

**ANTEA CEMENT Sh. A
ALBANIA**

**FINANCIAL STATEMENTS
FOR GROUP CONSOLIDATION
REPORTING PURPOSES**

For the year ended 31 December 2009

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Antea Cement Sh.A - Albania

Report on the Financial Statements

We have audited the condensed financial statements for group consolidation reporting purposes of Antea Cement sha ("the Company"), which comprise the balance sheet as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes prepared for the sole purpose of consolidation into the Titan Cement Company S.A. consolidated financial statements, which are prepared in accordance with IFRS.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these condensed financial statements based on our audit. Except as explained below, 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 auditor's judgment, 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 auditor considers 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 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 based on the scope of our audit procedures. The scope of our audit procedures was established based on the tolerable error set for group reporting purposes, amounting to €800,000.

Opinion

In our opinion, based on the assigned tolerable error, for the sole purpose of inclusion in the consolidation of Titan Cement Company S.A., the condensed financial statements referred to above give a true and fair view of the financial position of the Company as of 31 December 2009 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

This report is intended solely for the use of the Company and the ultimate Parent company and should not be used for any other purpose.

Tirana, 1 February 2010

Ernst & Young Certified Auditors Sh.p.k

Ernst & Young Certified Auditors Sh.p.k , Skopje – Tirana Branch

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2009

	Notes	2009 ALL '000	2008 ALL '000
Sales	3a	4.573.913	3.081.702
Other revenue	3b	71.191	50.344
Cost of sales	3c	(4.475.324)	(2.925.996)
Gross profit		169.780	206.050
Other operating income	3d	4.360	272
Other operating expenses	3e	(46.557)	(30.165)
Provision for bad debts	3f	(6.704)	(15.489)
Selling and marketing expenses	3g	(170.057)	(153.103)
Administrative expenses	3h	(193.872)	(207.270)
Depreciation	5	(4.322)	(2.670)
Loss from operating activities		(247.372)	(202.375)
Finance revenue	3i	137.469	44.384
Finance cost	3i	(1.220.732)	(93.703)
Net loss before income tax		(1.330.635)	(251.694)
Income tax expense	4,8	6.875	-
Net loss for the year		(1.323.760)	(251.694)
Other Comprehensive income		-	-
Total Comprehensive Loss for the Period		(1.323.760)	(251.694)



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The accompanying notes 1-20 form an integral part of these financial statement

STATEMENT OF FINANCIAL POSITION
at 31 December 2009

	Notes	2009 ALL '000	2008 ALL '000
ASSETS			
Non-current assets			
Property, plant and equipment	5	20.033.139	10.251.926
Intangible assets		3.072	-
Investment in subsidiary	6	506.674	506.674
Other non-current assets	7	588.778	2.919.513
Deferred Tax Assets	8	6.875	-
		21.138.538	13.678.113
Current assets			
Inventories	9	318.417	35.305
Trade and other receivables	10	4.401.714	2.221.322
Cash and cash equivalents	11	93.799	2.785.393
		4.813.930	5.042.020
TOTAL ASSETS		25.952.468	18.720.133
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital	12	7.686.510	7.686.510
Retained earnings		(1.626.856)	(303.096)
		6.059.654	7.383.414
Non-current liabilities			
Long term borrowings and other non-current liabilities	14	12.011.559	6.016.161
Non-Current Provisions	15	46.557	-
		12.058.116	6.016.161
Current liabilities			
Trade and other payables	13	4.581.531	5.320.558
Short term borrowings	14	2.626.706	-
Other current liabilities		626.461	-
		7.834.698	5.320.558
TOTAL EQUITY AND LIABILITIES		25.952.468	18.720.133

