

CEMENTARNICA „USJE” AD SKOPJE

**Annual Report and
Statutory Financial Statements
31 December 2013**



CEMENTARNICA "USJE" AD - SKOPJE

ANNUAL REPORT 2013



Skopje, February 2014

CONTENTS

- 1. General Comments**
- 2. Sales Performances**
- 3. Operations**
- 4. Health & Safety**
- 5. Corporate Social Responsibility**
- 6. Environmental**
- 7. Other information**

1. GENERAL

Cementarnica "Usje" A.D. - Skopje (the "Company" or "Usje") is incorporated in the Republic of Macedonia with the registered address at Boris Trajkovski 94, Skopje.

The Company's main activity is production and trade of cement, masonry cement, ready mix concrete, clinker and other related products.

2. SALES PERFORMANCE

Cement: Favorable weather condition in the last quarter maintained the momentum of the sales in the domestic market up to the end of year, thus resulting in an approximate increase in cement consumption for an estimated 5% vs. 2012. USJE's sales performance surpassed the marked trend benefiting from the flat imports. Although last quarter prices were better than the same period in 2012, deteriorating market conditions in the neighboring countries had as a result an average price drop of 5% vs. average price in 2012.

Cement exports to Kosovo were increased by almost 10% following the positive market trend in the country.

Vertical Integration: The RMC operations were negatively affected due to the severe competition in the market resulting with a steep drop of sales volumes and negative operating performance. The sales of aggregates slightly increased compared with 2012 with the same operating results.

3. OPERATIONS

Operation of the both kilns in 2013 has followed the market demands focusing on optimization of the stocks and working capital throughout the year. During 2013 rotary kiln no.3 operated with utilization factor of about 76%, while kiln no.4 with utilization factor of about 41%. Cement mills were operating with overall utilization factor of less than 35%.

Usje provided the required cement for the project of the new highway section Demir Kapija-Smokvica for the stage completed in 2013.

Usje also introduced regular use of Chromium reducing agent in order to mitigate health risks of the final cement users in line with European legislation.

There was also further adjustment of cement quality in direction of CO2 emissions reduction. During 2013 the operation of old steam boiler was terminated and whole steam production was provided by the new facility with much lower environmental impact.

4. HEALTH & SAFETY

Efforts and focusing on higher achievements in Health and Safety continued throughout the 2013. Sharing experience and know-how on Group level was very fruitful in achieving higher standards and results.

Encouraging blue-collars and medium level for their higher involvement, led to significant increase of reported incidents and safety culture of this category. There were 352 reported incidents (versus 119 in 2012), out of which 96% are already solved. At the end of the year the concept of internal safety audits was modified by involvement of areas' owners and their proactive and responsible contribution.

Increasing of safety culture and behavior of contractors was performed through applying higher standards and requirements starting from purchasing process, ending with their annual evaluation.

Our achievement in Health and Safety was recognized by awarding USJE with the “National Award for Best H&S Practice for 2012”.

However, the one and only injury in the last quarter of 2013 verifies the fact that there is always room for improvement and that health and safety is never ending process.

5. CORPORATE SOCIAL RESPONSIBILITY

CSR has been at the core of Titan’s philosophy ever since its early years and had a direct and permanent impact on its performance as a business enterprise, on its labour relations and on community involvement.

Focus of our CSR strategy in 2013 continued with the stakeholder’s engagement process, our employees, suppliers, business partners and institutions, as well as the local and wider community, through various initiatives and disseminating best practices.

Communication on Progress - UN Global Compact: CSR & Sustainability Report

In 2013, USJE issued the fourth Corporate Social Responsibility and Sustainability Report, stating all the efforts, commitments and best practices of USJE in the field of Corporate Social Responsibility. The CSR Report was disseminated and communicated all our stakeholders, through Usje web-site (www.usje.com.mk) and placed on UN Global Compact web-page as Communication on Progress report.

Community Development Projects

Being a good corporate citizen, Cementarnica USJE continues with the support of the projects of the Municipality of Kisela Voda where we work and operate, among which the traditional Partnering with Schools Project, construction of three playgrounds, support of the construction of daycare center for children with special needs and new year presents for these children, commemoration of city earthquake, support for the children with special needs - Summer Educational and Sports Camp for the children with impaired hearing, MBA scholarships etc.

Employees Training and Development

The Company continued its effort to train and develop its employees, with special focus on health and safety, environment, technical knowledge, as well as soft skills. Total training hours for our employees in 2013 were 6644 thus corresponding to average 20.1 training hours per employee. Training hours for both employees and contractors were 6793.

Development of our people and contractors in H&S area continued with high intensity; the number of H&S training reached 793 hours for our people and 149 for contractors.

Awards for Corporate Social Responsibility

USJE won the National CSR Award for Social Responsibility in Market Relations

Cementarnica USJE AD Skopje won the first prize, the National CSR Award, in the category Market Relations, for the project "Customer Support". The competition National Awards for Best Socially Responsible Practices in 2012, is organized by the National Coordinating Body for CSR, supported by the European Union and implemented by the Ministry of Economy in partnership with the NGO Zenith. This year, the sixth year as this competition is taking place, there were 43 companies from the Country, competing with 66 projects. In addition to the first prize, USJE won Recognition in the category Environment with our Project Treatment of Atmospheric and Surface Waters at Cementarnica USJE.



These awards are verification of Usje's efforts and commitment to be a responsible corporate citizen and to contribute for the growth and the well being of all stakeholders, including our customers and suppliers, the environment, and the society as a whole.

6. ENVIRONMENTAL

Usje, as a part of TITAN Group, is committed to sustainable development and continuous improvement of its environmental footprint.

In this context, some of the projects realized in the course of 2013 are listed below.

Green Belt

Within the project Green Belt, in the year 2013 a total of 19061 seedlings were planted, out of which 10960 were planted at the quarries, 2711 within the factory, whereas the remaining 5390 seedlings were donated to the Municipality of Kisela Voda and to the City of Skopje for planting public areas.

Water Treatment Plant

Cementarnica USJE AD Skopje commissioned the new Water Treatment Plant, the first of its kind in Macedonia. The new Water Treatment Plant is an investment worth more than half a million euros and is part of the activities for the implementation of the Operational Plan for harmonization of the A integrated environmental permit. With the implementation of this investment, USJE fully meets the obligations of the Operating Plan for harmonization of the A integrated environmental permit before the deadline that expires in April 2014.

In the course of the trial period which lasted from February until November 2013, several operation modes were studied in different conditions from the aspect of quantities and quality of water being treated. In December 2013 this treatment station was officially commissioned. The activity was welcomed by all stakeholders due to the fact that Usje is the first factory in the country that treats rain water and street spraying waters.

Study on Noise minimization

The production of cement, as most other industrial activities, and as a result of the rotating parts of equipment, transport of materials, etc, causes noise.

The measured noise at the measurement points along the factory and quarries does not exceed the stipulated permissible limits, but, nonetheless, as a socially responsible company, Usje Cement Factory in cooperation with the Faculty of Natural and Technical Sciences in Shtip have drafted a Study for further Noise minimization in the vicinity of Usje Cement Factory. The project aimed at studying the main sources of noise. Hence, more than 100 short-term measurements were made within the factory and 24-hour-measurement in the adjacent facilities. The study provides a model for noise dispersion, proposes three scenarios and technical solutions for noise reduction.

On the basis of this Study, interventions were made in the plant where necessary and specially designed sound deadeners were installed on the equipment. Moreover, installation of additional sound barriers for open space is foreseen.

Reduction of NOx Emissions

Usje Cement Factory initiated the introduction of new technology and installation of state-of-the-art equipment for reduction of NOx emissions consisting of so-called selective non-catalytic reduction (SNCR) technology. The order of the equipment was placed with the internationally acclaimed manufacturer YARA from Norway, whereas the installation and commissioning are scheduled for the first quarter of 2014. The introduction of this technology is expected to reduce further NOx emissions.

7. OTHER INFORMATION

Usje's Management is firmly committed to the continuing integration of new rules and practices into Company operations, which promote transparency, responsibility, reliability, sustainable development and corporate social responsibility in every aspect and field of activity of the Company and its entire web of relationships with shareholders, employees, customers, suppliers, contractors and the society. With respect to this, Usje discloses the following information:

1. Usje has two executive members of the BoD - the Chief Executive Director, and Executive Director, and 5 non-executive members from which 2 are independent.
2. The CED and the Executive Director are not receiving any earnings based on their membership in the BoD. They have a regular working relation (employment) at the position Chief Executive Director and Sales-Administration Manager and their earnings are based on that. The total income (salaries, other contributions, bonuses, insurance and other receipts) of the executive members of the BoD and of the other members of the key personnel of the Company is in amount of 72.755 thousand denars. None of the 5 non-executive members have earnings based on their membership in the BoD.
3. During 2013 total amount of 417.642 thousand denars were paid out as gross dividends to the Company's shareholders or 740,78 denars per shares plus tax on dividend in amount of 46.404 thousand denars.
4. The sources of the Company's assets are its operating cash flow.
5. The financial results for 2013 are an integral part of the Financial Statements of the Group and the Company as of 31 December 2013.
6. Consequently to the previous, a financial risk management policy was explained in detail in the Note 17 to the Financial Statements of the Group and the Company as of 31 December 2013.

7. During 2013 except for transactions realized in the ordinary course of the business of the company (purchases and sales of products), Usje has no major transactions and other transactions with the interested parties (Note 16 to the Financial Statements of the Group and the Company as of 31 December 2013).
8. Usje shares the Titan Group's CSR Vision and CSR Policy, to "conduct its business in an ethical and socially responsible manner doing less harm and endeavoring to do more good."

The CSR Committee of the Company chaired by the Company Chief Executive Director continues its active engagement and it held four general meetings in the course of the year, as planned. The CSR Committee develops the Company CSR strategy and activity plans, coordinates and monitors the implementation of all CSR activities of the Company. Also, the CSR Committee is the advocate coordinator of the Group's CSR vision and policy.

Usje's Management continues its endeavors to ensure that the Group's guidelines and the Company Code of Conduct is well understood and followed by all employees. This year, all employees received training on all topics and specifics of the Code of Conduct. The training was developed and delivered as in-house training aiming to bring even closer the principles of the Code of Conduct to the employees and to encourage them those principles to become part of their own individual values and behavior.

This year a new Law against harassment on workplace was brought in the Country. Aiming proper implementation of the Law, our Company has sent on external training a group of employees to be specially trained as mediators and has distributed to all employees written information about the content of this Law and employees rights and responsibilities. In the same time, being highly committed to respect of the human rights and the United Nations Universal Declaration of human rights, Usje went one step further and organized an in-house training where employees received detailed explanation on the principles and provisions of this Law and had opportunity to discuss the specifics that refer to everyday work and behavior in the Plant.

The Group Internal Audit Department is monitoring compliance with the Code of Conduct at BU level. In addition, annual performance assessment reviews include relevant criteria related to practicing TITAN values and Code of Conduct, so as to meet business objectives as defined by TITAN strategy.

"Bribery and Corruption" is also addressed by TITAN's Code of Conduct while the level of exposure to relevant risks is estimated every year through reports and analyses provided by the Transparency International's Annual Corruption Perception Index.

Our Code of Conduct clearly prohibits giving and receiving bribes, while as signatories of the Global Compact we are fully committed to join national and other programs aiming at eliminating bribery and corruption. Moreover, Titan's Procurement Code of Conduct (www.titan.gr, www.usje.com.mk) issued in 2008 is stating what the company policy and commitments are towards its suppliers, and clearly states the contractual obligations of the suppliers including the obligation to abstain from any action that could be interpreted as an act of bribery, corruption and fraud. No verifiable cases of non-compliance and breaches to our bribery policy have been reported in 2013.



Konstantinos Derdemezis

President of the Board of Directors

Contents

| | |
|---|----|
| INDEPENDENT AUDITORS' REPORT | 1 |
| STATEMENT OF COMPREHENSIVE INCOME..... | 3 |
| STATEMENT OF CASH FLOWS | 5 |
| CONSOLIDATED STATEMENT OF CHANGES IN EQUITY | 6 |
| COMPANY'S STATEMENT OF CHANGES IN EQUITY..... | 7 |
| 1. Corporate information | 8 |
| 2.1 Basis of preparation..... | 8 |
| 2.2 Summary of significant accounting policies | 9 |
| 3. Revenue and expenses..... | 20 |
| 4. Income tax expense | 25 |
| 5. Property, plant and equipment..... | 27 |
| 6. Investment property..... | 29 |
| 7. Inventories | 30 |
| 8. Trade and other receivables..... | 31 |
| 9. Cash and cash equivalents | 31 |
| 10. Share capital | 32 |
| 11. Other reserves..... | 32 |
| 12. Provision for retirement benefits | 34 |
| 13. Trade and other payables..... | 37 |
| 14. Contingences and Commitments..... | 37 |
| 16. Related party transactions | 40 |
| 17. Financial risk management objectives and policies | 44 |
| 18. Events after the reporting period | 46 |

GENERAL INFORMATION

Chief Executive Director

Boris Hrisafov

Registered office

Boris Trajkovski 94
1000 Skopje

Solicitors

Lawyer Office Polenak - external lawyer
Lawyer Office Dimitrov - external lawyer

Bankers

Komercijalna Banka AD - Skopje
Stopanska Banka AD - Skopje
Tutunska Banka AD - Skopje
Alfa Banka AD - Skopje
Ohridska Banka AD - Ohrid
ProKredit Banka AD - Skopje
Sparkase Banka Makedonija AD - Skopje
Halkbanka AD - Skopje

Auditors

Ernst & Young Certified Auditors Ltd.
Bul. 8 September 18
1000 Skopje
Republic of Macedonia

INDEPENDENT AUDITORS' REPORT

To the shareholders of Cementarnica "USJE" AD - Skopje

We have audited the accompanying financial statements of Cementarnica "USJE" AD - Skopje ("the Company") and the consolidated financial statements of Cementarnica "USJE" AD - Skopje and its subsidiaries ("the Group"), which comprise the Company's and the Group's statements of financial position as at 31 December 2013 and the statements of comprehensive income, statements of the changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting standards accepted in Republic of Macedonia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the Company's financial statements and the Group's consolidated financial statements give true and fair view of the financial position of the Company and of the Group as at 31 December 2013 and the financial performance and cash flows for the Company and for the Group for the year then ended in accordance with accounting standards accepted in Republic of Macedonia.

Report on Other Legal and Regulatory Matters

Management is also responsible for preparation of the annual report in accordance with article 384 of the Macedonian Company Law. Our responsibility in accordance with the Audit Law is to report whether the annual report is consistent with the annual account and audited financial statements of the Company for the year ended 31 December 2013. Our work regarding the annual report is performed in accordance with ISA 720 and limited to assessing whether the historical financial information of the annual report is consistent with the annual account and audited financial statements of the Company.

The annual report is consistent, in all material respects, with the annual account and audited financial statements of the Company for the year ended 31 December 2013.



