534	**2,433**	**153,769**	**166,736**

At 31 December 2015 the age structure of past due not impaired trade receivables and advances to suppliers is as follows:

	Domestic trade receivables	Foreign trade receivables	Advances to suppliers	Total
Overdue up to 1 year	-	6,317	107,959	114,276
Overdue more than 1 year	-	-	49	49
	-	**6,317**	**108,008**	**114,325**

The following table presents the movement of impairment provision account for the years ended 31 December 2016 and 2015:

	2016	2015
At 01 January	**70,092**	**72,972**
Write off of previously impaired receivables	(3,558)	(4,154)
Collected fully provided bad debts (Note 19)	(9)	(1,754)
Impairment provision (Note 17)	1,236	3,067
Translation differences	37	(39)
At 31 December	**67,798**	**70,092**

As at 31 December 2016, based on the assessment of collection of receivables, the Company wrote off fully non-collectible trade receivables in its current profit and loss in the amount of Euro 193 (2015: Euro 260) (See note 17).

10 Cash and cash equivalents

	2016	2015
Bank accounts	5,562,678	3,274,811
Cash on hand	1,666	1,529
	5,564,344	**3,276,340**

11 Equity

Shares issued

	Number of shares	Ordinary shares	Share premium	Amount (in Euros) Total
Authorized, issued and fully paid ordinary shares 1 Euro at par		(Euros)	(Euros)	(Euros)
At 01 January /31 December 2015	**4,686,858**	**4,686,858**	**4,158,313**	**8,845,171**
Exchange differences on translating	-	-	(22,761)	(22,761)
At 31 December 2016	**4,686,858**	**4,686,858**	**4,135,552**	**8,822,410**

As of 31 December 2016 the balance of Company's share premium has been reconciled with the original amount received Euro 4,135,552.

The structure of share capital at 31 December 2016 and 2015 is as follows (amounts in Euro):

	Number of shares	Amount in Euros	%
Stone Works Holdings Cooperatief U.A. Netherlands	4,143,357	4,143,357	88.40
Piraeus Bank S.A. [1]	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. According to shareholders' register of the Company, as of 31 December 2016 and 2015, 4,143,357 ordinary shares or 88% of total shareholders' capital of the Company has restriction for traiding.

Other components of equity

	Translation reserve	Statutory reserves	Revaluation reserve	Total
At 1 January 2016	**(45,240)**	**621,393**	**1,435,786**	**2,011,939**
Transfer of revaluation reserves on disposed tangible assets	-	-	(73,891)	(73,891)
Translation differences	61,732	-	-	61,732
At 31 December 2016	**16,492**	**621,393**	**1,361,895**	**1,999,780**
At 1 January 2015	**(20,841)**	**621,393**	**1,435,786**	**2,036,338**
Translation differences	(24,399)	-	-	(24,399)
At 31 December 2015	**(45,240)**	**621,393**	**1,435,786**	**2,011,939**

Revaluation reserve

Revaluation surplus, which at 31 December 2016 amounts 1,361,895 Euros (31 December 2015: 1,435,786 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 carrying amounts of those assets sold or impaired.

Statutory reserves

Reserves, which at 31 December 2016 amount to 621,393 Euros (31 December 2015 621,393 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% of the registered capital.

[1] In its capacity of the issuer of the ELPIS certificates

(All amounts expressed in Euros, unless otherwise stated)

Equity (continued)

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

Dividends

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

During the year ended 31 December 2016 the Company paid dividends to its shareholders in the total amount of 2,249,335 Euros (31 December 2015: 3,937,042 Euros) out of which 26,030 Euros relates to taxes on dividends paid (31 December 2015: 46,092 Euros).