Authorized on behalf of the Board of Directors

Angelos Kalogerakos

Chief Executive Officer

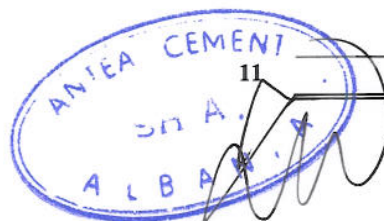
Atanas Yurukov

Financial Director

The accompanying notes 1-20 form an integral part of these financial statement

STATEMENT OF CASH FLOWS
For the year ended 31 December 2009

	<i>Notes</i>	2009	2008
		ALL'000	ALL'000
Cash flows from operating activities			
Net profit (loss) before income taxes		(1.330.635)	(251.694)
Adjustments for:			
Depreciation of PPE and investment properties		4.332	2.670
Interest income		(4.844)	(713)
Interest expense and bank charges		22.315	26.869
Provision for impairment of debtors charged to income statement		6.704	15.489
Provision for Forestation		46.557	-
FX Gains / Losses		1.065.792	23.161
Operating profit before working capital changes		(189.779)	(184.218)
Decrease / (Increase) in trade and other receivables		(2.088.718)	(2.212.081)
(Increase) in inventories		(283.112)	(30.541)
Provision for impairment of debtors charged to income statement		(6.704)	15.489
Increase / (Decrease) in trade and other payables		1.483.552	1.734.594
Cash generated from operations		(1.084.761)	(676.757)
Net cash flows generated from operations		(1.084.761)	(676.757)
Cash flows from investing activities			
Purchase of property, plant and equipment		(9.788.607)	(9.801.245)
Interest income received		4.884	713
Write off Research and Development		-	30.136
Increase / Decrease of Creditors Down Payments / advances CAPEX		(1.710.887)	5.424.443
Investments in Subsidiaries		-	(506.674)
Increase in long term receivables		2.330.735	(2.919.513)
Net cash flows generated (used in) / from investing activities		(9.163.875)	(7.772.140)
Cash flows from financing activities			
Proceeds from issuance of share capital		-	7.412.760
Proceeds of borrowings		7.546.841	6.740.647
Repayment of borrowings		-	(2.885.848)
Increase of other non current liabilities Interest paid		(22.315)	(26.868)
Net cash flows (used) in financing activities		7.524.526	11.240.691
Net increase/(decrease) in cash and cash equivalents		(2.724.110)	2.791.794
Cash and cash equivalents at 1 January		2.785.393	930
Effects of exchange rate changes		32.516	(7.331)
Cash and cash equivalents at 31December		93.799	2.785.393



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The accompanying notes 1-20 form an integral part of these financial statement

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2008

	Share capital ALL'000	Retained earnings ALL'000	Total ALL'000
At 1 January 2008	273.750	(51.402)	222.348
Share Capital increase	7.412.760	-	7.412.760
Net loss for the year	-	(251.694)	(251.694)
At 31 December 2008	<u>7.686.510</u>	<u>(303.096)</u>	<u>7.383.414</u>

For the year ended 31 December 2009

	Share capital ALL'000	Retained earnings ALL'000	Total ALL'000
At 1 January 2009	7.686.510	(303.096)	7.383.414
Net loss for the year	-	(1.323.760)	(1.323.760)
Other Comprehensive Income	-	-	-
Total Comprehensive Loss for the Period	<u>-</u>	<u>(1.323.760)</u>	<u>(1.232.760)</u>
At 31 Decemeber.2009	<u>7.686.510</u>	<u>(1.626.856)</u>	<u>6.059.654</u>

The accompanying notes 1-20 form an integral part of these financial statement

1. Corporate information

Antea Cement Sh.A. - Tirana ("the Company") is incorporated in the Republic of Albania with the registered address at str. Durrresi, Bldg. "Lim-Em" section 4d 1st floor, Tirana.

The Company's main activity is production and trade of cement, bulk and packed in bags.

The Company is controlled by ALVACIM Ltd registered in Greece, which has 60% shareholding in the Company, E.B.R.D and IFC each respectively have 20% shareholding in the company. The Company's ultimate parent is Titan Cement Company S.A. - Greece.

The number of employees as of 31 December 2009 was 111 (office staff 31; Labourers 80); (31 December 2008: 36).