Vladimir Sokolovski
Authorized person by power of attorney



Jasna Dukovska - Jegeni
Certified Auditor

Ernst & Young Certified Auditors Ltd.
Skopje, 31 March 2014

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2013

| | Notes | Consolidated | | Company | |
|--|-------|------------------|------------------|------------------|------------------|
| | | 2013 MKD'000 | 2012 MKD'000 | 2013 MKD'000 | 2012 MKD'000 |
| Sales | 3a | 3.482.216 | 3.764.978 | 3.411.965 | 3.716.652 |
| Other revenue | 3b | 578.873 | 516.411 | 605.670 | 529.478 |
| Cost of sales | 3c | (2.260.649) | (2.563.313) | (2.249.913) | (2.541.657) |
| Gross profit | | 1.800.440 | 1.718.076 | 1.767.722 | 1.704.473 |
| Other operating income | 3d | 41.992 | 81.971 | 41.900 | 80.900 |
| Other operating expenses | 3e | (53.310) | (134.691) | (38.430) | (134.158) |
| Selling and marketing expenses | 3f | (27.260) | (30.494) | (25.897) | (29.123) |
| Administrative expenses | 3g | (86.705) | (89.695) | (83.341) | (85.710) |
| Depreciation | 5 | (223.255) | (261.131) | (216.171) | (248.759) |
| Profit from operating activities | | 1.451.902 | 1.284.036 | 1.445.783 | 1.287.623 |
| Finance income | 3h | 47.082 | 44.890 | 47.085 | 48.999 |
| Finance expense | 3h | (4.612) | (7.678) | (4.249) | (7.341) |
| | | 42.470 | 37.212 | 42.836 | 41.658 |
| Net profit before income tax | | 1.494.372 | 1.321.248 | 1.488.619 | 1.329.281 |
| Income tax expense | 4 | (4.530) | (3.470) | (3.932) | (3.431) |
| Net profit for the year | | 1.489.842 | 1.317.778 | 1.484.687 | 1.325.850 |
| Other comprehensive income | | 55.617 | 391 | 55.325 | - |
| Total comprehensive income for the period | | 1.545.459 | 1.318.169 | 1.540.012 | 1.325.850 |
| Net profit for the year attributable to: | | | | | |
| Equity holders of the parent | | 1.488.032 | 1.319.549 | | |
| Non-controlling interest | | 1.810 | (1.771) | | |
| | | 1.489.842 | 1.317.778 | | |
| Earnings per share | 15 | | | | |
| Basic, profit for the year attributable to ordinary equity holders of the parent | | 2,64 | 2,34 | 2,63 | 2,35 |
| Total comprehensive income for the year attributable to: | | | | | |
| Equity holders of the parent | | 1.543.587 | 1.319.944 | | |
| Non-controlling interest | | 1.872 | (1.775) | | |
| | | 1.545.459 | 1.318.169 | | |

STATEMENT OF FINANCIAL POSITION
at 31 December 2013

| | Note | <i>Consolidated</i> | | <i>Company</i> | |
|---|------|---------------------|------------------|------------------|------------------|
| | | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| ASSETS | | | | | |
| Non-current assets | | | | | |
| Property, plant and equipment | 5 | 2.342.789 | 2.250.643 | 2.204.595 | 2.105.390 |
| Intangible assets | | 4.034 | 4.034 | - | - |
| Investment properties | 6 | 115.323 | 80.703 | 115.323 | 80.703 |
| Investments in subsidiaries | | - | - | 157.921 | 157.921 |
| Exploration and evaluation assets | | 20.935 | 21.087 | 20.935 | 21.087 |
| | | 2.483.081 | 2.356.467 | 2.498.774 | 2.365.101 |
| Current assets | | | | | |
| Inventories | 7 | 602.538 | 710.660 | 601.867 | 710.384 |
| Trade and other receivables | 8 | 365.989 | 373.188 | 304.874 | 353.244 |
| Income tax receivable | | 6.473 | 8.244 | 4.707 | 5.888 |
| Cash and cash equivalents | 9 | 2.550.658 | 1.557.968 | 2.539.582 | 1.518.125 |
| | | 3.525.658 | 2.650.060 | 3.451.030 | 2.587.641 |
| TOTAL ASSETS | | 6.008.739 | 5.006.527 | 5.949.804 | 4.952.742 |
| EQUITY AND LIABILITIES | | | | | |
| Capital and reserves | | | | | |
| Share capital | 10 | 1.747.730 | 1.747.730 | 1.747.730 | 1.747.730 |
| Other reserves | 11 | 678.817 | 623.262 | 673.497 | 618.172 |
| Retained earnings | | 3.080.879 | 2.056.895 | 3.084.361 | 2.063.722 |
| | | 5.507.426 | 4.427.887 | 5.505.588 | 4.429.624 |
| Non-controlling interest | | 56.495 | 54.623 | - | - |
| Total equity | | 5.563.921 | 4.482.510 | 5.505.588 | 4.429.624 |
| Non-current liabilities | | | | | |
| Provision for retirement benefits | 12 | 56.272 | 57.745 | 56.272 | 57.745 |
| Provision for rehabilitation of quarries | | 10.413 | 12.336 | 10.413 | 12.336 |
| | | 66.685 | 70.081 | 66.685 | 70.081 |
| Current liabilities | | | | | |
| Trade and other payables | 13 | 369.239 | 443.447 | 368.642 | 442.587 |
| Current portion of retirement benefit obligations | 12 | 8.849 | 10.186 | 8.849 | 10.186 |
| Income tax payable | | 5 | 266 | - | 227 |
| Dividend payable | | 40 | 37 | 40 | 37 |
| | | 378.133 | 453.936 | 377.531 | 453.037 |
| TOTAL EQUITY AND LIABILITIES | | 6.008.739 | 5.006.527 | 5.949.804 | 4.952.742 |

Authorized on behalf of the Board of Directors on 27 February 2014:

Boris Hrisafov

Chief Executive Director

Olivera Vasilkovska

Finance Manager

The accompanying notes form an integral part of these financial statements

STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

| | <i>Note</i> | | <i>Company</i> | |
|--|---------------------|---------------------|------------------|--------------------|
| | <i>Consolidated</i> | <i>Consolidated</i> | <i>2013</i> | <i>2012</i> |
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| <i>Cash flow from operating activities</i> | | | | |
| Net profit before income taxes | 1.494.372 | 1.321.248 | 1.488.619 | 1329.281 |
| <i>Adjustments for:</i> | | | | |
| (Gain) on disposal of PP&E | (2.591) | (22.214) | (2.591) | (22.214) |
| Depreciation of PPE and investment properties | 223.255 | 261.131 | 216.171 | 248.759 |
| Actuarial losses | 8.706 | 4.584 | 8.706 | 4.584 |
| Interest income | (46.857) | (44.890) | (46.850) | (44.881) |
| Dividend income | - | - | - | (4.118) |
| Interest expense | 4.612 | 2.873 | 4.249 | 2.539 |
| Write off trade receivables | 87 | 437 | 87 | 437 |
| Inventory shortage | 17 | 1.405 | 17 | 1.405 |
| NBV of tangible assets written off | 2.283 | 3.302 | 2.283 | 3.302 |
| Income from pallets | - | (11.998) | - | (11.998) |
| Other provision | - | 30.750 | - | 30.750 |
| Operating profit before working capital changes | 1.683.884 | 1.546.628 | 1.670.691 | 1.537.846 |
| Decrease / (Increase) in trade and other receivables | 7.733 | (101.160) | 46.282 | (112.307) |
| Decrease / (Increase) in inventories | 108.002 | (46.544) | 108.501 | (49.490) |
| (Decrease) in trade and other payables | (86.682) | (18.042) | (84.427) | (13.771) |
| Cash generated from operations | 1.712.937 | 1.380.882 | 1.741.047 | 1.362.278 |
| Interest expense and bank charges paid | (4.612) | (2.873) | (4.249) | (2.539) |
| Income tax paid | (4.529) | (266) | (3.932) | (227) |
| Net cash flows generated from operations | 1.703.796 | 1.377.743 | 1.732.866 | 1.359.512 |
| <i>Cash flows from investing activities</i> | | | | |
| Purchase of PP&E | (296.334) | (229.311) | (296.334) | (229.311) |
| Expenditures for exploration and evaluation assets | (468) | (5.178) | (468) | (5.178) |
| Proceeds from sale of PP&E | 2.591 | 22.214 | 2.591 | 22.214 |
| Loan to associate | - | 1.414.615 | - | 1.414.615 |
| Dividend income | - | - | - | 4.118 |
| Interest income received | 46.856 | 37.332 | 46.850 | 37.323 |
| Net cash flows (used in) investing activities | (247.354) | 1.239.672 | (247.361) | 1.243.781 |
| <i>Cash flows from financing activities</i> | | | | |
| Dividends paid to group shareholders | (396.075) | (1.052.225) | (396.075) | (1.052.225) |
| Dividends paid to minority shareholders | (21.569) | (59.515) | (21.569) | (57.297) |
| Tax on dividend | (46.404) | (123.281) | (46.404) | (123.281) |
| Net cash flows (used) in financing activities | (464.048) | (1.235.021) | (464.048) | (1.232.803) |
| Net increase in cash and cash equivalents | 992.393 | 1.382.394 | 1.021.457 | 1.370.490 |
| Net foreign exchange differences | 296 | (672) | - | - |
| Cash and cash equivalents at 1 January | 1.557.968 | 176.246 | 1.518.125 | 147.635 |
| Cash and cash equivalents at 31 December | 2.550.658 | 1.557.968 | 2.539.582 | 1.518.125 |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

| | <i>Share capital</i> | <i>Other reserves (Note 11)</i> | <i>Retained earnings</i> | <i>Total</i> | <i>Non-controlling interest</i> | <i>Total equity</i> |
|--|----------------------|---------------------------------|--------------------------|------------------|---------------------------------|---------------------|
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| At 1 January 2013 | 1.747.730 | 623.262 | 2.056.895 | 4.427.887 | 54.623 | 4.482.510 |
| Profit for the year | - | - | 1.488.032 | 1.488.032 | 1.810 | 1.489.842 |
| Other comprehensive income (Note 6) | - | 55.325 | - | 55.325 | - | 55.325 |
| Other comprehensive income (translation differences) | - | 230 | - | 230 | 62 | 292 |
| Total comprehensive income | - | 55.555 | 1.488.032 | 1.543.587 | 1.872 | 1.545.459 |
| Dividends declared, net | - | - | (417.644) | (417.644) | - | (417.644) |
| Tax on dividend | - | - | (46.404) | (46.404) | - | (46.404) |
| At 31 December 2013 | 1.747.730 | 678.817 | 3.080.879 | 5.507.426 | 56.495 | 5.563.921 |

For the year ended 31 December 2012

| | <i>Share capital</i> | <i>Other reserves (Note 11)</i> | <i>Retained earnings</i> | <i>Total</i> | <i>Non-controlling interest</i> | <i>Total equity</i> |
|--|----------------------|---------------------------------|--------------------------|------------------|---------------------------------|---------------------|
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| At 1 January 2012 | 1.747.730 | 622.867 | 1.970.154 | 4.340.751 | 58.616 | 4.399.367 |
| Profit for the year | - | - | 1.319.549 | 1.319.549 | (1.771) | 1.317.778 |
| Other comprehensive income (translation differences) | - | 395 | - | 395 | (4) | 391 |
| Total comprehensive income | - | 395 | 1.319.549 | 1.319.944 | (1.775) | 1.318.169 |
| Dividends declared, net | - | - | (1.109.527) | (1.109.527) | (2.218) | (1.111.745) |
| Tax on dividend | - | - | (123.281) | (123.281) | - | (123.281) |
| At 31 December 2012 | 1.747.730 | 623.262 | 2.056.895 | 4.427.887 | 54.623 | 4.482.510 |

COMPANY'S STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2013

| | <i>Share capital MKD'000</i> | <i>Retained earnings MKD'000</i> | <i>Other Reserves MKD'000</i> | <i>Total MKD'000</i> |
|--|--------------------------------------|--|---------------------------------------|--------------------------|
| At 1 January 2013 | 1.747.730 | 2.063.722 | 618.172 | 4.429.624 |
| Profit for the year | - | 1.484.687 | - | 1.484.687 |
| Other comprehensive income (See note 6) | - | - | 55.325 | 55.325 |
| Total comprehensive income | - | 1.484.687 | 55.325 | 1.540.012 |
| Dividends, net | - | (417.644) | - | (417.644) |
| Tax on dividend | - | (46.404) | - | (46.404) |
| At 31 December 2013 | 1.747.730 | 3.084.361 | 673.497 | 5.505.588 |

On 13 May 2013, the Board of Directors brought a Decision for distribution of dividend for the year ended 2012 in accordance with the Company Law. The dividend declared was in amount of MKD 464.048 thousand and taxed with tax on dividend distribution of 10% i.e. amount of MKD 46.404 thousand.

Officially starting from 1 July 2013, Cementarnica USJE AD Skopje has become a listed company on the Macedonian Stock Exchange (under the sub-segment for mandatory listing). In order not to be created a false picture on the Stock Exchange, the listed companies has continuing obligations to publish all price sensitive information, information necessary for evaluating the current company's condition.

For the year ended 31 December 2012

| | <i>Share capital MKD'000</i> | <i>Retained earnings MKD'000</i> | <i>Other reserves MKD'000</i> | <i>Total MKD'000</i> |
|---------------------------------------|--------------------------------------|--|-----------------------------------|--------------------------|
| At 1 January 2012 | 1.747.730 | 1.970.680 | 618.172 | 4.336.582 |
| Profit for the year | - | 1.325.850 | - | 1.325.850 |
| Other comprehensive income | - | - | - | - |
| Total comprehensive income | - | 1.325.850 | - | 1.325.850 |
| Dividends, net | - | (1.109.527) | - | (1.109.527) |
| Tax on dividend | - | (123.281) | - | (123.281) |
| At 31 December 2012 | 1.747.730 | 2.063.722 | 618.172 | 4.429.624 |

NOTES TO THE FINANCIAL STATEMENTS**At 31 December 2013****1. Corporate information**

Cementarnica “Usje” A.D. - Skopje (“the Company”) is incorporated in the Republic of Macedonia with the registered address at Boris Trajkovski 94, Skopje.

The Company’s main activity is production and trade with cement, masonry cement, ready mix concrete, clinker and other related products. The main activity of the subsidiaries in Kosovo and Bulgaria is support services for sale of cement on Kosovo and Bulgarian market.

The Company is controlled by Titan Cement Netherlands B.V. registered in Netherlands, which has 94,84% shareholding in the Company. The Company’s ultimate parent is Titan Cement Company S.A. - Greece.

Officially starting from 1 July 2013, Cementarnica USJE AD Skopje has become a listed company on the Macedonian Stock Exchange (under the sub-segment for mandatory listing). In order not to be created a false picture on the Stock Exchange, the listed companies has continuing obligations to publish all price sensitive information, information necessary for evaluating the current company’s condition.

The number of employees as of 31 December 2013 was 324 (2012: 331 employees).

The Company and the Group financial statements for the year ended 31 December 2013 have been approved for issue by the Board of Directors on 27 February 2014.

2.1 Basis of preparation

The consolidated financial statements of Cementarnica “Usje” A.D.- Skopje and its subsidiaries (“the Group”) and the financial statements of the Company have been prepared in accordance with the Company Law (Official Gazette of Republic of Macedonia 28/04 with amendments 84/05, 25/07, 87/08, 42/10, 48/10, 24/11, 166/12, 70/2013, 119/2013 and 187/2013) and Accounting Principles applicable in the Republic of Macedonia (“Macedonian GAAP”), which are in accordance to the new Rulebook of Accounting published on 29 December 2009 (Official Gazette of Republic of Macedonia 159/09 and 164/10) effective from 1 January 2010. This Rulebook comprise the basic text of IFRS's including SIC’s and IFRIC’s as issued by IASB at 1 January 2009.

In the period as of 31 December 2009 applicable standards were the International Accounting Standards published in Official Gazette of Republic of Macedonia which comprise the following:

- The revisions of International Accounting Standards, IAS 1 to IAS 39 were published on 30 December 2004, previously effective as of 5 November 1999. The effective date for all revised standards is January 1, 2005. In addition, International Accounting Standards, IAS 40 and IAS 41 were published with the effective date 1 January 2005.
- On 10 February 2005 International Financial Reporting Standard 1 was published. The effective date was set to 17 February 2005.
- On 29 December 2005 International Financial Reporting Standards, IFRS 2 to IFRS 7 were published. The effective date was set to 30 December 2005.

The Group’s consolidated financial statements and the Company’s financial statements have been prepared on a historical cost basis, except for the investment property that have been measured at fair value. The consolidated financial statements and the Company’s financial statements are presented in Macedonian Denars (“MKD”) and all values are rounded to the nearest thousands (‘000) except when otherwise indicated.

NOTES TO THE FINANCIAL STATEMENTS**At 31 December 2013****2.1 Basis of preparation (continued)****Basis of consolidation**

The consolidated financial statements comprise the financial statements of the Company and its three subsidiaries: Cement Plus for building materials DOO incorporated in Kosovo with 65% holding, RUDMAK DOOEL export-import Skopje with 100% holding and TROJAN CEM EOOD Bulgaria with 100% holding. The financial statements of the consolidated subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognized in assets, are eliminated in full. Subsidiaries are fully consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The non-controlling interest represents the portion of the profit or loss and the net assets not held by the Group and is presented separately in the consolidated statement of comprehensive income and within the equity in the consolidated statement of financial position, separately from shareholder's equity of the parent company.

2.2 Summary of significant accounting policies**a. Foreign currency translation**

The Group and the Company prepare the financial statements in Macedonian denars, which is the Group's and the Company's functional currency and the presentation currency for local statutory purposes. Each entity in the Group determines its own functional currency and items included in the financial statements in each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of transaction. Monetary and non-monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to profit or loss.

The functional currency of the domestic operations, RUDMAK DOOEL export-import Skopje is the Macedonian denars. The functional currency of the foreign operations, Cement Plus for Building Materials - Kosovo and Trojan Cem Eood - Bulgaria is the Euro. As of each reporting date, the assets and liabilities of this subsidiary are translated through conversion in euro into the presentation currency of Cementarnica “USJE” AD (the Macedonian Denars) at the rate of exchange ruling at the reporting date (2013: MKD 61,5113 for Euro 1; 2012: MKD 61,5000 for Euro 1) and, its profit or loss is translated at the weighted average exchange rate for the year (2013: MKD 61,5647 for Euro 1; 2012: MKD 61,5214 for Euro 1). The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign entity, the deferred cumulative amount recognized in equity relating to that particular foreign operation is recognized in the statement of profit or loss.

b. Investment in subsidiary

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

2.2 Summary of significant accounting policies (continued)

b. Investment in subsidiary (continued)

The cost of an acquisition is measured as the fair value of assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. In the stand alone financial statements of the Company, investment in subsidiaries is presented at cost less any impairment in value. Distributions received in excess of accumulated profits from the investor are regarded as a recovery of investment and are recognized as a reduction of the cost of the investment.

c. Property, plant and equipment

Property, plant and equipment is stated as follows:

- those assets acquired up to 31 December 1998, the revaluation under the previous GAAP at the date of transition of the Group to IFRS (1 January 2004) was accepted as deemed cost since the revaluation was broadly comparable to depreciated cost under IFRS adjusted to reflect changes in general price index.
- those assets acquired after 31 December 1998 are stated at historical cost less accumulated depreciation and any subsequent accumulated impairment loss.