12 Borrowings

	2016	2015
Long – term interest bearing borrowings from banks		
Komercijalna Banka ad, Skopje (original amount: Eur.5.418.514; interest rate 6m.Euribor+3,8%)	3,699,250	1,460,241
Komercijalna Banka ad, Skopje (original amount: Eur.4.700.000; interest rate 6m.Libor+3,8%)	-	1,305,556
Komercijalna Banka ad, Skopje (original amount: denars.123.280.000; interest rate 5,5% p.a.)	-	588,668
Finance lease liabilities	2,234	11,268
	3,701,484	**3,365,733**
Less: current maturity of long term borrowings	(735,051)	(2,320,696)
Total long – term borrowings	**2,966,433**	**1,045,037**
Short – term interest bearing borrowings from banks		
Komercijalna Banka ad, Skopje, other short term liabilities	87	1,325
Finance lease liabilities	9,055	13,734
	9,142	**15,059**
Add: current maturity of long term borrowings	735,051	2,320,696
Total short-term borrowings	**744,193**	**2,335,755**

Loans from financial institutions are secured by mortgage over part of the Company's properties (see also Note 25).

The long-term borrowings repayments schedule is as follows:

	2016	2015
Due within 12 months	735,051	2,320,696
Due within 1 – 2 years	868,455	926,396
Due within 2 – 5 years	2,095,744	107,373
	3,699,250	**3,354,465**

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

	2016	2015
Present value of payment:		
Due within 1 year	9,055	13,734
Due between 1 – 5 years	2,234	11,268
Due over 5 years	-	-
	11,289	**25,002**

(All amounts expressed in Euros, unless otherwise stated)

13 Trade and other payables

	2016	2015
Trade creditors		
Local suppliers	672,401	883,772
Foreign suppliers	51,565	108,353
Related parties' payables (see Note 23)	-	67,549
	723,966	**1,059,674**
Other current liabilities		
Customers' prepayments	483,682	163,622
Liabilities to employees and management	290,183	263,836
Accrued expenses	41,250	-
Interest payable	7,524	7,703
Dividends payables (net of local taxes)	1,915	1,558
Other	1,540	1,931
	826,094	**438,650**
Total trade and other payables	**1,550,060**	**1,498,324**

14 Tax payables

	2016	2015
Concession fees and other levies	106,720	77,240
Corporate income tax liabilities	50,029	599,238
Withholding tax	8,069	11,776
Personal income tax liabilities	4,060	6,823
	168,878	**695,077**

15 Sales

	2016	2015
Local market	**815,803**	**917,253**
Foreign markets:		
- Greece	8,485,190	9,291,410
- China	3,017,806	2,979,858
- Balkan region	436,429	351,546
- Cyprus	-	122,326
- Other markets	3,883,103	2,645,227
Subtotal sales on foreign markets	15,822,528	15,390,367
Total sales	**16,638,331**	**16,307,620**

16 Cost of sales

	2016	2015
Stock of finished products and W.I.P. at 01 January	5,650,888	4,737,162
Plus: Total production cost for the year ended 31 December	8,989,575	8,514,713
Plus: Income from value adjustment of previously written-off inventory (Note 22)	187,709	87,911
Less: Value adjustment of inventories (Note 8)	(257,473)	(186,315)
Lees: Income from released value adjustment of inventories sold	(187,709)	(87,911)
Less: Stock of finished products and W.I.P. at 31 December	(5,291,469)	(5,650,888)
	9,091,521	**7,414,672**

(All amounts expressed in Euros, unless otherwise stated) 35

17 Administrative and selling expenses

	Year ended 31 December 2016		Year ended 31 December 2015	
	Administrative	Selling	Administrative	Selling
Professional advisory services	929,645	-	820,217	-
Staff costs (Note 18)	620,668	127,364	809,677	234,496
Depreciation and amortisation (Note 6)	110,647	36,042	103,228	36,541
Taxes and other levies	98,524	16,044	74,039	16,928
Marketing and promotion	93,743	254,237	84,239	265,289
Services	91,273	162,834	87,189	141,806
Materials, supplies and utilities	36,902	6,064	34,675	4,534
Expenses for operating lease	23,131	6,644	40,740	12,903
Value adjustment of inventories (Note 8)	-	287,403	-	201,566
Present value of assets written off (Note 5)	-	93,082	-	4,347
Shortages (Note 8)	-	55,857	-	-
Wastage, failure and fracture (Note 8)	-	41,102	-	35,320
Impairment and write off receivables (Note 9)	-	1,429	-	3,327
Other expenses and provisions	248,772	76,124	84,306	106,831
	2,253,305	**1,164,226**	**2,138,310**	**1,063,888**

18 Staff costs

	2016	2015
Net salaries	2,086,471	2,180,519
Personal tax and mandatory contributions	982,844	991,614
Business trips	11,166	20,623
Other allowances	279,267	237,086
	3,359,748	**3,429,842**

Out of the total staff costs for the year ended 31 December 2016 amounting Euro 3,359,748 (2015: 3,429,842), Euro 2,611,716 (2015: Euro 2,385,667) has been charged in cost of sales and the remaining in the amount of Euro 748,032 (2015: Euro 1,044,173) into administrative and selling expenses (see Note 17).