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are in accordance with Titan Group accounting and reporting requirements and are set out below. Titan Group is preparing its financial statements according to the International Financial Reporting Standards.

a. Basis of preparation

The financial statements have been prepared under the historical cost convention, except for investment in subsidiaries that have been measured at fair value. The presentation currency is Albania lek ("ALL") being also the functional currency and all values are rounded to the nearest thousand ('000 ALL) except when otherwise stated.

The financial statements have been prepared in accordance to the Group accounting policies which are based on the International Financial Reporting Standards.

The purpose of the financial statements is to be used in connection and preparation of consolidated financial statements of Titan Cement Company S.A.

The financial statements are the stand alone financial statements of the Company. The Company has one subsidiary, Albacemento Sh.p.k. During May 2008 Company has acquired 65% of shares of Alba Cemento Italia. These subsidiaries are accounted for these financial statements at cost less any impairment in value.

Some prior year balances were reclassified for presentation purposes.

Changes in accounting policies and disclosures

The Company has adopted the following new and amended IFRS s as of 1 January 2009:

- IFRS 7 'Financial instruments – Disclosures' (amendment) - effective 1 January 2009. The amended standard requires additional disclosures about fair value measurement and liquidity risk. Fair value measurements related to items recorded at fair value should be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value. In addition, a reconciliation between the beginning and ending balance for level three fair value measurements is now required, as well as significant transfers between levels in the fair value hierarchy. The amendments also clarify the requirements for liquidity risk disclosures with respect to derivative transactions and assets used for liquidity management. The liquidity risk disclosures as presented in Note 19 are not significantly impacted by the amendments.

2. Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

- IAS 1 (revised). 'Presentation of financial statements' - effective 1 January 2009. The revised standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with non-owner changes in equity presented in reconciliation of each component of equity. In addition, the standard introduces the statement of comprehensive income: it presents all items of recognised income and expense, either in one single statement, or in two linked statements. The Company has elected to present in a single statement of comprehensive income. Comparative information has been re-presented so that it also is in conformity with the revised standard. As the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share. The financial statements have been prepared under the revised disclosure requirements.
- IAS 23 Borrowing Costs (Revised) The revised IAS 23 requires capitalisation of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. The Group's policy is in line with the provisions of the standard. Therefore, borrowing costs are capitalised on qualifying assets. During the 12 months to 31 December 2009, Lek 438.350 thousand of borrowing costs have been capitalised on qualifying assets included in construction in progress.

Interpretations effective in 2009 but not relevant

The following new standards, amendments to standards and interpretations are mandatory for the first time for the financial year beginning 1 January 2009, but are not currently relevant for the Company.

- IFRS 2 Share-based Payment: Vesting Conditions and Cancellations
- IFRS 8 Operating Segments
- IAS 32 Financial instruments: Presentation and IAS 1 Puttable Financial Instruments and Obligations Arising on Liquidation
- IFRIC 13 Customer loyalty programmes
- IFRIC 16 Hedges of a net investment in a foreign operation'

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

The following standards and amendments to existing standards have been published and are mandatory for the company's accounting periods beginning on or after 1 January 2010 or later periods, but the Company has not early adopted them:

- IFRIC 17, 'Distribution of non-cash assets to owners' (effective on or after 1 July 2009). The interpretation is part of the IASB's annual improvements project published in April 2009. This interpretation provides guidance on accounting for arrangements whereby an entity distributes non-cash assets to shareholders either as a distribution of reserves or as dividends. IFRS 5 has also been amended to require that assets are classified as held for distribution only when they are available for distribution in their present condition and the distribution is highly probable. It is not expected to have a material impact on the Company's financial statements. This is not currently applicable to the Company, as it has not made any non-cash distributions.
- IFRIC 18, 'Transfers of assets from customers' (effective for transfers of assets received on or after 1 July 2009). This is not relevant to the Company, as it has not received any assets from customers

2. Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

- IAS 27 (revised), 'Consolidated and separate financial statements', (effective from 1 July 2009). The revised standard requires the effects of all transactions with non controlling interests to be recorded in equity if there is no change in control and these transactions will no longer result in goodwill or gains and losses. The standard also specifies the accounting when control is lost. Any remaining interest in the entity is re measured to fair value, and a gain or loss is recognized in profit or loss. The Company will apply IAS 27 (revised) prospectively to transactions with non-controlling interests from 1 January 2010.
- IFRS 3 (revised), 'Business combinations' (effective from 1 July 2009). The revised standard continues to apply the acquisition method to business combinations, with some significant changes. For example, all payments to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments classified as debt subsequently re-measured through the income statement. There is a choice on an acquisition-by-acquisition basis to measure the non-controlling interest in the acquiree at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets. All acquisition-related costs should be expensed. The Company will apply IFRS 3 (revised) prospectively to all business combinations from 1 January 2010.
- IAS 38 (amendment), 'Intangible Assets'. The amendment is part of the IASB's annual improvements project published in April 2009 and the group and company will apply IAS 38 (amendment) from the date IFRS 3 (revised) is adopted. The amendment clarifies guidance in measuring the fair value of an intangible asset acquired in a business combination and it permits the grouping of intangible assets as a single asset if each asset has similar useful economic lives. The amendment will not result in a material impact on the Company's financial statements.
- IFRS 5 (amendment), 'Measurement of non-current assets (or disposal groups) classified as held-for-sale'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that IFRS 5 specifies the disclosures required in respect of non-current assets (or disposal groups) classified as held for sale or discontinued operations. It also clarifies that the general requirement of IAS 1 still apply, particularly paragraph 15 (to achieve a fair presentation) and paragraph 125 (sources of estimation uncertainty) of IAS 1. The Company will apply IFRS 5 (amendment) from 1 January 2010. It is not expected to have a material impact on the Company's financial statements.
- IAS 1 (amendment), 'Presentation of financial statements'. The amendment is part of the IASB's annual improvements project published in April 2009. The amendment provides clarification that the potential settlement of a liability by the issue of equity is not relevant to its classification as current or non current. By amending the definition of current liability, the amendment permits a liability to be classified as non-current (provided that the entity has an unconditional right to defer settlement by transfer of cash or other assets for at least 12 months after the accounting period) notwithstanding the fact that the entity could be required by the counterparty to settle in shares at any time. The Company will apply IAS 1 (amendment) from 1 January 2010. It is not expected to have a material impact on the Company's financial statements.

2. Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

- IFRS 2 (amendments), 'Company cash-settled and share-based payment transactions'. In addition to incorporating IFRIC 8, 'Scope of IFRS 2', and IFRIC 11, 'IFRS 2 – Company and treasury share transactions', the amendments expand on the guidance in IFRIC 11 to address the classification of group arrangements that were not covered by that interpretation. The new guidance is not expected to have a material impact on the Company's financial statements.
- IAS 39 'Financial Instruments: Recognition and Measurement – Eligible Hedged Items'. The amendment clarifies that an entity is permitted to designate a portion of the fair value changes or cash flow variability of a financial instrument as a hedged item. This also covers the designation of inflation as a hedged risk or portion in particular situations. It is not expected to have a material impact on the Company's financial statements.

b. Investments in subsidiary

Subsidiaries are all entities over which the Company 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 Company controls another entity. 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.

c. Foreign currency translation

Transactions denominated in foreign currencies are recorded, on initial recognition in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction. Outstanding foreign currency monetary items at the balance sheet date are reported at the closing rate. Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded in the period, are recognised as income or expenses for the period in which they arise.

d. Property, plant and equipment

Plant and equipment is stated at cost less accumulated depreciation and accumulated impairment losses. Such cost includes the cost of replacing part of the plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

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 balance sheet, along with the corresponding accumulated depreciation. Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement.

2. Summary of significant accounting policies (continued)**d. Property Plant and Equipment (continued)**

Depreciation of property, plant and equipment 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:

Machinery	20%
Vehicles	20%
Equipment	25%
Furniture Fixtures	20%

Land is stated in the balance sheet at cost less impairment and is not depreciated as it is deemed to have an infinite life.

e. Inventories

Inventories are valued at the lower of cost or net realizable value. Costs incurred in bringing each product to its present location and condition are accounted on the basis of purchase value of the goods and related overheads, cost being generally determined on the basis of a weighted average method.