Additions are recorded at cost. Cost represents the prices by suppliers together with all costs incurred in bringing new property, plant and equipment into use.

Items of property, plant and equipment that are retired or otherwise disposed of are eliminated from the statement of financial position, along with the corresponding accumulated depreciation. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Depreciation of property, plant and equipment, with exception of quarries, is designed to write off the cost or valuation of property, plant and equipment on the straight-line basis over their estimated useful lives. The principal depreciation rates in use are:

| | |
|-----------|----------|
| Buildings | 2,5 -10% |
| Equipment | 5 - 25% |

Land is stated in the statement of financial position at cost less impairment and is not depreciated as it is deemed to have an infinite life, except quarries which are depreciated on a depletion basis. This depletion is recorded as the material extraction process advances based on the unit of - production method.

The asset's methods of depreciation, useful lives and residual values are reviewed at each reporting date.

d. Investment property

Investment property, comprising of land, production premises with business offices and construction object - restaurant and cafeteria room, is held for long-term rental yields and is not occupied by the Group.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

2.2 Summary of significant accounting policies (continued)**d. Investment property (continued)**

The investment properties are stated at fair value, which reflects the market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in the profit or loss in the period in which they arise, including the corresponding tax effect. Fair values are determined based on valuation performed by independent valuer using the income method and the market comparison method as primary valuation methods which are generally accepted in European valuation practice.

Investment properties are derecognized either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the income statement in the period of de-recognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner-occupied property, the cost for subsequent accounting is the fair value at the date of change in use.

If owner-occupied property becomes an investment property, the Group's accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use. Any difference at that date between the carrying amount of the property in accordance with IAS 16 and its fair value is treated in the same way as a revaluation in accordance with IAS 16.

e. Exploration and evaluation assets

Exploration and evaluation expenditure for each area of interest (geographically specific to the concession, permit or mining license granted) is carried forward as an asset if a decision has been made that a mining operation is economically feasible and can be developed for commercial production. At the end of the reporting period, these costs include costs of acquisition of rights to explore. All other exploration and evaluation expenditures are charged to the profit or loss as incurred.

Administrative and general expenses relating to exploration and evaluation activities are expensed as incurred.

f. Financial instruments - initial recognition and subsequent measurement**(i) Financial assets***Initial recognition*

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial assets at initial recognition.

All financial assets are recognized initially at fair value plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

2.2 Summary of significant accounting policies (continued)**(i) Financial assets (continued)**

The Group's financial assets include cash and short-term deposits, trade and other receivables, and short term loans.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments not designated as hedging instruments in hedge relationships as defined by IAS 39. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets at fair value through profit and loss are carried in the statement of financial position at fair value with changes in fair value recognized in finance income or finance costs in the income statement. The Group has not designated any financial assets upon initial recognition as at fair value through profit or loss.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such financial assets are measured at amortized cost using the effective interest rate method (EIR). The gains and losses are recognized in the income statement in the moment when the loans and receivables are reversed or when the value is decreased due to impairment, and through the amortization process.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity when the Group has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortized cost using the effective interest method. This method use effective interest rate which accurately discounts the estimated future cash follows thought the use full life of the financial asset to net financial value of the financial asset. The gains and losses are recognized in the income statement in the moment when the investments are reversed or when the value is decreased due to impairment, and through the amortization process.

The Group did not have any investments held to maternity during the period ended 31 December 2013 and the year ended 31 December 2012.

Available-for-sale financial investments

Available-for-sale financial investments are non derivative financial assets which are determinate as available for sales or aren't classified in the previous three categories. After initial measurement, available-for-sale financial investments are measured at fair value with unrealized gains or losses recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or determined to be impaired, at which time the cumulative gain or loss is reclassified to the statement of profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

2.2 Summary of significant accounting policies (continued)**(i) Financial assets (continued)**

The Group did not have any available-for-sale financial investments during the period ended 31 December 2013 and the year ended 31 December 2012.

Derecognition

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- The rights to receive cash flows from the asset have expired or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the 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 in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization 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.

An impairment loss in respect of financial assets measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognized in the profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost, the reversal is recognized in profit or loss.

(ii) Financial liabilities*Initial recognition*

Financial liabilities within the scope of IAS 39 are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognized initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

The Group's financial liabilities include trade and other payables.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

2.2 Summary of significant accounting policies (continued)**(ii) Financial liabilities (continued)***Subsequent measurement*

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Gains or losses on liabilities held for trading are recognized in profit or loss.

The Group has not designated any financial liabilities upon initial recognition as at fair value through profit or loss.

Loans and borrowings

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in profit and loss when the liabilities are derecognized as well as through the amortization process.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

g. Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined by the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads, excluding distribution costs and administrative expenses. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Tools and consumable stores are written-off 100% when consumed.

h. Cash and cash equivalents

Cash and cash equivalents include cash in hand, cash in banks and deposits held with banks with original maturities of up to three months or less.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

2.2 Summary of significant accounting policies (continued)**i. Share capital**

Ordinary shares are classified as equity.

j. Taxation*Current income tax*

The income tax expense comprises the current income tax on: non-deductible items and taxes on dividend distribution. The tax rate for both 2013 and 2012 is 10%.

Taxes on non-deductible items

The calculation and payment of the current income tax is in accordance with the Income Tax Law which include the model for taxation whose tax base are the specified non-deductible expenses, adjusted for tax credits and tax exemptions. The payment of the monthly tax is in advance only on the unrecognised expenses.

Taxes on dividend distribution and other distributions of profit

The amount which is distributed as dividends and other types of profit distributions, in monetary or non-monetary form, is taxed at the moment of payment.

For further details please refer to Note 4.

Value added tax

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

- where the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the value added tax is recognized as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of value added tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables and payables in the reporting date.

k. Employee benefits*Pension obligations*

The Group, in the normal course of business, makes payments on behalf of its employees for pensions, health care, employment and personnel tax which are calculated according to the statutory rates in force during the year, based on gross salaries and wages. The Group makes these contributions to the Government's health and retirement funds. The cost of these payments is charged to the income statement in the same period as the related salary cost.

The Group does not operate any other pension scheme or post retirement benefits plan and consequently, has no obligation in respect of pensions.

NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2013
2.2 Summary of significant accounting policies (continued)
k. Employee benefits (continued)
Termination and retirement benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy.

Pursuant to the Group's signed collective bargaining agreements the Group is obligated to pay retirement benefits in an amount equal to six average republic salaries and between one and three average republic salaries to be paid out as a jubilee anniversary award. The number of average republic salaries for jubilee anniversary awards corresponds to the total number of years of service of the employee as presented in the table below:

| <i>Total number of Service Years</i> | <i>Number of Wages</i> |
|--------------------------------------|------------------------|
| 10 | 1 |
| 20 | 3 |
| 30 | 3 |
| 35 (women) | 3 |
| 40 (men) | 3 |

The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using the discount rate of the Central Bank of Republic of Macedonia due to the absence of the market of high quality corporate bond or government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Employee's children scholarships

Starting from 31 December 2009, included in the actuarial calculation of the defined benefits are allowances for scholarships of Group employees children attending graduate or post graduate studies and for diseased employee children that are attending secondary school.

Additional benefits at retirement

Starting from 31 December 2013, the actuarial calculation of defined benefits has been supplement with calculation of the present value of the newly introduced long term benefit for certain category of employees - additional benefits at retirement. The calculation is made on the basis of the average parameters of the mentioned population and total expected amount for payment, delivered by the enterprise.

Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to income or expense in the period in which they arise.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

2.2 Summary of significant accounting policies (continued)**l. Provisions**

Provisions are recognised and calculated when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. The provisions comprise of provision for retirement benefits and provision for rehabilitation of quarries. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to time values is recognized as interest expense.

m. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and other sales taxes or duty. The following specific criteria must also be met before revenue is recognized:

Sales of goods

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer, usually on delivery of the goods.

Rendering of services

Fees from services provided are recognized over the period in which the services are rendered and accepted by the buyer.

Interest income

The interest relates to time deposit are accounted for at the expired date of time deposit.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight line basis over the lease terms.

n. Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit and loss on a straight-line basis over the period of the lease.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

2.2 Summary of significant accounting policies (continued)**o. Dividends distribution**

Dividend distribution to the Group's shareholders is recognised as a liability in the financial statements in the period in which the dividends are approved by the Group's shareholders.

p. Events after the reporting period

Events after the reporting period, which provide evidence of conditions that exist as of the reporting date, are treated as adjustable events in these financial statements. Those that are indicative of conditions that arose after the reporting date have been treated as non-adjustable events.

q. Financial risk management*Accounting estimates and assumptions*

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Provisions for environmental restoration

Companies that operate quarries and processing sites are required to restore these quarries and processing sites at the end of their producing lives to a condition that is in line with the prevailing environmental legislation of the country in which the Group operates (to restore the land within 3 years after the closure of the mine site), to the level acceptable to the relevant authorities and to the level that is consistent with the Group's environmental policies and practices.

The provision for environmental restoration reflects the present value of the expected future restoration costs that are expected to be incurred for the areas that have been disturbed at the reporting date. The provision is determined as present value of expected future cash outflows to be incurred for sites rehabilitation. This includes determination of the amount based on rehabilitation project, discount rate and expected inflation rates. The provision is re-measured at every reporting date and is adjusted to reflect the present value of the future expenses required to fulfil the obligation.

The present value of estimated restoration costs (that is, original estimation as well as changes in the accounting estimates) are charged to the income statement unless they relate to property, plant and equipment that is on the site, in which case the costs are included within property, plant and equipment and depreciated over the useful life of the related item of property, plant and equipment.

Any change in the net present value of the environmental provision due to the passing of time is included in finance costs in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

2.2 Summary of significant accounting policies (continued)

q. Financial risk management (continued)

Pension benefits

The present value of the pension obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The Group determines the appropriate discount rate at the end of each year. This is the interest rate that should be used to determine the present value of estimated future cash outflows expected to be required to settle the pension obligations. In determining the appropriate discount rate, the Group considers the discount rate of the Central Bank of Republic of Macedonia due to the absence of the market of high quality corporate bond or government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

Other key assumptions for pension obligations are based in part on current market.

Fair value

The nominal value less determined impairment provision of trade receivables and payables with maturity of less than a year is assumed to approximate their fair value.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

3. Revenue and expenses

a. Sales

| | <i>Consolidated</i> | | <i>Company</i> | |
|---------------------------------|---------------------|------------------|------------------|------------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| <i>Gross sales</i> | | | | |
| Domestic market | 3.426.833 | 3.447.302 | 2.833.648 | 2.822.735 |
| Foreign market | 55.383 | 317.676 | 578.317 | 893.917 |
| | 3.482.216 | 3.764.978 | 3.411.965 | 3.716.652 |
| <i>Domestic market</i> | | | | |
| Income from cement | 3.178.233 | 3.091.173 | 2.585.048 | 2.469.381 |
| Income from RMC | 70.592 | 139.194 | 70.592 | 139.194 |
| Income from resale of goods | 48.895 | 48.287 | 48.895 | 45.512 |
| Income from limestone | 27.398 | 21.994 | 27.398 | 21.994 |
| Income from use of own products | 101.715 | 146.654 | 101.715 | 146.654 |
| | 3.426.833 | 3.447.302 | 2.833.648 | 2.822.735 |
| <i>Foreign market</i> | | | | |
| Income from cement | 4.456 | 29.035 | 527.213 | 602.715 |
| Income from clinker | 34.956 | 284.534 | 34.956 | 284.534 |
| Income from resale of goods | 15.971 | 4.107 | 15.971 | 6.567 |
| Income from sand | - | - | 177 | 101 |
| | 55.383 | 317.676 | 578.317 | 893.917 |

b. Other revenues

| | <i>Consolidated</i> | | <i>Company</i> | |
|------------------------------------|---------------------|----------------|----------------|----------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| Pet coke | 492.542 | 364.330 | 492.542 | 364.330 |
| Pet coke - domestic market | 39.636 | 49.055 | 39.636 | 49.055 |
| Transport of cement - intercompany | 7.703 | 54.294 | 36.234 | 76.885 |
| Third part transportation | 32.165 | 27.154 | 32.165 | 27.154 |
| Services | 3.760 | 10.765 | 3.760 | 10.765 |
| Excise duty | 1.503 | 9.389 | - | - |
| Sand | 1.125 | 795 | 894 | 660 |
| Additives | 439 | 629 | 439 | 629 |
| | 578.873 | 516.411 | 605.670 | 529.478 |

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

3. Revenues and expenses (continued)

c. Cost of sales

| | <i>Consolidated</i> | | <i>Company</i> | |
|---------------------------------------|---------------------|------------------|------------------|------------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| <i>Transportation services</i> | 63.897 | 117.073 | 63.714 | 117.073 |
| <i>Variable costs</i> | | | | |
| Kiln fuel | 428.345 | 536.712 | 428.345 | 536.712 |
| Electricity | 263.596 | 308.937 | 262.923 | 308.369 |
| Raw materials | 155.042 | 147.484 | 155.042 | 147.484 |
| Other variable cost | 109.334 | 126.238 | 109.334 | 126.238 |
| Refractory | 18.756 | 46.322 | 18.756 | 46.322 |
| Additives | 17.430 | 23.519 | 17.430 | 23.519 |
| Grinding media | 7.922 | 9.880 | 7.922 | 9.880 |
| Fuel & oil | 7.129 | 8.079 | 6.756 | 7.963 |
| Total variable costs | 1.007.554 | 1.207.171 | 1.006.508 | 1.206.487 |
| <i>Fixed costs</i> | | | | |
| Salaries & other benefits | 265.453 | 260.979 | 264.001 | 259.498 |
| Third parties fees - contract labour | 48.163 | 72.902 | 48.114 | 72.791 |
| Spare parts and consumables | 47.434 | 54.937 | 47.357 | 54.914 |
| Other plant utilities | 33.306 | 55.932 | 33.289 | 55.917 |
| Other fixed costs | 35.781 | 53.497 | 35.149 | 52.835 |
| Lining | 6.765 | 6.285 | 6.765 | 6.285 |
| Insurance premium | 6.464 | 5.109 | 6.384 | 5.021 |
| IT & Telecoms | 2.566 | 3.065 | 2.566 | 3.065 |
| Car related expenses | 2.505 | 2.488 | 2.505 | 2.488 |
| Travel expenses | 2.189 | 2.445 | 2.144 | 2.395 |
| Total fixed costs | 450.626 | 517.639 | 448.274 | 515.209 |
| Inventory change | (10.765) | (1.844) | (10.765) | (1.844) |
| Packing expenses | 165.554 | 168.148 | 165.554 | 168.148 |
| Own products | 101.059 | 144.799 | 101.059 | 144.799 |
| Costs of traded goods | 482.724 | 410.327 | 475.569 | 391.785 |
| | 2.260.649 | 2.563.313 | 2.249.913 | 2.541.657 |

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

3. Revenues and expenses (continued)

d. Other operating income

| | <i>Consolidated</i> | | <i>Company</i> | |
|--|---------------------|----------------|----------------|----------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| Rent income | 15.894 | 12.784 | 15.802 | 12.692 |
| Retention of paid salaries based on the Supreme court's decision | 5.670 | - | 5.670 | - |
| Fair value gain from investment properties | 5.101 | - | 5.101 | - |
| Gain from disposed fixed assets | 3.086 | 22.214 | 3.086 | 22.214 |
| Actuarial gains and reversal of unused provision | 2.511 | 4.247 | 2.511 | 4.247 |
| Scrap | 2.294 | 3.689 | 2.294 | 3.689 |
| Income from re-exported equipment | 1.510 | 3.034 | 1.510 | 3.034 |
| Write off - trade creditors | 1.183 | 103 | 1.183 | 103 |
| Turnover discount for bags | 1.060 | - | 1.060 | - |
| Revenues from sold fixed assets | 617 | - | 617 | - |
| Income from other services | 368 | 270 | 368 | 270 |
| Collected damages from insurance companies | 354 | 222 | 354 | 222 |
| Revenues from sold materials | 284 | 6.330 | 284 | 6.330 |
| Revenues from vehicles at a standstill | - | 14.757 | - | 14.757 |
| Revenues from sold pallets | - | 11.998 | - | 11.998 |
| Surpluses of products | - | 979 | - | - |
| Other income | 2.060 | 1.344 | 2.060 | 1.344 |
| | 41.992 | 81.971 | 41.900 | 80.900 |

Rent income in amount of MKD 15.894 thousand consist of rented business premises space and land together with the re-invoiced utilities in amount of MKD 12.722 thousand all to third parties and RMC pump and silo trucks in amount of MKD 3.172 thousand.