19 Other operating income

	2016	2015
Income from reinvoicing of transport cost and other services	364,118	352,429
Less:Cost associated with the above services	(344,279)	(334,356)
Payables write offs and stock count surplus	4,819	1,414
Raw materials sold	4,514	6,058
Income from rents	97	4,200
Collected fully provided bad debts	9	1,754
Liabilities for dividends written off	-	695
Other income	7,327	14,742
	36,605	**46,936**

(All amounts expressed in Euros, unless otherwise stated) 36

20 Finance income and costs

	2016	2015
Finance income		
Interest income	4,432	6,221
Foreign exchange gains	54,230	124,625
	58,662	**130,846**
Finance (costs)		
Interest (expense)	(121,981)	(191,087)
Bank (charges)	(94,843)	(60,702)
Foreign exchange (losses)	(61,120)	(131,283)
	(277,944)	**(383,072)**
Finance (costs), net	**(219,282)**	**(252,226)**

21 Income tax expense

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

	2016	2015
At 01 January	-	(174,505)
Profit before income tax	3,946,602	5,485,460
Non – deductible expenses	854,401	686,142
Tax deductions	(322)	(1,754)
Translation differences	-	(36)
At 31 December - Taxable profit	4,800,681	5,995,307
Current tax charge at rate of 10%	**480,068**	**599,531**
Income tax reduction	-	(440)
Income tax (expense)	**480,068**	**599,091**
Effective tax rate	**12.16%**	**10.92%**

22 Expenses by nature

	2016	2015
Staff costs (Note 18)	3,359,748	3,429,843
Depreciation and amortization (Note 6)	2,608,493	2,622,384
Spent materials, spare parts and small inventory	1,770,488	1,542,081
Energy and water	1,311,807	1,356,683
Professional advisory services	929,645	820,217
Services	698,120	624,380
Value adjustment of inventories *	357,167	299,970
Marketing and promotion	347,980	349,528
Other expenses and provisions	324,896	191,137
Taxes and other contributions	170,630	145,983
Present value of assets written off (Note 5)	93,082	4,347
Shortages (Note 8)	55,857	-
Wastage, failure and fracture (Note 8)	41,102	35,320
Expenses for operating leasing	29,775	53,643
Representation	22,538	16,632
Insurance	16,006	22,726
Transport costs	10,870	12,395
Write off of receivables (Note 9)	1,429	3,327
	12,149,633	**11,530,596**
Changes of stock of work in progress and finished products	359,419	(913,726)
	12,509,052	**10,616,870**

*Value adjustment of inventories amounting to Euro 357,167 (2015: Euro 299,970) represents net amount of recognized expenses of Euro 544,876 (2015: Euro 387,881) (Note 8), decreased for income from value adjustment of previously written-off inventory amounting to Euro 187,709 (2015: Euro 87,911) (Note 16).

(All amounts expressed in Euros, unless otherwise stated)

23 Related party transactions

The table below provides for the volume and balances from the related party transactions as of and for the years ended 31 December 2016 and 2015:

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

31 December 2015	Cash	Receivables	Payables	Revenues	Expenses
Stone Works Holding Coöperatief U.A Netherlands	-	-	-	-	400,365
Castleblock Limited Nicosia Cyprus	-	-	-	122,546	1,448
NBGI Private Equity London	-	131,102	67,549	131,070	67,699
Stopanska Banka AD Skopje	6,664	-	-	-	-
Key management remuneration	-	-	-	-	471,942
	6,664	**131,102**	**67,549**	**253,616**	**941,454**

24 Earnings per share

Basic earnings per share are calculated by dividing the profit attributable to equity holders by the weighted average number of ordinary shares in issue during the year.