Net realizable value is the estimated selling price in the ordinary course of the business, less estimated cost of completion and the estimated costs necessary to make the sale.

f. Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default in payments are considered indicators that the trade receivable is impaired.

The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market rate of interest for similar borrowers.

g. Cash and cash equivalents

Cash and cash equivalents include cash in hand, the giro account and deposits held at call with banks with original maturities of three months or less. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

h. Share capital

Ordinary shares are classified as equity.

i. Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2. Summary of significant accounting policies (continued)

l. Borrowings

Borrowings are recognized initially at fair value of consideration received net off transaction costs incurred. In subsequent periods, borrowings are stated at amortized cost using the effective interest method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement for at least 12 months after the reporting date.

j. Taxation

The computation and payment of the income tax is in accordance with the Income tax Law. The payment of the monthly tax is in advance. The final tax with tax rate of 10% (2007 10% is calculated on the profit from the income statement), corrected for certain positions in accordance with the legislation.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

k. Provisions

General

Provisions are recognised and calculated when the Company has a present legal or contractual obligation as a result of a past event, and when it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the amount can be made.

l. Revenue

Revenue comprises the invoiced value for the sale of goods and services net of value-added tax, discounts and after eliminating sales within the Company.

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.

Interest income

Revenue relates to time deposits and is recognized as interest accrues.

m. Subsequent events

Events after the reporting date, 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.

2. Summary of significant accounting policies (continued)

n. Financial risk management

Accounting estimates and assumptions

The Company 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 Company operates (to plant an certain amount of trees within a period of 5 years), to the level acceptable to the relevant authorities and to the level that is consistent with the Company'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 the income statement.

o. Financial instruments

Financial assets and liabilities carried on the balance sheet include trade and other receivables and payables and cash and cash equivalents.

The accounting policies on recognition and measurement of these items are disclosed in the respective accounting policies included in this note. Financial instruments are classified as assets, liabilities or equity in accordance with the substance of the related contractual arrangement.

Gains and losses relating to financial instruments classified as assets or liabilities are reported as income or expense, respectively. Financial instruments are offset when the Group has a legally enforceable right to offset and intends to settle either on a net basis or to realize the asset and settle the liability simultaneously.

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

Antea Cement Sh.A. - Albania
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

3. Revenue and expenses

a) Sales

	2009	2008
	ALL'000	ALL'000
<i>Gross sales</i>		
Domestic market	4.573.913	3.081.702
Foreign market	-	-
	<u>4.573.913</u>	<u>3.081.702</u>
<i>Domestic market</i>		
Income from cement – third party	3.491.088	2.684.526
Income from cement – related party	1.082.825	397.176
	<u>4.573.913</u>	<u>3.081.702</u>

b) Other revenue

	2009	2008
	ALL'000	ALL'000
Third party freight	71.191	50.344
	<u>71.191</u>	<u>50.344</u>

c) Cost of sales

	2009	2008
	ALL'000	ALL'000
Cost of Sales	4.402.731	2.878.687
Distribution Expenses	72.593	47.309
	<u>4.475.324</u>	<u>2.925.996</u>

The Cost of sales relates to the imported cement from Titan Greece and Usje .

d) Other operating income

	2009	2008
	ALL'000	ALL'000
Other revenues from previous years	0	242
Other	4.360	30
	<u>4.360</u>	<u>272</u>

Antea Cement Sh.A. - Albania
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

e) Other operating expenses

	2009	2008
	ALL'000	ALL'000
Start up cost	-	2.317
Research and Development	-	27.848
Provision for Forestation	46.557	-
	<u>46.557</u>	<u>30.165</u>

According to the law 9793 dated 23 July 2007 the company has an obligation to plant 250 ha or 500.000 trees as a compensation for the areas which the company has de-forested for building the plant and 2 quarries. This obligation has to be fulfilled within a period of 5 years between the years 2009-2013

f) Provision for bad debts

	2009	2008
	ALL'000	ALL'000
Provision for Bad and Doubtfull Debts	6.704	15.489
	<u>6.704</u>	<u>15.489</u>