The amount of MKD 5.670 thousand relates to retention of paid salaries to 17 people who had their employment cancelled due to business reasons in 2009. They had submitted court claim and with the final decision at the end of 2012 they were entitled to return to work.

The fair value gain from investment properties in amount of MKD 5.101 thousand relates to fair value re-measurement of the investment properties performed by independent valuator (Note 6) as of 31 December 2013 that is recognised in the Group's profit and loss.

The gain from sales of fixed assets in amount of MKD 3.083 thousand relates to sale of feed loader caterpillar to Zobek Mining Group Dooel based on an Agreement no. 03-1022 dated 6 June 2013 and the rest of MKD 3 thousand related capital gain from re-exported silos to Sharrcem Kosovo.

The actuarial gains and reversal of unused provision for employee's benefits in amount of MKD 2.511 thousand relates and are result from estimates and changes in actuarial assumptions calculated annually by independent actuaries using the projected unit credit method (Note 12).

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

3. Revenues and expenses (continued)

e. Other operating expenses

| | <i>Consolidated</i> | | <i>Company</i> | |
|---|---------------------|----------------|----------------|----------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| Actuarial losses and provision | 11.217 | 8.847 | 11.217 | 8.847 |
| Staff leaving indemnities (including VELP) | 5.310 | 6.313 | 5.310 | 6.200 |
| Business premises costs | 4.839 | 4.217 | 4.839 | 4.217 |
| Fair value measurement of investment properties | 4.192 | - | 4.192 | - |
| Paid salaries based on the Supreme court's decision | 3.005 | - | 3.005 | - |
| Net book value of disposed fixed assets | 2.127 | 3.053 | 2.127 | 3.053 |
| Other losses | 1.492 | 418 | 1.492 | 418 |
| Promotion and advertisement | 1.407 | 1.673 | 1.407 | 1.673 |
| Compensation for vehicles at a standstill | 1.241 | 14.757 | 1.241 | 14.757 |
| Correction of accrued income for pallets | 1.040 | - | 1.040 | - |
| Rebates and discounts | 15.617 | 52.888 | 873 | 53.268 |
| Capital loss from sale of fixed assets | 495 | 19 | 495 | 19 |
| Withholding tax | 155 | 29 | 155 | 13 |
| Cost of sold materials | 89 | 4.583 | 89 | 4.583 |
| Write off - advance payment | 87 | - | 87 | - |
| Shortage of goods in warehouse | 9 | 2.091 | 9 | 1.405 |
| Expense for obsolete inventory | 8 | 12 | 8 | 12 |
| Provision for unpaid salaries based on the Supreme court's decision | - | 30.750 | - | 30.750 |
| Penalties for non-fulfilment of obligations | - | 2.216 | - | 2.216 |
| Costs for Court Procedures | - | 1.007 | - | 1.007 |
| De-recognizing R&D cost | - | 300 | - | 300 |
| Other expenses | 980 | 1.518 | 844 | 1.420 |
| | 53.310 | 134.691 | 38.430 | 134.158 |

The amount of MKD 11.217 thousand represents actuarial losses and additional finance costs for current service which arise from experience adjustments and changes in actuarial assumptions calculated annually by independent actuaries using the projected unit credit (Note 12).

Business premises costs in amount of MKD 4.839 thousand consist of MKD 3.999 thousand related to re-invoiced utilities from rented business premises and MKD 840 thousand related to water fee for 2013 for the Cementarnica USJE's football club.

The fair value measurement of investment property in amount of MKD 4.192 thousand relates to re-measurement of the investment properties performed by independent valuator (Note 6) as of 31 December 2013 recognised in the Group's profit and loss.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

3. Revenues and expenses (continued)**f. Other operating expenses (continued)**

The amount of MKD 3.005 thousand relates to calculated but not paid salaries based on court decision from 2012 for 17 people who had their employment cancelled due to business reasons in 2009. In 2013, they have been returned to work and all unpaid salaries were paid and the provision has been adjusted accordingly.

g. Selling and marketing expenses

| | <i>Consolidated</i> | | <i>Company</i> | |
|--|---------------------|----------------|----------------|----------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| Salaries and related expenses | 20.822 | 22.364 | 19.534 | 21.142 |
| Car maintenance and related expenses | 1.978 | 2.870 | 1.978 | 2.870 |
| Electricity and other expenses | 1.752 | 2.271 | 1.752 | 2.271 |
| IT services and related expenses | 1.165 | 1.005 | 1.165 | 1.005 |
| Promotion, advertisement and entertainment | 854 | 870 | 854 | 870 |
| Travel expenses | 112 | 139 | 112 | 139 |
| Other expenses | 577 | 975 | 502 | 826 |
| | 27.260 | 30.494 | 25.897 | 29.123 |

h. Administrative expenses

| | <i>Consolidated</i> | | <i>Company</i> | |
|---|---------------------|----------------|----------------|----------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| Salaries and related expenses | 44.331 | 41.142 | 42.411 | 38.713 |
| Technical fee and other fees | 16.190 | 21.309 | 15.411 | 20.516 |
| Promotion, advertisement, donations and sponsorship | 10.755 | 7.406 | 10.755 | 7.388 |
| Electricity and other expenses | 3.695 | 6.155 | 3.262 | 5.633 |
| Car maintenance and related expenses | 3.627 | 3.228 | 3.627 | 3.225 |
| IT services and related expenses | 1.429 | 1.756 | 1.277 | 1.604 |
| Travel expenses | 1.944 | 1.591 | 1.944 | 1.591 |
| Other expenses | 4.734 | 7.108 | 4.654 | 7.040 |
| | 86.705 | 89.695 | 83.341 | 85.710 |

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

3. Revenues and expenses (continued)**i. Net Finance income**

| | <i>Consolidated</i> | | <i>Company</i> | |
|-------------------------------|---------------------|-----------------|-----------------|-----------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD '000</i> | <i>MKD '000</i> | <i>MKD '000</i> | <i>MKD '000</i> |
| Interest income | 46.857 | 44.890 | 46.850 | 44.881 |
| Dividend income | - | - | - | 4.118 |
| Bank charges | (2.665) | (2.788) | (2.302) | (2.454) |
| Net foreign exchange (losses) | 225 | (4.805) | 235 | (4.802) |
| Interest expense | (1.947) | (85) | (1.947) | (85) |
| | 42.470 | 37.212 | 42.836 | 41.658 |

The interest income in amount of MKD 46.857 thousand relates to received and calculated interest related to the time deposits in the banks and current operations.

4. Income tax expense

The income tax expense comprises of:

| | <i>Consolidated</i> | | <i>Company</i> | |
|--------------------------------|---------------------|-----------------|-----------------|-----------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD '000</i> | <i>MKD '000</i> | <i>MKD '000</i> | <i>MKD '000</i> |
| Tax on non-deductible expenses | 3.932 | 3.431 | 3.932 | 3.431 |
| Other income tax expense | 598 | 39 | - | - |
| | 4.530 | 3.470 | 3.932 | 3.431 |

As of 31 December 2012, the tax on non-deductible expenses is as follows:

Consolidated and the Company

| | <i>31 December</i> |
|---|--------------------|
| | <i>2012</i> |
| | <i>MKD '000</i> |
| <i>Tax on non-deductible expenses:</i> | |
| Other compensations to the employees | 1.770 |
| Expenses not related to the main activities | 731 |
| Entertainment | 401 |
| Penalties and withholding tax | 232 |
| Sponsorship and donations | 129 |
| Scholarship | 123 |
| Provision for bad debts | 44 |
| Other | 1 |
| | 3.431 |

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

4. Income tax expense (continued)

For 2013, the tax on non-deductible expenses is as follows:

Consolidated and the Company

*31 December
2013
MKD'000*

Tax on non-deductible expenses:

| | |
|---|--------------------------|
| Other compensations to the employees | 2.242 |
| Expenses not related to the main activities | 479 |
| Scholarship | 458 |
| Entertainment | 420 |
| Penalties and withholding tax | 211 |
| Sponsorship and donations | 109 |
| Provision for bad debts | 8 |
| Other | 5 |
| | <hr/> 3.932 <hr/> |

In addition, the Group has income tax expenses which arise from its subsidiary, Cement Plus for Building Materials Kosovo and Trojan Cem Eood Bulgaria in amount of MKD 598 thousand.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

5. Property, plant and equipment

| The Group | <i>Land and</i> | | <i>Construction</i> | |
|---|------------------|------------------|---------------------|------------------|
| 31 December 2013 | <i>Buildings</i> | <i>Equipment</i> | <i>in progress</i> | <i>Total</i> |
| | <i>MKD '000</i> | <i>MKD '000</i> | <i>MKD '000</i> | <i>MKD '000</i> |
| Cost | | | | |
| At 1 January 2013 | 3.201.888 | 4.444.765 | 219.280 | 7.865.933 |
| Additions | 31.053 | - | 264.870 | 295.923 |
| Transfers from CIP | 44.190 | 145.811 | (190.001) | - |
| Transfer to investment property | (2.657) | - | - | (2.657) |
| Transfer from investment property | 7.309 | - | - | 7.309 |
| Transfer from investment property | 24.271 | - | - | 24.271 |
| Translation differences | 15 | 8 | - | 23 |
| Disposals | - | (93.413) | - | (93.413) |
| At 31 December 2013 | 3.306.069 | 4.497.171 | 294.149 | 8.097.389 |
| Depreciation | | | | |
| At 1 January 2013 | 2.062.890 | 3.552.400 | - | 5.615.290 |
| Charge for the period | 25.674 | 196.960 | - | 222.634 |
| Transfer from investment property | 7.309 | - | - | 7.309 |
| Translation differences | - | (1) | - | (1) |
| Disposals | - | (90.632) | - | (90.632) |
| At 31 December 2013 | 2.095.873 | 3.658.727 | - | 5.754.600 |
| Net book value at 31 December 2013 | 1.210.196 | 838.444 | 294.149 | 2.342.789 |
| The Company | <i>Land and</i> | | <i>Construction</i> | |
| 31 December 2013 | <i>Buildings</i> | <i>Equipment</i> | <i>in progress</i> | <i>Total</i> |
| | <i>MKD '000</i> | <i>MKD '000</i> | <i>MKD '000</i> | <i>MKD '000</i> |
| Cost | | | | |
| At 1 January 2013 | 3.052.823 | 4.393.317 | 219.280 | 7.665.420 |
| Additions | 31.053 | - | 264.870 | 295.923 |
| Transfers from CIP | 44.190 | 145.811 | (190.001) | - |
| Transfer to investment property | (2.657) | - | - | (2.657) |
| Transfer from investment property | 7.309 | - | - | 7.309 |
| Transfer from investment property | 24.271 | - | - | 24.271 |
| Disposals and write offs | - | (93.413) | - | (93.413) |
| At 31 December 2013 | 3.156.989 | 4.445.715 | 294.149 | 7.896.853 |
| Depreciation | | | | |
| At 1 January 2013 | 2.042.683 | 3.517.347 | - | 5.560.030 |
| Charge for the period | 23.511 | 192.040 | - | 215.551 |
| Transfer from investment property | 7.309 | - | - | 7.309 |
| Disposals and write offs | - | (90.632) | - | (90.632) |
| At 31 December 2013 | 2.073.503 | 3.618.755 | - | 5.692.258 |
| Net book value at 31 December 2013 | 1.083.486 | 826.960 | 294.149 | 2.204.595 |

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

5. Property, plant and equipment (continued)

| The Group 31 December 2012 | <i>Land and Buildings</i> <i>MKD'000</i> | <i>Equipment</i> <i>MKD'000</i> | <i>Construction in progress</i> <i>MKD'000</i> | <i>Total</i> <i>MKD'000</i> |
|---|---|------------------------------------|---|--------------------------------|
| Cost | | | | |
| At 1 January 2012 | 3.142.425 | 4.531.830 | 171.611 | 7.845.866 |
| Additions | 27.850 | - | 201.473 | 229.323 |
| Transfer from CIP | 31.874 | 121.930 | (153.804) | - |
| Transfer from investment property | 2.658 | - | - | 2.658 |
| Translation differences | (8) | (6) | - | (14) |
| Disposals | (2.911) | (208.989) | - | (211.900) |
| At 31 December 2012 | <u>3.201.888</u> | <u>4.444.765</u> | <u>219.280</u> | <u>7.865.933</u> |
| Depreciation | | | | |
| At 1 January 2012 | 2.028.298 | 3.541.893 | - | 5.570.191 |
| Charge for the year | 35.239 | 218.454 | - | 253.693 |
| Translation differences | (3) | (5) | - | (8) |
| Disposals | (644) | (207.942) | - | (208.586) |
| At 31 December 2012 | <u>2.062.890</u> | <u>3.552.400</u> | <u>-</u> | <u>5.615.290</u> |
| Net book value at 31 December 2012 | <u>1.138.998</u> | <u>892.365</u> | <u>219.280</u> | <u>2.250.643</u> |

| The Company 31 December 2012 | <i>Land and Buildings</i> <i>MKD'000</i> | <i>Equipment</i> <i>MKD'000</i> | <i>Construction in progress</i> <i>MKD'000</i> | <i>Total</i> <i>MKD'000</i> |
|---|---|------------------------------------|---|--------------------------------|
| Cost | | | | |
| At 1 January 2012 | 2.993.352 | 4.480.376 | 171.611 | 7.645.339 |
| Additions | 27.850 | - | 201.473 | 229.323 |
| Transfers from CIP | 31.874 | 121.930 | (153.804) | - |
| Transfer from investment property | 2.658 | - | - | 2.658 |
| Disposals | (2.911) | (208.989) | - | (211.900) |
| At 31 December 2012 | <u>3.052.823</u> | <u>4.393.317</u> | <u>219.280</u> | <u>7.665.420</u> |
| Depreciation | | | | |
| At 1 January 2012 | 2.012.663 | 3.514.632 | - | 5.527.295 |
| Charge for the year | 30.664 | 210.657 | - | 241.321 |
| Disposals | (644) | (207.942) | - | (208.586) |
| At 31 December 2012 | <u>2.042.683</u> | <u>3.517.347</u> | <u>-</u> | <u>5.560.030</u> |
| Net book value at 31 December 2012 | <u>1.010.140</u> | <u>875.970</u> | <u>219.280</u> | <u>2.105.390</u> |

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

6. Investment property

| | <i>Consolidated</i> | | <i>Company</i> | |
|--|-----------------------|----------------------|-----------------------|----------------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| At 1 January | 80.703 | 83.361 | 80.703 | 83.361 |
| Transfer from property, plant and equipment (Note 5) | 2.657 | - | 2.657 | - |
| Transfer to property, plant and equipment (Note 5) | (24.271) | (2.658) | (24.271) | (2.658) |
| Net gain from fair value measurement | 909 | - | 909 | - |
| Revaluation reserves from fair value re-measurement | <u>55.325</u> | <u>-</u> | <u>55.325</u> | <u>-</u> |
| At 31 December | <u>115.323</u> | <u>80.703</u> | <u>115.323</u> | <u>80.703</u> |

Investment property principally comprise of land, production premises with business premises (Usjepor and pallets) and construction object – restaurant and cafeteria room which is held for long-term rental yields and is not occupied by the Group.

Consolidated and the Company

| | <i>2013</i> | <i>2012</i> |
|--|---------------------|---------------------|
| | <i>MKD'000</i> | <i>MKD'000</i> |
| Rental income derived from investment properties | 8.614 | 6.625 |
| Direct operating expenses (including repairs and maintenance) generating rental income | <u>-</u> | <u>-</u> |
| Gains arising from investment properties carried at fair value | <u>8.614</u> | <u>6.625</u> |

During 2013, the Group has changed the use of certain properties, such as part of the land in amount of MKD 2.657 thousand and part of building from owner-occupied to investment property. Prior to the reclassification, they were carried in the Group's statement of financial position at cost less any accumulated depreciation. Furthermore, the old Usjepor building in amount of MKD 24.271 thousand has been transferred to property, plant and equipment (Note 5), since this building was used for own occupancy starting from 1 July 2013.

As of 31 December 2013, the Group revalued its investment property on the basis of a valuation performed by an independent valuator, Grant Thornton Consulting DOO Skopje, who holds a recognized and relevant professional qualification and has recent experience in the location and category of the investment property being valued. The valuation of the investment property is performed in accordance to the International Valuation standards.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

6. Investment property (continued)

The fair value measurement was made using valuation techniques for which the lowest level input that is significant to the fair measurement is unobservable (level 3).

The methodology used and key inputs to the valuation of the investment properties is as follows:

| | Methodology | Inputs | Ranges |
|-----------|---|--|------------------------------|
| Buildings | Income method | Vacancy rate | 0% |
| | | Landlord costs | 5% |
| | | Capitalization rate | 12,13% |
| Land plot | Market approach – sales comparison method | Asking prices of comparable land plots in the region of Municipality Kisela Voda | 30 to 80 euro/m ² |

Significant increases (decreases) in the estimated landlord costs would result in a significant lower or higher fair value of properties. Significant increases (decreases) in the capitalization rate in isolation would result in a significant lower or higher fair value of the properties.