	2016	2015
Profit attributable to equity holders of the Company	3,466,534	4,886,369
Weighted average number of ordinary shares (Note 11)	4,686,858	4,686,858
Basic earnings per share (Euros per share)	**0.74**	**1,04**

25 Contingent liabilities

Mortgages

Mortgages provided are as follows:

	2016	2015
Business premises	2,670,452	2,572,000
Machinery & equipment	6,282,190	6,351,600
	8,952,642	**8,923,600**

Guarantees

Guarantees provided is as follows:

	2016	2015
Issued by Komercijalna Banka AD Skopje	146,386	295,777
	146,386	**295,777**

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 31 December 2016, the estimated Euro equivalent of the legal proceedings raised against the Company amounts Euro 42,712 (2015: Euro 62.932). No significant liabilities have been anticipated from these proceedings, as professional advice indicates that it is unlikely that any significant loss will arise.

Tax inspections
Up to 31 Decemcer 2016 the Company was subject of following tax inspections by tax authorities:

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

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

26 Commitments

Operating lease liabilities

As of 31 December 2016 and 2015 the operating lease liabilities relates to lease of vehicles. Repayment schedule of operating lease liabilities is as follows:

	2016	2015
Operating lease liabilities		
Present value of payment:		
Due within 1 year	29,664	29,664
Due between 1 – 5 years	15,893	45,558
	45,557	**75,222**

During 2016, the entity has recognized expenses for operating lease in the amount of Euro 29,775 (2015: Euro 53,643) (Note 22).

27 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, renewable at expiration for another 30 year period.

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 Euro 5,742 Euros; and
- Concession fee on sold quantities of commercial marble according to the Methodology established by the Ministry of Economy of RM for:
  - blocks at 5% of the value of the material determined at 294 Euros /m^3;
  - tombolons at 5% of the value of material determined at 147 Euros /m^3 and
  - material other than blocks and tombolones, that is crashed or milled 0,325 Euros/t.

(All amounts expressed in Euros, unless otherwise stated) 39

28 Information on operating segments

As of 31 December 2016 and 2015, the Company is organized into the following operating segments:

- quarry;
- factory.

Operating results per segments for the years ended 31 December 2016 and 2015, are as follows:

	Quarry	Factory	Total
Year ended 31 December 2016			
Sales	14,393,975	2,244,356	16,638,331
Profit / loss from operating activities	4,202,884	(37,000)	4,165,884
Financial result, net			(219,282)
Profit before income tax			**3,946,602**
Income tax expense			(480,068)
Profit for the year			**3,466,534**
Other comprehensive income			38,971
Total comprehensive income for the year			**3,505,505**
Year ended 31 December 2015			
Sales	14,394,209	1,913,411	16,307,620
Profit from operating activities	5,823,896	(86,210)	5,737,686
Financial result, net			(252,226)
Profit before income tax			**5,485,460**
Income tax expense			(599,091)
Profit for the year			**4,886,369**
Other comprehensive income			(24,399)
Total comprehensive income for the year			**4,861,970**

Segment assets and liabilities as of 31 December 2016 and 2015 are as follows:

	Quarry	Factory	Total
31 December 2016			
Total assets	18,775,227	5,917,373	24,692,600
Liabilities	4,787,032	642,532	5,429,564
Capital expenditures	996,900	60,284	1,057,184
31 December 2015			
Total assets	16,850,371	6,731,045	23,581,416
Liabilities	5,094,426	479,767	5,574,193
Capital expenditures	919,421	96,123	1,015,544

Sales per geographical regions are as follows:

	2016	2015
Macedonia	815,803	917,253
Greece	8,485,190	9,291,410
China	3,017,806	2,979,858
Balkan region	436,429	351,546
Cyprus	-	122,326
Other markets	3,883,103	2,645,227
	16,638,331	**16,307,620**

During 2016, Euros 6,948,139 or 42% (2015: Eur 9,341,253 or 57,28%) of the Company's revenues depended on a three single customers from Greece each of which individually represents more than 10% of revenues.

29 Events after the reporting date

After 31 December 2016 to the reporting date until the approval of this Financial Statements, there are no adjusting events reflected in the financial statements or events that are materially significant for disclosure in these financial statements.

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