The provision refers to the client "Copri Construction & Alb Building Shpk", "Elko Contruction" sh.p.k "Daniel & Krist Company" sh.p.k which have liquidity problems, due to delayed payments by the State.

g) Selling and marketing expenses

	2009	2008
	ALL'000	ALL'000
Rent for Cement Storage	70.401	54.324
Sales agents commissions	99.656	98.779
	<u>170.057</u>	<u>153.103</u>

Antea Cement Sh.A. - Albania
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2009

h) Administrative expenses

	2009	2008
	ALL'000	ALL'000
Gross salaries and wages	47.413	41.819
Custom Agency Services	219	-
Car expenses	16.938	13.580
Promotion and advertisement	576	3.057
Travelling	12.545	11.488
Bills	1.179	8.423
Subscriptions	1.255	400
Accounting services	15.361	21.666
Legal fees	11.774	46.778
Rents	6.688	5.687
Donation and Sponsorships	1.470	10.059
Other expenses	78.454	44.313
	193.872	207.270

i) Finance income / cost

	2009	2008
	ALL'000	ALL'000
Finance Income		
Interest Income	4.844	713
Foreign Exchange Gain	132.625	43.671
Finance Income	137.469	44.384
Finance Cost		
Bank Charges	(22.315)	(26.869)
Foreign Exchange Losses	(1.198.417)	(66.834)
Finance Cpst	(1.220.732)	(93.703)

4. Income tax

The income tax comprises:

	2009	2008
	ALL'000	ALL'000
Deferred Tax Gain	6.875	-
	6.875	-

4. Income tax (Continued)

A reconciliation of income tax expense applicable to profit from operating activities before income tax at the statutory income tax rate to Company's effective income tax rate for the period ended 31 December 2009 and 31 December 2008 is as follows:

	2009	2008
	ALL'000	ALL'000
Net loss before income tax	(1.330.635)	(251.694)
At statutory income tax rate of 10%	(133.064)	(25.169)
Tax on expenditure not allowable for income tax purposes	133.064	25.169
	<u>-</u>	<u>-</u>

The Company's books and records for the fiscal year 2009 have not been audited for income tax. Consequently the Company's income tax obligations may not be considered finalized. Additional taxes and interest penalty that may be levied, if any, cannot at this stage be determined with any reasonable accuracy.

5. Property, plant and equipment

	Land and Buildings	Machinery & Equipment	Furniture & Fixtures	Construction in progress	Total
	ALL'000	ALL'000	ALL'000	ALL'000	ALL'000
Cost					
At 1 January 2009	66.949	11.237	14.888	10.161.574	10.254.648
Additions	22.031	6.568	20.100	9.736.836	9.785.535
At 31 December 2009	<u>88.980</u>	<u>17.805</u>	<u>34.988</u>	<u>19.898.410</u>	<u>20.040.183</u>
Depreciation					
At 1 January 2009	0	(919)	(1.803)	0	(2.722)
Charge for the period	0	(1.536)	(2.786)	0	(4.322)
At 31 December 2009	<u>0</u>	<u>(2.455)</u>	<u>(4.589)</u>	<u>0</u>	<u>(7.044)</u>
Net book value at 31 December 2009	<u>88.980</u>	<u>15.350</u>	<u>30.399</u>	<u>19.898.410</u>	<u>20.033.139</u>
Net book value at 1 January 2009	<u>66.949</u>	<u>10.318</u>	<u>13.085</u>	<u>10.161.574</u>	<u>10.251.926</u>
	Land and Buildings	Machinery & Equipment	Furniture & Fixtures	Construction in progress	Total
	ALL'000	ALL'000	ALL'000	ALL'000	ALL'000
Cost					
At 1 January 2008			634	452.769	453.403
Additions	66.949	11.237	14.254	9.708.805	9.801.245
At 31 December 2008	<u>66.949</u>	<u>11.237</u>	<u>14.888</u>	<u>10.161.574</u>	<u>10.254.648</u>
Depreciation					
At 1 January 2008	-	-	(52)	-	(52)
Charge for the period	-	(919)	(1.751)	-	(2.670)
At 31 December 2008	<u>-</u>	<u>(919)</u>	<u>(1.803)</u>	<u>-</u>	<u>(2.722)</u>
Net book value at 31 December 2008	<u>66.949</u>	<u>10.318</u>	<u>13.085</u>	<u>10.161.574</u>	<u>10.251.926</u>
Net book value at 1 January 2008	<u>0</u>	<u>0</u>	<u>582</u>	<u>452.769</u>	<u>453.351</u>