As a result of the valuation as at 31 December 2013, the carrying value of the Group's investment property is adjusted / increased for the amount of MKD 56.234 thousand. Part of the gain in the amount of MKD 55.325 thousand resulting from fair value re-measurement at the moment of change of use during 2013 from owner-occupied to investment property has been recognized in other comprehensive income and presented in the revaluation reserve (See: Statement of Changes in Equity).

Remaining fair value gains in amount of MKD 5.101 thousand and fair value losses in amount of MKD 4.192 thousand, or net, in the amount of MKD 909 thousand has been recognized in the Group's profit and loss for the year ended 31 December 2013 (Notes 3d and 3e).

7. Inventories

| | <i>Consolidated</i> | | <i>Company</i> | |
|------------------------------------|---------------------|----------------|----------------|----------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| Spare parts | 252.007 | 266.347 | 252.007 | 266.347 |
| Consumable stores | 146.698 | 168.963 | 146.647 | 168.687 |
| Raw materials and fuel | 79.993 | 155.800 | 79.993 | 155.800 |
| Finished goods | 80.128 | 62.914 | 80.128 | 62.914 |
| Semi-finished goods | 32.100 | 38.548 | 32.100 | 38.548 |
| Packing materials | 10.771 | 17.432 | 10.771 | 17.432 |
| Goods for resale | 809 | 275 | 189 | 275 |
| Prepayments for inventory purchase | 32 | 381 | 32 | 381 |
| | 602.538 | 710.660 | 601.867 | 710.384 |

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

8. Trade and other receivables

| | <i>Consolidated</i> | | <i>Company</i> | |
|-----------------------------|---------------------|----------------|----------------|----------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| Trade debtors | 299.909 | 282.422 | 250.142 | 273.372 |
| Prepayments | 29.277 | 25.590 | 18.017 | 24.245 |
| Given advances to suppliers | 1.300 | - | 1.300 | - |
| Other receivables | 35.503 | 65.176 | 35.415 | 55.627 |
| | 365.989 | 373.188 | 304.874 | 353.244 |

Trade receivables are non-interest bearing and are generally on 0 - 75 days terms.

As at 31 December, the aging analysis of trade receivables is as follows:

The Group

| | Total | Neither past due nor impaired | Past due but not impaired | | | | |
|------|---------|-------------------------------------|---------------------------|---------------|---------------|----------------|-----------|
| | | | < 30 days | 30-60 days | 60-90 days | 90-120 days | >120 days |
| 2013 | 299.909 | 248.796 | 10.195 | 15.520 | 1.450 | 5.334 | 18.614 |
| 2012 | 282.422 | 180.540 | 91.219 | 2.071 | 6.281 | 581 | 1.730 |

The Company

| | Total | Neither past due nor impaired | Past due but not impaired | | | | |
|------|---------|-------------------------------------|---------------------------|---------------|---------------|----------------|-----------|
| | | | < 30 days | 30-60 days | 60-90 days | 90-120 days | >120 days |
| 2013 | 250.142 | 222.191 | 11.498 | 14.839 | 495 | - | 1.119 |
| 2012 | 273.372 | 178.741 | 92.031 | 370 | 2.230 | - | - |

9. Cash and cash equivalents

| | <i>Consolidated</i> | | <i>Company</i> | |
|---------------|---------------------|------------------|------------------|------------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| Bank deposits | 2.501.585 | 1.493.846 | 2.501.459 | 1.493.543 |
| Cash at bank | 49.044 | 64.103 | 38.094 | 24.563 |
| Cash at hand | 29 | 19 | 29 | 19 |
| | 2.550.658 | 1.557.968 | 2.539.582 | 1.518.125 |

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

10. Share capital*The authorized, issued and fully paid share capital is:*

| The Group and the Company | <i>Number of shares</i> | <i>MKD '000</i> |
|---|-------------------------|------------------|
| Titan Cement Netherlands B.V. - ordinary shares of MKD 3.100 each | 534.667 | 94,84% |
| Other shareholders - ordinary shares of MKD 3.100 each | 29.117 | 5,16% |
| | 563.784 | 100% |
| | | <i>MKD'000</i> |
| <i>Share capital as registered</i> | | 1.747.730 |
| At 31 December 2013 and 31 December 2012 | | 1.747.730 |

Dividends paid and proposed

| <i>The Group and the Company</i> | <i>MKD'000</i> |
|---|------------------|
| <i>Declared and paid during the period ended 31 December 2012</i> | |
| Final dividend for 2011: MKD 1.968,00 per share | |
| Declared: | 1.109.527 |
| Paid: | <u>1.109.522</u> |
| <i>Declared and paid during the period ended 31 December 2013</i> | |
| Final dividend for 2012: MKD 740,78 per share | |
| Declared: | 417.644 |
| Paid: | <u>417.642</u> |

Dividends declared and paid for the year ended 31 December 2013 and year ended 31 December 2012 entirely relate to cash dividends on ordinary shares.

11. Other reserves

| The Group | <i>Asset revaluation reserve</i> | <i>Statutory reserves</i> | <i>Investment Property revaluation reserve</i> | <i>Foreign currency translation reserve</i> | <i>Total</i> |
|-------------------------------------|----------------------------------|---------------------------|--|---|----------------|
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| At 1 January 2012 | 268.551 | 349.621 | - | 4.695 | 622.867 |
| Translation difference | - | - | - | 395 | 395 |
| At 31 December 2012 | 268.551 | 349.621 | - | 5.090 | 623.262 |
| Other comprehensive income (note 6) | - | - | 55.325 | - | 55.325 |
| Translation difference | - | - | - | 230 | 230 |
| At 31 December 2013 | 268.551 | 349.621 | 55.325 | 5.320 | 678.817 |

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

11. Other reserves (continued)*Foreign currency translation reserves*

The foreign currency translation reserves are used for recording foreign exchange differences which rise from translation of currency in the financial statements of the foreign subsidiary.

| The Company | <i>Asset revaluation reserve MKD'000</i> | <i>Statutory reserves MKD'000</i> | <i>Investment Property revaluation reserve MKD'000</i> | <i>Total MKD'000</i> |
|-------------------------------------|--|---|--|--------------------------|
| At 31 December 2012 | 268.551 | 349.621 | - | 618.172 |
| Other comprehensive income (note 6) | | | 55.325 | 55.325 |
| At 31 December 2013 | 268.551 | 349.621 | 55.325 | 673.497 |

Statutory reserves

On 13 May 2013, the Board of Directors brought a Decision for changes in the Statute of the group, related with the Legal reserves regulated by the Company Law in order to be reconciled with the local Company Law who has suffered changes starting from 1 January 2013.

Namely, the percentage that is required to be allocated to these reserves has been decreased from at least 15% of the annual net profit to at least 5% until the balance of the reserves reaches 10% of the Group's share capital instead 20% as it was previous. The amount that exceeds 10% of the share capital could be used for dividend distribution based on decision of the shareholders assembly.

Therefore, the statutory reserves as of 31 December 2013 in amount of MKD 349.621 thousand comprise two amounts. Statutory reserves in amount of MKD 174.773 thousand can be used only for covering losses if the balance does not exceed 10% of the Group's share capital. The amount of MKD 174.848 thousand that exceed the prescribed limit (exceed 10% of the share capital) could be used for dividend distribution based on decision of the shareholders assembly.

Investment property revaluation reserve

The investment property revaluation reserves in amount of MKD 55.325 thousand are result from the fair value re-measurement at the moment of change of use during 2013 from owner-occupied to investment property as explained in Note 6 and are recognized in other comprehensive income presented in the revaluation reserve.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

12. Provision for retirement benefits

| | <i>Consolidated</i> | | <i>Company</i> | |
|---|---------------------|----------------|----------------|----------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| Defined retirement benefit obligations | 23.121 | 24.706 | 23.121 | 24.706 |
| Defined jubilee anniversary award obligations | 18.813 | 21.564 | 18.813 | 21.564 |
| Defined scholarship obligations | 21.548 | 21.661 | 21.548 | 21.661 |
| Reservation for retention plan | 1.639 | - | 1.639 | - |
| | 65.121 | 67.931 | 65.121 | 67.931 |
| <i>Analysed as:</i> | | | | |
| Non-current portion | 56.272 | 57.745 | 56.272 | 57.745 |
| Current portion | 8.849 | 10.186 | 8.849 | 10.186 |
| | 65.121 | 67.931 | 65.121 | 67.931 |

The movement in the defined benefit obligation over the year is as follows:

| | <i>Consolidated</i> | | <i>Company</i> | |
|---|---------------------|----------------|----------------|----------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| At 1 January | 67.931 | 70.281 | 67.931 | 70.281 |
| Current service costs | 3.942 | 5.043 | 3.942 | 5.043 |
| Interest cost | 3.223 | 3.467 | 3.223 | 3.467 |
| Recognised actuarial (gains)/losses, net | (1.428) | (4.247) | (1.428) | (4.247) |
| Reservation for retention plan | 1.639 | - | 1.639 | - |
| | <u>75.307</u> | <u>74.544</u> | <u>75.307</u> | <u>74.544</u> |
| Benefits paid during the year | (11.516) | (6.951) | (11.516) | (6.951) |
| Losses from reconciling the actuarial calculation | 1.330 | 338 | 1.330 | 338 |
| At 31 December | 65.121 | 67.931 | 65.121 | 67.931 |

The amounts recognised in the income statement are as follows:

| | <i>Consolidated</i> | | <i>Company</i> | |
|---|---------------------|----------------|----------------|----------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| Current service costs | 3.942 | 5.043 | 3.942 | 5.043 |
| Interest cost | 3.223 | 3.467 | 3.223 | 3.467 |
| Recognised actuarial (gains)/losses, net | (1.428) | (4.247) | (1.428) | (4.247) |
| Reservation for retention plan | 1.639 | - | 1.639 | - |
| Losses from reconciling the actuarial calculation | 1.330 | 338 | 1.330 | 338 |
| | <u>8.706</u> | <u>4.601</u> | <u>8.706</u> | <u>4.601</u> |

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

12. Provision for retirement benefits (continued)

A quantitative sensitivity analysis for change in the discount rate and wage growth as at 31 December 2013 and 2012 is as shown below:

The Group and the Company

2013

| Assumptions | Discount rate | | Wage growth | |
|---|--------------------|--------------------|--------------------|--------------------|
| | <i>1% increase</i> | <i>1% decrease</i> | <i>1% increase</i> | <i>1% decrease</i> |
| Sensitivity Level | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| <i>Retirement benefits</i> | | | | |
| Impact on the net defined benefit obligations | (5,75) | 6,41 | 6,57 | (5,99) |
| <i>Jubilee awards</i> | | | | |
| Impact on the net defined benefit obligations | (4,88) | 5,4 | 5,54 | (5,09) |

2012

| Assumptions | Discount rate | | Wage growth | |
|---|--------------------|--------------------|--------------------|--------------------|
| | <i>1% increase</i> | <i>1% decrease</i> | <i>1% increase</i> | <i>1% decrease</i> |
| Sensitivity Level | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| <i>Retirement benefits</i> | | | | |
| Impact on the net defined benefit obligations | (6,98) | 7,87 | 7,87 | (7,10) |
| <i>Jubilee awards</i> | | | | |
| Impact on the net defined benefit obligations | (5,08) | 5,67 | 5,67 | (5,18) |

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

12. Provision for retirement benefits (continued)

The following payments are expected contributions to be made in the future years:

| | <i>Consolidated</i> | | <i>Company</i> | |
|---------------|---------------------|----------------|----------------|----------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| Year 1 | 8.826 | 10.808 | 8.826 | 10.808 |
| Year 2 | 9.489 | 7.488 | 9.489 | 7.488 |
| Year 3 | 10.077 | 7.596 | 10.077 | 7.596 |
| Year 4 | 10.556 | 9.067 | 10.556 | 9.067 |
| Year 5 | 9.339 | 9.257 | 9.339 | 9.257 |
| Years 6-10 | 20.699 | 26.013 | 20.699 | 26.013 |
| Over 10 years | 93.297 | 87.000 | 93.297 | 87.000 |

The principal actuarial assumptions used were as follows:

- Live probability and mortality by age and sex are determined according to the Mortality Table for the population of Republic of Macedonia for the period 1980-1982;
- The rate of fluctuation of employees is insignificant and it has not been taken into account in the calculation. On the basis of delivered information for leaving the company in the previous years, it can be determined that the influence of this category of employees is insignificant in relation to the total population of employees. Because of that, leaving the enterprise on this basis is not considered;
- Employee's retirement in the future will be according to the current legislative (64 for male and 62 for female);
- The calculation is prepared only for the current population of employees in the enterprise, excluding all employees that will be employed in the future. It is based on the assumption for continuity of service of employees in this enterprise (assumption for continuity of service);
- The actuarial calculation also refers to the children that at the moment are provided scholarships according to the policy of the enterprise for payment of scholarships to the children of employees that are studying on regular graduate or postgraduate studies. Also, the calculation takes into account the children that are not yet at age for beginning of studies, with assumption that 100% of them will be enrolled at university in 2014, and 50% in the later years, and
- Starting from 31 December 2013, the actuarial calculation of defined benefits has been supplemented with calculation of the present value of the newly introduced long term benefit for certain category of employees - *additional benefits at retirement*. The calculation is made on the basis of the average parameters of the mentioned population and total expected amount for payment, delivered by the company. The present value of future benefits is calculated applying the abovementioned demographic, financial and other assumptions.

The used financial assumptions were as follows:

Nominal annual increase of the average republic net salary: 2,35%;

Discount rate: 5,35%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in the country.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

13. Trade and other payables

| | <i>Consolidated</i> | | <i>Company</i> | |
|---------------------------|---------------------|----------------|----------------|----------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| Trade creditors | 280.643 | 349.165 | 280.230 | 349.129 |
| Customer prepayments | 7.019 | 8.598 | 7.023 | 7.841 |
| Tangible assets creditors | 55.652 | 66.861 | 55.652 | 66.861 |
| Other current liabilities | 25.925 | 18.823 | 25.737 | 18.756 |
| | 369.239 | 443.447 | 368.642 | 442.587 |

14. Contingences and Commitments

Contingent liabilities

| | <i>Consolidated</i> | | <i>Company</i> | |
|---------------------------------|---------------------|----------------|----------------|----------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| Bank guarantees | 113.708 | 81.364 | 110.940 | 78.597 |
| Concession agreement guarantees | 308 | 919 | 308 | 919 |
| Bill of exchange | 20.000 | - | 20.000 | - |
| | 134.016 | 82.283 | 131.248 | 79.516 |

As of 31 December 2013, the Group has obtained a Bank payment guaranties from:

- Halk Banka in favour of Customs of MKD 5.000 thousand valid till 19 March 2015, in favour of MEPSO AD Macedonia of MKD 3.900 thousand for transmission of electricity valid till 15 January 2015, in favour of Makpetrol AD Skopje of MKD 5.000 thousand related to the purchase of natural gas valid till 15 February 2014;
- Ohridska Banka in favour of MOL Hungarian Oil and Gas PLC for pet coke of MKD 33.831 thousand valid until 15 March 2014;
- NLB Tutunska Banka in favour of Gen-I D.O.O for purchase of electricity in amount of MKD 36.292 thousand valid until 10 February 2014;
- Halk Banka in favour of Siemens Turkey for delivery of transformation station in amount of MKD 17.838 thousand valid until 28 February 2014;
- Sparkase Banka in favour of Jaro Milo Sweden for purchase of SNCR system in amount of MKD 9.079 thousand valid until 31 January 2014, and
- Raiffeisen Bank, Kosovo in favour of custom in amount of MKD 2.768 thousand with pledged of forklift and generator valid until 30 May 2014.

In addition, the Group has 2 Bills of Exchange with statement of rights and liabilities of the signatories (the Group and OKTA AD Skopje) of the Bills of exchange in the form of a notarized Act issued by the Group in amount of MKD 20.000 thousand for purchase of oil derivatives.

Furthermore, the Group has obtained bank payment guarantee from NLB Tutunska Bank in amount of MKD 308 thousand in favour of the Ministry of Economy for realisation of concession agreement.

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

14. Contingences and Commitments (continued)**Commitments***Operating lease commitments - company as lessee*

The Group leases motor vehicles under operating lease agreements. The leases have varying terms and clauses. The expenditures are recognised in the profit or loss for the period.

| | <i>Consolidated</i> | | <i>Company</i> | |
|--|----------------------|----------------------|----------------------|----------------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| Up to 1 year | 5.727 | 4.564 | 5.727 | 4.564 |
| Later than 1 year and not later than 5 years | 9.301 | 9.483 | 9.301 | 9.483 |
| | <u>15.028</u> | <u>14.047</u> | <u>15.028</u> | <u>14.047</u> |

Purchase commitments

As at 31 December 2013, the Group has entered into contracts for the purchase of electricity amounting to MKD 55.453 thousand only for the first quarter of 2014.

15. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following reflects the income and share data used in the basic EPS computations:

| Group | <i>2013</i> | <i>2012</i> |
|--|-------------------------|-------------------------|
| | <i>MKD'000</i> | <i>MKD'000</i> |
| Profit attributable to ordinary equity holders of the parent: | | |
| Continuing operations | <u>1.488.032</u> | <u>1.319.549</u> |
| Profit attributable to ordinary equity holders of the parent for basic earnings | <u>1.488.032</u> | <u>1.319.549</u> |
| Weighted average number of ordinary shares for basic EPS | 563.784 | 563.784 |

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

15. Earnings per share (EPS) (continued)

| Company | 2013 MKD'000 | 2012 MKD'000 |
|--|-------------------------|-------------------------|
| Profit attributable to ordinary equity holders of the parent: | | |
| Continuing operations | <u>1.484.687</u> | <u>1.325.850</u> |
| Profit attributable to ordinary equity holders of the parent for basic earnings | <u>1.484.687</u> | <u>1.325.850</u> |
| Weighted average number of ordinary shares for basic EPS | 563.784 | 563.784 |

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

16. Related party transactions

Titan Cement Netherlands B.V. owns 94.84% of the Company's share capital.

The following transactions were carried out with the related parties:

a) Sales of goods and services

| | <i>Consolidated</i> | | <i>Company</i> | |
|---|---------------------|----------------|------------------|------------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| <i>Parent:</i> | | | | |
| Titan Cement Company-pet coke | 20.730 | - | 20.730 | - |
| Titan Cement Company-freight revenue | 3.046 | - | 3.046 | - |
| <i>Subsidiary:</i> | | | | |
| Cement Plus Ltd - cement, sand and white cement | - | - | 519.687 | 564.566 |
| Cement Plus Ltd - freight revenue | - | - | 25.968 | 22.591 |
| Trojan Cem EOOD Sofija - cement | - | - | 3.230 | 11.295 |
| Trojan Cem EOOD Sofija - freight | - | - | 2.564 | - |
| <i>Entity under common control:</i> | | | | |
| SHARRCEM SH.P.K-pet coke | 471.812 | 224.386 | 471.812 | 224.386 |
| SHARRCEM SH.P.K-clinker | 34.956 | 249.203 | 34.956 | 249.203 |
| SHARRCEM SH.P.K-white cement | 15.971 | - | 15.971 | - |
| SHARRCEM SH.P.K- freight revenue | 4.655 | 54.294 | 4.655 | 54.294 |
| SHARRCEM SH.P.K- silos | 1.513 | 3.065 | 1.513 | 3.065 |
| SHARRCEM SH.P.K- materials and services | 427 | - | 427 | - |
| Titan Cementara Kosjeric - others | 160 | - | 160 | - |
| Titan Global Finance PLC London- interest income | - | 18.821 | - | 18.821 |
| SHARR Beteiligungs Gmbh- materials and services | - | 4.517 | - | 4.517 |
| SHARR Beteiligungs Pretstavnistvo Skopje - services | - | 270 | - | 270 |
| | 553.270 | 554.556 | 1.104.719 | 1.153.008 |

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

16. Related party transactions (continued)

Outstanding balances arising from the transactions mentioned above are presented bellow:

Receivables from related parties

| | <i>Consolidated</i> | | <i>Company</i> | |
|--|---------------------|----------------|----------------|----------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| <i>Subsidiary:</i> | | | | |
| Trojan Cem EOOD SOFIJA - grey cement | - | - | 2.099 | 4.676 |
| <i>Entity under common control:</i> | | | | |
| SHARRCEM SH.P.K-pet coke | 71.642 | 42.382 | 71.642 | 42.382 |
| SHARRCEM SH.P.K-clinker | 39.599 | 132.950 | 39.599 | 132.950 |
| SHARRCEM SH.P.K-white cement | 972 | - | 972 | - |
| SHARRCEM SH.P.K-silos | 755 | - | 755 | - |
| SHARRCEM SH.P.K - materials and services | 402 | 339 | 402 | 339 |
| | 113.370 | 175.671 | 115.469 | 180.347 |

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

16. Related party transactions (continued)

b) Purchases of goods and services

| | <i>Consolidated</i> | | <i>Company</i> | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| <i>Parent:</i> | | | | |
| Titan Cement Company - white cement and pet coke | 483.543 | 682.411 | 483.543 | 682.411 |
| Titan Cement Company-silos | 4.511 | - | 4.511 | - |
| Titan Cement Company-materials and services | 1.600 | - | 1.600 | - |
| Titan Cement Company - raw materials | - | 260 | - | 260 |
| <i>Entity under common control:</i> | | | | |
| Balkcem Limited - technical fee | 8.618 | 16.945 | 8.618 | 16.945 |
| SHARRCEM SH.P.K - cost of traded goods | 468 | - | 468 | - |
| SHARRCEM SH.P.K - sharmal | - | 25.118 | - | 25.118 |
| SHARRCEM SH.P.K - other | 15 | - | 15 | - |
| Geospan Dooel - purchased aggregates | - | 5.105 | - | 5.105 |
| SHARRCEM SH.P.K - silos | - | 3.065 | - | 3.065 |
| SHARRCEM SH.P.K - grey cement | - | 524 | - | 524 |
| SHARRCEM SH.P.K-materials and services | - | 80 | - | 80 |
| Titan Zlatna Panega - materials | - | 44 | - | 44 |
| | <u>498.755</u> | <u>733.552</u> | <u>498.755</u> | <u>733.552</u> |

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

16. Related party transactions (continued)

Outstanding balances arising from the transactions mentioned above are presented bellow:

Payables to related parties

| | <i>Consolidated</i> | | <i>Company</i> | |
|--|---------------------|----------------|----------------|----------------|
| | <i>2013</i> | <i>2012</i> | <i>2013</i> | <i>2012</i> |
| | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> | <i>MKD'000</i> |
| <i>Parent:</i> | | | | |
| Titan Cement Company - WC, pet coke and services | 3.800 | 1.673 | 3.800 | 1.673 |
| Titan Cement Company-silos | 750 | - | 750 | - |
| <i>Subsidiary:</i> | | | | |
| Cement Plus Ltd. - prepayments | - | - | 650 | 31 |
| <i>Entity under common control:</i> | | | | |
| Balkcem Limited - technical fee | 7.756 | 1.002 | 7.756 | 1.002 |
| SHARR CEM SH.P.K-grey cement | 118 | - | 118 | - |
| SHARR CEM SH.P.K-services | - | 5.747 | - | 5.747 |
| SHARR CEM SH.P.K-sharmal | - | 2.345 | - | 2.345 |
| Titan Zlatna Panega - grey cement | - | 104 | - | 104 |
| | 12.424 | 10.871 | 13.074 | 10.902 |

The Group and the Company enter into these transactions with the above related parties at mutually agreed terms.

NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2013
17. Financial risk management objectives and policies

The Group's principal financial liabilities comprise trade and other payables. The Group has various financial assets such as trade receivables and cash and cash equivalents short-term deposits, which arise directly from the Group's operations.

The main risks arising from the Group's financial instruments are liquidity risk, foreign currency risk and credit risk. The management of these risks is in accordance with the policies approved by the Board of Directors that is responsible also for their review.

a) Interest risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

b) Foreign exchange risk

The Group's exposure to foreign currency risk is minimal due to the fact that the majority of foreign currency transactions relating to selling and purchases are denominated in EURO, which was stable during all 2013.

c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The table below summarises the maturity profile of the Company's and Group's financial liabilities at 31 December 2013 and 31 December 2012 based on contractual undiscounted payments.

The Group
Year ended 31 December 2013

| | <u>On demand</u> | <u>Less than 3 months</u> | <u>3 to 12 months</u> | <u>1 to 5 years</u> | <u>> 5 years</u> | <u>Total</u> |
|-----------------------------|----------------------|-------------------------------|---------------------------|-------------------------|---------------------|--------------|
| Trade payables | - | 268.219 | - | - | - | 268.219 |
| Other payables | - | 88.596 | - | - | - | 88.596 |
| Payables to related parties | - | 12.424 | - | - | - | 12.424 |

Year ended 31 December 2012

| | <u>On demand</u> | <u>Less than 3 months</u> | <u>3 to 12 months</u> | <u>1 to 5 years</u> | <u>> 5 years</u> | <u>Total</u> |
|-----------------------------|----------------------|-------------------------------|---------------------------|-------------------------|---------------------|--------------|
| Trade payables | - | 338.294 | - | - | - | 338.294 |
| Other payables | - | 94.282 | - | - | - | 94.282 |
| Payables to related parties | - | 10.871 | - | - | - | 10.871 |

NOTES TO THE FINANCIAL STATEMENTS

At 31 December 2013

17. Financial risk management objectives and policies (continued)*c) Liquidity risk (continued)***The Company****Year ended 31 December 2013**

| | <u>On demand</u> | <u>Less than 3 months</u> | <u>3 to 12 months</u> | <u>1 to 5 years</u> | <u>> 5 years</u> | <u>Total</u> |
|-----------------------------|----------------------|-------------------------------|---------------------------|-------------------------|---------------------|--------------|
| Trade payables | - | 267.156 | - | - | - | 267.156 |
| Other payables | - | 88.412 | - | - | - | 88.412 |
| Payables to related parties | - | 13.074 | - | - | - | 13.074 |

Year ended 31 December 2012

| | <u>On demand</u> | <u>Less than 3 months</u> | <u>3 to 12 months</u> | <u>1 to 5 years</u> | <u>> 5 years</u> | <u>Total</u> |
|-----------------------------|----------------------|-------------------------------|---------------------------|-------------------------|---------------------|--------------|
| Trade payables | - | 338.227 | - | - | - | 338.227 |
| Other payables | - | 93.458 | - | - | - | 93.458 |
| Payables to related parties | - | 10.902 | - | - | - | 10.902 |

d) Credit risk

The Group has no significant concentrations of credit risk. The Group has policies in place to ensure that sales of products are made to customers with an appropriate credit history. The Group has policies that limit the amount of credit exposure to any one customer. In addition, to reduce this risk the Group has required as collateral: bank guaranties and deposits.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, available-for-sale financial investments and other financial assets (non-current), the Group's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

e) Fair values

The fair values of the Group financial instruments approximate their carrying amounts due to their short term of maturity.

NOTES TO THE FINANCIAL STATEMENTS
At 31 December 2013
17. Financial risk management objectives and policies (continued)
Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares, following shareholders' approval. No changes were made in the objectives, policies or processes of the Group during the years end 31 December 2013 and 31 December 2012.

The Group monitors its equity capital using earnings before interest, tax, depreciation and amortization (EBITDA) for the year.

The Group

| | <i>2013</i> | <i>2012</i> |
|--------|------------------|------------------|
| | <i>MKD'000</i> | <i>MKD'000</i> |
| EBITDA | 1.675.157 | 1.545.167 |

The Company

| | <i>2013</i> | <i>2012</i> |
|--------|------------------|------------------|
| | <i>MKD'000</i> | <i>MKD'000</i> |
| EBITDA | 1.661.954 | 1.536.382 |

18. Events after the reporting period

There have been no significant events subsequent to the reporting period, which require disclosure in the financial statements of the Group and the Company.

Name of the Company:

CEMENTARNICA "USJE" AD SKOPJE

Address:

Boris Trajkovski no: 94 Skopje

Unique ID number

4053397

Income Statement 01.01.2013 - 31.12.2013

| Ordinal No. | Position | AOP | Amount | |
|-------------|---|-----|---------------|---------------|
| | | | Current year | Previous year |
| 1 | 2 | 3 | 5 | 6 |
| 1. | I. OPERATIONAL INCOME (202+203+206) | 201 | 4.059.534.394 | 4.327.031.987 |
| 2. | Sale income | 202 | 3.936.177.678 | 4.138.060.586 |
| 3. | Other income | 203 | 21.641.956 | 42.316.947 |
| 4. | Change of the value of stock of finished products and unfinished production | | | |
| 4.a. | Stock of finished products and unfinished production at the beginning of the year | 204 | 101.461.599 | 99.617.673 |
| 4.6. | Stock of finished products and unfinished production at the end of the year | 205 | 112.226.765 | 101.461.599 |
| 5. | Capitalisation of own production and services | 206 | 101.714.760 | 146.654.454 |
| 6. | II. OPERATIONAL EXPENSES (208+209+210+211+212+213+218+219+220+221+222) | 207 | 2.626.818.496 | 3.043.706.603 |
| 7. | Raw materials expenses | 208 | 1.180.635.495 | 1.436.888.870 |
| 8. | Purchase price of the goods sold | 209 | 475.568.763 | 391.785.260 |
| 9. | Purchase price of materials, spare parts, small inventory, packaging and tyres | 210 | 88.733 | 4.583.163 |
| 10. | Services categorized as material expenses | 211 | 314.003.974 | 427.338.613 |
| 11. | Other operational expenses | 212 | 46.048.889 | 55.523.256 |
| 12. | Employees expenses (214+215+216+217) | 213 | 364.267.954 | 358.657.673 |
| 12.a. | Net salaries | 214 | 226.004.061 | 222.427.676 |
| 12.6. | Expenses for taxes and salaries contributions | 215 | 21.967.359 | 21.589.316 |
| 12.b. | Mandatory social contribution expenses | 216 | 88.396.066 | 87.488.710 |
| 12.r. | Other expenses for employees | 217 | 27.900.468 | 27.151.971 |
| 13. | Depreciation of tangible and intangible assets | 218 | 216.170.589 | 248.758.854 |
| 14. | Impairment of non-fixed assets | 219 | 4.192.000 | 300.000 |
| 15. | Impairment of fixed assets | 220 | 94.170 | 448.795 |
| 16. | Provisions for risks and expenses | 221 | 11.217.007 | 8.847.421 |
| 17. | Other operational expenses | 222 | 14.530.922 | 110.574.698 |
| 18. | III. FINANCIAL INCOME (224+229+230+231+232+233) | 223 | 51.781.338 | 56.082.139 |
| 19. | Financial income arising from related parties (225+226+227+228) | 224 | 1.481.984 | 26.772.907 |
| 19.a. | Income from investment in related parties | 225 | 0 | 4.117.760 |
| 19.6. | Income from interests from related parties | 226 | 0 | 18.820.786 |
| 19.b. | Income from foreign exchange difference from related parties | 227 | 1.481.984 | 3.834.361 |
| 19.r. | Other financial income from related parties | 228 | 0 | 0 |
| 20. | Income from investment in non-related parties | 229 | 0 | 0 |
| 21. | Income from interests from non-related parties | 230 | 46.850.147 | 26.060.382 |
| 22. | Income from foreign exchange difference from non-related parties | 231 | 3.449.207 | 3.248.850 |
| 23. | Unrealised income from financial assets | 232 | 0 | 0 |
| 24. | Other financial income | 233 | 0 | 0 |
| 25. | IV. FINANCIAL EXPENSES (235+239+240+241+242+243) | 234 | 6.642.835 | 11.969.824 |
| 26. | Financial expenses with related parties (236+237+238) | 235 | 611.282 | 319.961 |
| 26.a. | Expenses for interest payable to related parties | 236 | 0 | 0 |
| 26.6. | Expense for foreign exchange differences payable to related parties | 237 | 611.282 | 319.961 |
| 26.b. | Other financial expenses payable to related parties | 238 | 0 | 0 |
| 27. | Expenses for interest payable to non-related parties | 239 | 1.946.351 | 84.580 |
| 28. | Expense for foreign exchange differences payable to non-related parties | 240 | 4.085.202 | 11.565.283 |
| 29. | Unrealised loss from financial assets | 241 | 0 | 0 |
| 30. | Impairment of financial assets and investment | 242 | 0 | 0 |
| 31. | Other financial expenses | 243 | 0 | 0 |

| | | | | |
|--|---|-----|---------------|---------------|
| 32. | Participation in the profit of associate entities | 244 | 0 | 0 |
| 33. | Participation in the loss of associate entities | 245 | 0 | 0 |
| 34. | Profit from regular operations (201+223+244)-(204-205+207+234+245) | 246 | 1.488.619.567 | 1.329.281.625 |
| 35. | Loss from regular operations (204-205+207+234+245)-(201+223+244) | 247 | | |
| 36. | Net profit from interrupted work | 248 | | |
| 37. | Net loss from interrupted work | 249 | | |
| 38. | Profit before taxation (246+248) или (246-249) | 250 | 1.488.619.567 | 1.329.281.625 |
| 39. | Loss before taxation (247+249) или (247-248) | 251 | 0 | 0 |
| 40. | Corporate income tax | 252 | 3.932.318 | 3.431.418 |
| 41. | Deferred tax assets | 253 | 0 | 0 |
| 42. | Deferred tax liabilities | 254 | 0 | 0 |
| 43. | NET PROFIT FOR THE CURRENT YEAR (250-252+253-254) | 255 | 1.484.687.249 | 1.325.850.207 |
| 44. | NET LOSS FOR THE CURRENT YEAR (251+252-253+254) | 256 | | |
| 45. | Average number of employees upon work hours | 257 | 330 | 319 |
| 46. | Number of months of work | 258 | 12 | 12 |
| 47. | PROFIT/LOSS FOR THE PERIOD | 259 | 1.484.687.249 | 1.325.850.207 |
| 47.a. | Profit belonging to the shareholders in the parent company | 260 | 1.408.009.596 | 1.257.375.798 |
| 47.b. | Profit belonging to the uncontrollable participation | 261 | 76.677.653 | 68.474.409 |
| 47.v. | Loss belonging to the shareholders in the parent company | 262 | 0 | 0 |
| 47.r. | Loss belonging to the uncontrollable participation | 263 | 0 | 0 |
| 48. | EARNINGS PER SHARE | 264 | 0 | 0 |
| 48.a. | Total basic earnings per share | 265 | 2.633 | 2.352 |
| 48.б. | Total diluted earnings per share | 266 | 2.633 | 2.352 |
| 48.v. | Basic earning per share from interrupted work | 267 | 0 | 0 |
| 48.r. | Diluted earnings per share from interrupted work | 268 | 0 | 0 |
| REPORT FOR COMPREHENSIVE INCOME | | | | |
| 1. | Profit for the year | 269 | 1.484.687.249 | 1.325.850.207 |
| 2. | Loss for the year | 270 | 0 | 0 |
| 3. | Other comprehensive profit (273+275+277+279+281+283) - (274+276+278+280+282+284) | 271 | 55.325.000 | 0 |
| 4. | Other comprehensive loss (274+276+278+280+282+284) - (273+275+277+279+281+283) | 272 | | 0 |
| 5. | Gains arising from translation of foreign operations | 273 | 0 | 0 |
| 6. | Loss arising from translation of foreign operations | 274 | 0 | 0 |
| 7. | Gains from re-assessment of financial assets available for sale | 275 | 0 | 0 |
| 8. | Loss from re-assessment of financial assets available for sale | 276 | 0 | 0 |
| 9. | Effective portion of gains from hedging instruments for hedging of cash flows | 277 | 0 | 0 |
| 10. | Effective portion of losses from hedging instruments for hedging of cash flows | 278 | 0 | 0 |
| 11. | Changes of re-evaluation reserves for non-current assets (+) | 279 | 55.325.000 | 0 |
| 12. | Changes of re-evaluation reserves for non-current assets (-) | 280 | 0 | 0 |
| 13. | Actuarial gains on defined plans for employee benefits | 281 | 0 | 0 |
| 14. | Actuarial losses on defined plans for employee benefits | 282 | 0 | 0 |
| 15. | Share in other comprehensive income of associates (just for the needs of consolidation) | 283 | 0 | 0 |
| 16. | Share in other comprehensive loss of associates (just for the needs of consolidation) | 284 | 0 | 0 |
| 17. | Corporate Income Tax in the components of the other comprehensive income | 285 | 0 | 0 |
| 18. | Net other comprehensive income (271-285) | 286 | 55.325.000 | 0 |
| 19. | Net other comprehensive loss (285-271) или (272+285) | 287 | | 0 |
| 20. | Total comprehensive income for the year (269+286) или (286-270) | 288 | 1.540.012.249 | 1.325.850.207 |
| 20.a. | Comprehensive income attributable to share holders of parent company | 289 | 1.460.477.300 | 1.257.375.798 |
| 20.б. | Comprehensive income belonging to uncontrollable participation | 290 | 79.534.949 | 68.474.409 |
| 21. | Total comprehensive loss for year (270+287) or (270-286) or (287-269) | 291 | 0 | 0 |
| 21.a. | Comprehensive loss attributable to share holders of parent company | 292 | 0 | 0 |
| 21.б. | Comprehensive loss belonging to uncontrollable participation | 293 | 0 | 0 |

In Skopje
On 31.03.2014

Chief Executive Director



Finance Manager

Name of the Company

CEMENTARNICA "USJE" AD SKOPJE

Address

Boris Trajkovski no: 94 Skopje

Unique ID number

4053397

Balance Sheet 01.01.2013 - 31.12.2013

| Position | AOP | Amount | |
|---|-----|---------------|---------------|
| | | Current year | Previous year |
| 1 | 2 | 4 | 5 |
| ASSETS: A. NON-FIXED ASSETS (002+009+020+021+031) | 001 | 2.500.074.993 | 2.365.102.133 |
| I. Intangible assets (003+004+005+006+007+008) | 002 | 20.935.179 | 21.087.362 |
| Expenditures for research and development | 003 | 0 | 0 |
| Patents, license, concession and other rights. | 004 | 20.935.179 | 21.087.362 |
| Goodwill | 005 | 0 | 0 |
| Advance payment for intangible assets | 006 | 0 | 0 |
| Intangible assets in preparation | 007 | 0 | 0 |
| Other intangible assets | 008 | 0 | 0 |
| II. Tangible assets (010+013+014+015+016+017+018+019) | 009 | 2.205.894.894 | 2.105.390.251 |
| Immovable property (real estate) (011+012) | 010 | 1.083.484.908 | 1.010.139.868 |
| Land | 011 | 760.228.510 | 719.147.043 |
| Buildings | 012 | 323.256.398 | 290.992.825 |
| Plant and equipment | 013 | 814.881.505 | 859.570.550 |
| Transport assets | 014 | 954.323 | 4.633.847 |
| Tools, office inventor, assets for transport | 015 | 11.125.652 | 11.766.299 |
| Biological assets | 016 | 0 | 0 |
| Advance payment for tangible | 017 | 1.300.195 | 0 |
| Tangible assets in preparation | 018 | 294.148.311 | 219.279.687 |
| Other tangible assets in preparation | 019 | 0 | 0 |
| III. INVESTMENT IN IMMOVABLE PROPERTY | 020 | 115.323.400 | 80.703.000 |
| IV. LONG-TERM FINANCIAL ASSETS (022+023+024+025+026+030) | 021 | 157.921.520 | 157.921.520 |
| Investment in branch offices | 022 | 157.921.520 | 157.921.520 |
| Investment in associate entities and joint venture investments | 023 | 0 | 0 |
| Receivables from long-term loans granted to related parties | 024 | 0 | 0 |
| Receivables from long-term loans | 025 | 0 | 0 |
| Investment in long-term securities (027+028+029) | 026 | 0 | 0 |
| Investment in securities held to maturity | 027 | 0 | 0 |
| Investments in securities available for sale | 028 | 0 | 0 |
| Investments in securities at fair value through profit or loss | 029 | 0 | 0 |
| Other long-term financial assets | 030 | 0 | 0 |
| V. LONG-TERM RECEIVABLES (032+033+034) | 031 | 0 | 0 |
| Receivables from related parties | 032 | 0 | 0 |
| Receivables from customers | 033 | 0 | 0 |
| Other long-term receivables | 034 | 0 | 0 |
| VI. DEFERRED TAX ASSETS | 035 | 0 | 0 |
| ASSETS: B. CURRENT ASSETS (037+045+052+059) | 036 | 3.422.924.945 | 2.558.749.623 |
| I. Stocks (038+039+040+041+042+043) | 037 | 601.834.098 | 710.002.277 |
| Stocks of raw materials | 038 | 197.708.974 | 293.230.768 |
| Stocks of spare parts, small inventory, packaging and tyres | 039 | 291.709.673 | 315.035.171 |
| Stock of unfinished products and semi-products | 040 | 32.099.554 | 38.547.911 |
| Stock of finished products | 041 | 80.127.211 | 62.913.688 |
| Stock of commercial products | 042 | 188.686 | 274.739 |
| Stock of biological products | 043 | 0 | 0 |
| II. ASSETS (OR GROUP FOR TRANSFER FOR SALES AND INTERRUPTED WORKS) | 044 | | |
| III. SHORT-TERM RECEIVABLES (046+047+048+049+050+051) | 045 | 281.508.798 | 316.600.064 |
| Receivables from related parties | 046 | 115.469.565 | 180.347.158 |
| Trade accounts receivable | 047 | 142.405.707 | 102.557.575 |
| Advance payments | 048 | 3.962.597 | 8.401.672 |
| Receivables from the state upon taxes, social contribution, customs duties, excise and other duties | 049 | 18.792.664 | 24.113.204 |
| Receivables from the employees | 050 | 878.265 | 1.180.455 |
| Other short term receivables | 051 | 0 | 0 |
| IV. SHORT-TERM FINANCIAL ASSETS (053+056+057+058) | 052 | 0 | 14.022.000 |
| Investment in securities (054+055) | 053 | 0 | 0 |
| Investment in securities held to maturity | 054 | 0 | 0 |

| | | | |
|--|------------|----------------------|----------------------|
| Investments in securities at fair value through profit or loss | 055 | 0 | 0 |
| Receivables from short-term loans granted to related parties | 056 | 0 | 0 |
| Receivables from short-term loans | 057 | 0 | 0 |
| Other short-term financial assets | 058 | 0 | 14.022.000 |
| V. Cash and cash equivalents (060+061) | 059 | 2.539.582.049 | 1.518.125.282 |
| Cash | 060 | 38.123.255 | 24.581.677 |
| Cash equivalents | 061 | 2.501.458.794 | 1.493.543.605 |
| VI. PREPAYMENT OF EXPENSES FOR FUTURE PERIODS AND CALCULATED REVENUES | 062 | 26.803.901 | 28.890.896 |
| TOTAL ASSETS: ASSETS (001+035+036+044+062) | 063 | 5.949.803.839 | 4.952.742.652 |
| 3. OUT-OF-BALANCE RECORDS - ASSETS | 064 | 4.621.291.866 | 2.542.986.455 |
| LIABILITIES: A. SHARE CAPITAL AND RESERVES (066+067-068-069+070+071+075-076+077- | 065 | 5.505.587.996 | 4.429.623.319 |
| I. SHARE CAPITAL | 066 | 1.747.729.749 | 1.747.729.749 |
| I. Share premiums | 067 | 0 | 0 |
| II. Own shares (-) | 068 | 0 | 0 |
| IV. Registered, not paid capital (-) | 069 | 0 | 0 |
| V. Revaluation reserve and differences from evaluation of components of the other comprehensive profit | 070 | 79.590.451 | 24.265.451 |
| VI. RESERVES (072+073+074) | 071 | 593.905.828 | 593.905.828 |
| Statutory reserves | 072 | 349.622.319 | 349.622.319 |
| Company's reserves (according to the Incorporation Act) | 073 | 0 | 0 |
| Other reserves | 074 | 244.283.509 | 244.283.509 |
| VII. ACCUMULATED PROFIT | 075 | 1.599.674.719 | 737.872.084 |
| VIII. TRANSFERRED LOSS (-) | 076 | 0 | 0 |
| X. PROFIT FOR THE CURRENT YEAR | 077 | 1.484.687.249 | 1.325.850.207 |
| XI. LOSS FOR THE CURRENT YEAR | 078 | 0 | 0 |
| XI. SHARE CAPITAL OF THE OWNERS OF THE PARENT COMPANY | 079 | | |
| XII. NON-CONTROLLABLE PARTICIPATION | 080 | | |
| 3. LIABILITIES (082+085+095) | 081 | 338.189.711 | 398.180.919 |
| II. LONG-TERM PROVISIONS FOR RISKS AND EXPENSES (083+084) | 082 | 66.684.015 | 70.081.235 |
| Provisions for pensions, severance payments and similar liabilities towards the employees | 083 | 56.271.051 | 57.745.272 |
| Other long-term provisions for risks and expenses | 084 | 10.412.964 | 12.335.963 |
| III. LONG-TERM LIABILITIES (од 086 до 093) | 085 | 0 | 0 |
| Liabilities to related parties | 086 | 0 | 0 |
| Trade payables | 087 | 0 | 0 |
| Advance and deposit liabilities | 088 | 0 | 0 |
| Liabilities upon loans and credits to related parties | 089 | 0 | 0 |
| Liabilities upon loans and credits | 090 | | |
| Liabilities upon securities | 091 | 0 | 0 |
| Other financial liabilities | 092 | 0 | 0 |
| Other long-term liabilities | 093 | 0 | 0 |
| IV. DEFERRED TAX LIABILITIES | 094 | 0 | 0 |
| V. SHORT-TERM LIABILITIES (од 096 до 108) | 095 | 271.505.696 | 328.099.684 |
| Liabilities to related parties | 096 | 13.936.792 | 11.013.586 |
| Trade payables | 097 | 220.071.265 | 281.364.196 |
| Advance and deposit liabilities | 098 | 6.372.535 | 7.809.786 |
| Liabilities for taxes and social contribution upon salaries | 099 | 5.800.626 | 5.407.426 |
| Liabilities towards the employees | 100 | 12.636.375 | 11.625.484 |
| Current tax liabilities | 101 | 3.375.097 | 227.453 |
| Short-term provisions for risks and expenses | 102 | 8.849.950 | 10.185.849 |
| Liabilities upon loans and credits to related parties | 103 | 0 | 0 |
| Liabilities upon loans and credits | 104 | 0 | 0 |
| Liabilities upon securities | 105 | 0 | 0 |
| Liabilities upon participation in the profits | 106 | 39.501 | 37.349 |
| Other financial liabilities | 107 | 0 | 0 |
| Other long-term liabilities | 108 | 423.555 | 428.555 |
| V. DEFERRED PAYMENTS OF EXPENSES AND INCOME IN FUTURE PERIODS | 109 | 106.026.132 | 124.938.414 |
| VI. LIABILITIES FOR NON-FIXED ASSETS (OR GROUPS FOR TRANSFER) HELD FOR SALE OR INTERRUPTION OF WORK | 110 | 0 | 0 |
| TOTAL LIABILITIES: SHARE CAPITAL, RESERVES AND LIABILITIES (065+081+094+109+110) | 111 | 5.949.803.839 | 4.952.742.652 |
| B. OUT-OF-BALANCE RECORDS - LIABILITIES | 112 | 4.621.291.866 | 2.542.986.455 |

In Skopje
On 31.03.2014

Chief Executive Director



Finance Manager

OS

Name of the Company
CEMENTARNICA "USJE" AD SKOPJE
Address
Boris Trajkovski no: 94 Skopje
Unique ID number
4053397

Consolidated Income Statement 01.01.2013 - 31.12.2013

| Ordinal No. | Position | AOP | Amount | |
|-------------|---|-----|---------------|---------------|
| | | | Current year | Previous year |
| 1 | 2 | 3 | 5 | 6 |
| 1. | I. OPERATIONAL INCOME (202+203+206) | 201 | 4.103.081.504 | 4.363.362.004 |
| 2. | Sale income | 202 | 3.979.724.788 | 4.173.411.943 |
| 3. | Other income | 203 | 21.641.956 | 43.295.607 |
| 4. | Change of the value of stock of finished products and unfinished production | | | |
| 4.a. | Stock of finished products and unfinished production at the beginning of the year | 204 | 101.461.599 | 99.617.673 |
| 4.6. | Stock of finished products and unfinished production at the end of the year | 205 | 112.226.765 | 101.461.599 |
| 5. | Capitalisation of own production and services | 206 | 101.714.760 | 146.654.454 |
| 6. | II. OPERATIONAL EXPENSES (208+209+210+211+212+213+218+219+220+221+222) | 207 | 2.664.609.949 | 3.083.958.000 |
| 7. | Raw materials expenses | 208 | 1.181.796.913 | 1.437.655.585 |
| 8. | Purchase price of the goods sold | 209 | 482.723.805 | 410.326.772 |
| 9. | Purchase price of materials, spare parts, small inventory, packaging and tyres | 210 | 88.733 | 4.583.163 |
| 10. | Services categorized as material expenses | 211 | 315.316.283 | 428.262.709 |
| 11. | Other operational expenses | 212 | 47.669.255 | 57.453.202 |
| 12. | Employees expenses (214+215+216+217) | 213 | 368.973.788 | 363.954.272 |
| 12.a. | Net salaries | 214 | 229.616.041 | 226.318.429 |
| 12.6. | Expenses for taxes and salaries contributions | 215 | 22.239.327 | 21.876.783 |
| 12.b. | Mandatory social contribution expenses | 216 | 88.803.196 | 87.923.661 |
| 12.r. | Other expenses for employees | 217 | 28.315.224 | 27.835.399 |
| 13. | Depreciation of tangible and intangible assets | 218 | 223.255.112 | 261.131.213 |
| 14. | Impairment of non-fixed assets | 219 | 4.192.000 | 300.000 |
| 15. | Impairment of fixed assets | 220 | 94.170 | 448.795 |
| 16. | Provisions for risks and expenses | 221 | 11.217.007 | 8.847.421 |
| 17. | Other operational expenses | 222 | 29.282.883 | 110.994.868 |
| 18. | III. FINANCIAL INCOME (224+229+230+231+232+233) | 223 | 51.789.268 | 51.989.254 |
| 19. | Financial income arising from related parties (225+226+227+228) | 224 | 1.481.984 | 22.655.147 |
| 19.a. | Income from investment in related parties | 225 | 0 | 0 |
| 19.6. | Income from interests from related parties | 226 | 0 | 18.820.786 |
| 19.b. | Income from foreign exchange difference from related parties | 227 | 1.481.984 | 3.834.361 |
| 19.r. | Other financial income from related parties | 228 | 0 | 0 |
| 20. | Income from investment in non-related parties | 229 | 0 | 0 |
| 21. | Income from interests from non-related parties | 230 | 46.855.908 | 26.069.350 |
| 22. | Income from foreign exchange difference from non-related parties | 231 | 3.451.376 | 3.264.757 |
| 23. | Unrealised income from financial assets | 232 | 0 | 0 |
| 24. | Other financial income | 233 | 0 | 0 |
| 25. | IV. FINANCIAL EXPENSES (235+239+240+241+242+243) | 234 | 6.654.671 | 11.988.978 |
| 26. | Financial expenses with related parties (236+237+238) | 235 | 611.282 | 319.961 |
| 26.a. | Expenses for interest payable to related parties | 236 | 0 | 0 |
| 26.6. | Expense for foreign exchange differences payable to related parties | 237 | 611.282 | 319.961 |
| 26.b. | Other financial expenses payable to related parties | 238 | 0 | 0 |
| 27. | Expenses for interest payable to non-related parties | 239 | 1.946.351 | 84.580 |
| 28. | Expense for foreign exchange differences payable to non-related parties | 240 | 4.097.038 | 11.584.437 |
| 29. | Unrealised loss from financial assets | 241 | 0 | 0 |
| 30. | Impairment of financial assets and investment | 242 | 0 | 0 |
| 31. | Other financial expenses | 243 | 0 | 0 |

| | | | | |
|-------|---|-----|---------------|---------------|
| 32. | Participation in the profit of associate entities | 244 | 0 | 0 |
| 33. | Participation in the loss of associate entities | 245 | 0 | 0 |
| 34. | Profit from regular operations (201+223+244)-(204-205+207+234+245) | 246 | 1.494.371.318 | 1.321.248.206 |
| 35. | Loss from regular operations (204-205+207+234+245)-(201+223+244) | 247 | | |
| 36. | Net profit from interrupted work | 248 | | |
| 37. | Net loss from interrupted work | 249 | | |
| 38. | Profit before taxation (246+248) или (246-249) | 250 | 1.494.371.318 | 1.321.248.206 |
| 39. | Loss before taxation (247+249) или (247-248) | 251 | 0 | 0 |
| 40. | Corporate income tax | 252 | 4.529.565 | 3.470.300 |
| 41. | Deferred tax assets | 253 | 0 | 0 |
| 42. | Deferred tax liabilities | 254 | 0 | 0 |
| 43. | NET PROFIT FOR THE CURRENT YEAR (250-252+253-254) | 255 | 1.489.841.753 | 1.317.777.906 |
| 44. | NET LOSS FOR THE CURRENT YEAR (251+252-253+254) | 256 | | |
| 45. | Average number of employees upon work hours | 257 | 337 | 327 |
| 46. | Number of months of work | 258 | 12 | 12 |
| 47. | PROFIT/LOSS FOR THE PERIOD | 259 | 1.489.841.753 | 1.317.777.906 |
| 47.a. | Profit belonging to the shareholders in the parent company | 260 | 1.488.031.503 | 1.319.549.326 |
| 47.б. | Profit belonging to the uncontrollable participation | 261 | 1.810.250 | 0 |
| 47.в. | Loss belonging to the shareholders in the parent company | 262 | 0 | 0 |
| 47.г. | Loss belonging to the uncontrollable participation | 263 | 0 | 1.771.420 |
| 48. | EARNINGS PER SHARE | 264 | 0 | 0 |
| 48.a. | Total basic earnings per share | 265 | 2.639 | 2.341 |
| 48.б. | Total diluted earnings per share | 266 | 0 | 0 |
| 48.в. | Basic earning per share from interrupted work | 267 | 0 | 0 |
| 48.г. | Diluted earnings per share from interrupted work | 268 | 0 | 0 |
| | | | | |
| | REPORT FOR COMPREHENSIVE INCOME | | | |
| | | | | |
| 1. | Profit for the year | 269 | 1.489.841.753 | 1.317.777.906 |
| 2. | Loss for the year | 270 | 0 | 0 |
| 3. | Other comprehensive profit (273+275+277+279+281+283) - (274+276+278+280+282+284) | 271 | 55.617.129 | 391.755 |
| 4. | Other comprehensive loss (274+276+278+280+282+284) - (273+275+277+279+281+283) | 272 | 0 | 0 |
| 5. | Gains arising from translation of foreign operations | 273 | 292.129 | 395.000 |
| 6. | Loss arising from translation of foreign operations | 274 | 0 | 3.245 |
| 7. | Gains from re-assessment of financial assets available for sale | 275 | 0 | 0 |
| 8. | Loss from re-assessment of financial assets available for sale | 276 | 0 | 0 |
| 9. | Effective portion of gains from hedging instruments for hedging of cash flows | 277 | | |
| | | | 0 | 0 |
| 10. | Effective portion of losses from hedging instruments for hedging of cash flows | 278 | 0 | 0 |
| 11. | Changes of re-evaluation reserves for non-current assets (+) | 279 | 55.325.000 | 0 |
| 12. | Changes of re-evaluation reserves for non-current assets (-) | 280 | 0 | 0 |
| 13. | Actuarial gains on defined plans for employee benefits | 281 | 0 | 0 |
| 14. | Actuarial losses on defined plans for employee benefits | 282 | 0 | 0 |
| 15. | Share in other comprehensive income of associates (just for the needs of consolidation) | 283 | 0 | 0 |
| 16. | Share in other comprehensive loss of associates (just for the needs of consolidation) | 284 | 0 | 0 |
| 17. | Corporate Income Tax in the components of the other comprehensive income | 285 | 0 | 0 |
| 18. | Net other comprehensive income (271-285) | 286 | 55.617.129 | 391.755 |
| 19. | Net other comprehensive loss (285-271) или (272+285) | 287 | | 0 |
| 20. | Total comprehensive income for the year (269+286) или (286-270) | 288 | 1.545.458.882 | 1.318.169.661 |
| 20.a. | Comprehensive income attributable to share holders of parent company | 289 | 1.543.586.503 | 1.319.944.326 |
| 20.б. | Comprehensive income belonging to uncontrollable participation | 290 | 1.872.379 | 0 |
| 21. | Total comprehensive loss for year (270+287) or (270-286) or (287-269) | 291 | 0 | 0 |
| 21.a. | Comprehensive loss attributable to share holders of parent company | 292 | 0 | 0 |
| 21.б. | Comprehensive loss belonging to uncontrollable participation | 293 | 0 | 1.774.665 |

In Skopje
On 31.03.2014

Chief Executive Director



Finance Manager

Handwritten signature of the Finance Manager

Name of the Company

CEMENTARNICA "USJE" AD SKOPJE

Address

Boris Trajkovski no: 94 Skopje

Unique ID number

4053397

Consolidated Balance Sheet 01.01.2013 - 31.12.2013

| Position | AOP | Amount | |
|---|-----|---------------|---------------|
| | | Current year | Previous year |
| 1 | 2 | 4 | 5 |
| ASSETS: A. NON-FIXED ASSETS (002+009+020+021+031) | 001 | 2.484.382.105 | 2.356.467.589 |
| I. Intangible assets (003+004+005+006+007+008) | 002 | 24.969.073 | 25.121.256 |
| Expenditures for research and development | 003 | 0 | 0 |
| Patents, license, concession and other rights. | 004 | 20.935.179 | 21.087.362 |
| Goodwill | 005 | 4.033.894 | 4.033.894 |
| Advance payment for intangible assets | 006 | 0 | 0 |
| Intangible assets in preparation | 007 | 0 | 0 |
| Other intangible assets | 008 | 0 | 0 |
| II. Tangible assets (010+013+014+015+016+017+018+019) | 009 | 2.344.089.632 | 2.250.643.333 |
| Immovable property (real estate) (011+012) | 010 | 1.210.192.601 | 1.138.991.656 |
| Land | 011 | 817.814.305 | 776.731.379 |
| Buildings | 012 | 392.378.296 | 362.260.277 |
| Plant and equipment | 013 | 826.344.932 | 875.858.108 |
| Transport assets | 014 | 954.323 | 4.633.847 |
| Tools, office inventor, assets for transport | 015 | 11.149.270 | 11.880.035 |
| Biological assets | 016 | 0 | 0 |
| Advance payment for tangible | 017 | 1.300.195 | 0 |
| Tangible assets in preparation | 018 | 294.148.311 | 219.279.687 |
| Other tangible assets in preparation | 019 | 0 | 0 |
| III. INVESTMENT IN IMMOVABLE PROPERTY | 020 | 115.323.400 | 80.703.000 |
| IV. LONG-TERM FINANCIAL ASSETS (022+023+024+025+026+030) | 021 | 0 | 0 |
| Investment in branch offices | 022 | 0 | 0 |
| Investment in associate entities and joint venture investments | 023 | 0 | 0 |
| Receivables from long-term loans granted to related parties | 024 | 0 | 0 |
| Receivables from long-term loans | 025 | 0 | 0 |
| Investment in long-term securities (027+028+029) | 026 | 0 | 0 |
| Investment in securities held to maturity | 027 | 0 | 0 |
| Investments in securities available for sale | 028 | 0 | 0 |
| Investments in securities at fair value through profit or loss | 029 | 0 | 0 |
| Other long-term financial assets | 030 | 0 | 0 |
| V. LONG-TERM RECEIVABLES (032+033+034) | 031 | 0 | 0 |
| Receivables from related parties | 032 | 0 | 0 |
| Receivables from customers | 033 | 0 | 0 |
| Other long-term receivables | 034 | 0 | 0 |
| VI. DEFERRED TAX ASSETS | 035 | 0 | 0 |
| B. CURRENT ASSETS (037+045+052+059) | 036 | 3.497.552.871 | 2.611.782.415 |
| III. Stocks (038+039+040+041+042+043) | 037 | 602.506.005 | 710.277.983 |
| Stocks of raw materials | 038 | 198.380.881 | 293.506.474 |
| Stocks of spare parts, small inventory, packaging and tyres | 039 | 291.709.673 | 315.035.171 |
| Stock of unfinished products and semi-products | 040 | 32.099.554 | 38.547.911 |
| Stock of finished products | 041 | 80.127.211 | 62.913.688 |
| Stock of commercial products | 042 | 188.686 | 274.739 |
| Stock of biological products | 043 | 0 | 0 |
| III. ASSETS (OR GROUP FOR TRANSFER FOR SALES AND INTERRUPTED WORKS) | 044 | | 0 |
| III. SHORT-TERM RECEIVABLES (046+047+048+049+050+051) | 045 | 344.388.972 | 329.514.427 |
| Receivables from related parties | 046 | 113.370.190 | 175.646.855 |
| Trade accounts receivable | 047 | 194.358.780 | 116.439.415 |
| Advance payments | 048 | 3.962.798 | 8.493.640 |
| Receivables from the state upon taxes, social contribution, customs duties, excise and other duties | 049 | 31.818.939 | 27.754.062 |
| Receivables from the employees | 050 | 878.265 | 1.180.455 |
| Other short term receivables | 051 | 0 | 0 |
| IV. SHORT-TERM FINANCIAL ASSETS (053+056+057+058) | 052 | 0 | 14.022.000 |
| Investment in securities (054+055) | 053 | 0 | 0 |
| Investment in securities held to maturity | 054 | 0 | 0 |

| | | | |
|--|-----|---------------|---------------|
| Investments in securities at fair value through profit or loss | 055 | 0 | 0 |
| Receivables from short-term loans granted to related parties | 056 | 0 | 0 |
| Receivables from short-term loans | 057 | 0 | 0 |
| Other short-term financial assets | 058 | 0 | 14.022.000 |
| V. Cash and cash equivalents (060+061) | 059 | 2.550.657.894 | 1.557.968.005 |
| Cash | 060 | 49.073.678 | 64.122.533 |
| Cash equivalents | 061 | 2.501.584.216 | 1.493.845.472 |
| VI. PREPAYMENT OF EXPENSES FOR FUTURE PERIODS AND CALCULATED REVENUES | 062 | 26.803.901 | 38.277.214 |
| TOTAL ASSETS: ASSETS (001+035+036+044+062) | 063 | 6.008.738.877 | 5.006.527.218 |
| 3. OUT-OF-BALANCE RECORDS - ASSETS | 064 | 4.621.291.866 | 2.542.986.455 |
| LIABILITIES: A. SHARE CAPITAL AND RESERVES (066+067-068-069+070+071+075-076+077- | 065 | 5.563.920.810 | 4.482.509.874 |
| I. SHARE CAPITAL | 066 | 1.804.128.198 | 1.804.128.198 |
| I. Share premiums | 067 | 0 | 0 |
| II. Own shares (-) | 068 | 0 | 0 |
| IV. Registered, not paid capital (-) | 069 | 0 | 0 |
| V. Revaluation reserve and differences from evaluation of components of the other comprehensive profit | 070 | 79.590.451 | 24.265.451 |
| VI. RESERVES (072+073+074) | 071 | 599.284.522 | 598.992.767 |
| Statutory reserves | 072 | 349.678.081 | 349.678.081 |
| Company's reserves (according to the Incorporation Act) | 073 | 0 | 0 |
| Other reserves | 074 | 249.606.441 | 249.314.686 |
| VII. ACCUMULATED PROFIT | 075 | 1.591.075.886 | 737.345.552 |
| VIII. TRANSFERRED LOSS (-) | 076 | | 0 |
| X. PROFIT FOR THE CURRENT YEAR | 077 | 1.489.841.753 | 1.317.777.906 |
| IX. LOSS FOR THE CURRENT YEAR | 078 | 0 | 0 |
| XI. SHARE CAPITAL OF THE OWNERS OF THE PARENT COMPANY | 079 | | 0 |
| XII. NON-CONTROLLABLE PARTICIPATION | 080 | | 0 |
| 3. LIABILITIES (082+085+095) | 081 | 338.791.935 | 399.078.930 |
| I. LONG-TERM PROVISIONS FOR RISKS AND EXPENSES (083+084) | 082 | 66.684.015 | 70.081.235 |
| Provisions for pensions, severance payments and similar liabilities towards the employees | 083 | 56.271.051 | 57.745.272 |
| Other long-term provisions for risks and expenses | 084 | 10.412.964 | 12.335.963 |
| II. LONG-TERM LIABILITIES (од 086 до 093) | 085 | 0 | 0 |
| Liabilities to related parties | 086 | 0 | 0 |
| Trade payables | 087 | 0 | 0 |
| Advance and deposit liabilities | 088 | 0 | 0 |
| Liabilities upon loans and credits to related parties | 089 | 0 | 0 |
| Liabilities upon loans and credits | 090 | | 0 |
| Liabilities upon securities | 091 | 0 | 0 |
| Other financial liabilities | 092 | 0 | 0 |
| Other long-term liabilities | 093 | 0 | 0 |
| III. DEFERRED TAX LIABILITIES | 094 | 0 | 0 |
| IV. SHORT-TERM LIABILITIES (од 096 до 108) | 095 | 272.107.920 | 328.997.695 |
| Liabilities to related parties | 096 | 13.286.326 | 11.047.520 |
| Trade payables | 097 | 220.484.230 | 281.365.979 |
| Advance and deposit liabilities | 098 | 7.018.962 | 8.567.032 |
| Liabilities for taxes and social contribution upon salaries | 099 | 5.800.626 | 5.407.426 |
| Liabilities towards the employees | 100 | 12.706.269 | 11.691.046 |
| Current tax liabilities | 101 | 3.498.501 | 266.939 |
| Short-term provisions for risks and expenses | 102 | 8.849.950 | 10.185.849 |
| Liabilities upon loans and credits to related parties | 103 | 0 | 0 |
| Liabilities upon loans and credits | 104 | 0 | 0 |
| Liabilities upon securities | 105 | 0 | 0 |
| Liabilities upon participation in the profits | 106 | 39.501 | 37.349 |
| Other financial liabilities | 107 | 0 | 0 |
| Other long-term liabilities | 108 | 423.555 | 428.555 |
| V. DEFERRED PAYMENTS OF EXPENSES AND INCOME IN FUTURE PERIODS | 109 | 106.026.132 | 124.938.414 |
| VI. LIABILITIES FOR NON-FIXED ASSETS (OR GROUPS FOR TRANSFER) HELD FOR SALE OR INTERRUPTION OF WORK | 110 | 0 | 0 |
| TOTAL LIABILITIES: SHARE CAPITAL, RESERVES AND LIABILITIES (065+081+094+109+110) | 111 | 6.008.738.877 | 5.006.527.218 |
| 3. OUT-OF-BALANCE RECORDS - LIABILITIES | 112 | 4.621.291.866 | 2.542.986.455 |

In Skopje
On 31.03.2014

Chief Executive Director



Finance Manager

Handwritten signature of the Finance Manager.