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6. Investments in subsidiary

	2009 ALL'000	2008 ALL'000
Albacemento Shpk	506.674	506.674
	<u>506.674</u>	<u>506.674</u>

In May 2008, the Company acquired 65% of shares of Albacemento Sh. p. k

7. Other non-current assets

Other non – current assets include an amount of 475,667 thousand ALL concerning the prepayments to the contractor CBMI for the factory construction, 74,002 thousand ALL prepayments to the contractor Bami shpk for road works and an amount of 7,281 thousand ALL concerning long term guaranties for rents.

8. Deferred tax assets

The Company has recognized only deferred income tax assets. The amounts are as follows:

Deferred tax assets:

	2009 ALL'000
Deferred tax assets to be recovered after more than 12 months	6.875
	<u>6.875</u>

The movement in deferred income tax assets during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

<i>Deferred tax assets</i>	<i>Provision for Forestation</i>	<i>Provision for Bad and Doubtful Debts</i>
At 31 December 2008	-	-
(Credited)/charged to the income Statement	<u>(4.664)</u>	<u>(2.211)</u>
At 31 December 2009	<u>4.664</u>	<u>2.211</u>

9. Inventories

	2009	2008
	ALL'000	ALL'000
Finished goods	61.769	35.128
Spare parts and supplies	920	177
Packing materials and other Raw materials	255.728	-
	318.417	35.305

10. Trade and other receivables

	2009	2008
	ALL'000	ALL'000
Trade debtors domestic	721.592	377.343
Provision for bad & doubtful debts	(22.193)	(15.489)
Advances to suppliers	45.269	875.710
Sundry Debtors	22.867	-
Tax receivables	3.634.179	983.758
	4.401.714	2.221.322

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

	Total	Past due but not impaired				
		< 30 days	30-60 days	60-90 days	90-120 days	>120 days
2009	721.592	313.369	202.082	166.581	13.615	25.945
2008	377.343	114.155	71.908	175.791	15.489	-

11. Cash and cash equivalents

	2009	2008
	ALL'000	ALL'000
Cash at bank	93.781	98.900
Cash at hand	18	33
Time deposits	0	2.686.460
	93.799	2.785.393

12. Share capital

<i>Authorized, issued and fully paid</i>	<i>Number of shares</i>	<i>% Holding</i>
ALVACIM ltd –ordinary shares of ALL 2,000 each	2.305.953	60%
EBRD-ordinary shares of ALL 2,000 each	768.651	20%
IFC-ordinary shares of ALL 2,000 each	768.651	20%
	3.843.255	100%

The new shares in Alvacim (153,227) EBRD and IFC were registered in the relevant Albanian Authority in January 2009, however the cash was injected in December 2008 and the BoD approved the increase in December 2008.

13. Trade and other payables

	2009	2008
	ALL'000	ALL'000
Domestic creditors	684.737	362.785
Foreign trade creditors	623.259	249.046
Tangible assets creditors	1.701.961	3.367.579
Accruals	12.668	298.174
Taxes	1.558.906	755.934
Other current liabilities	-	287.040
	4.581.531	5.320.558

14. Borrowings

a) Long term borrowings

The company has received long term loans from its shareholders as follows:

	2009	2008
	ALL'000	ALL'000
Alvacim ltd	7.085.665	3.608.674
EBRD	2.360.568	1.202.689
IFC	2.361.004	1.202.689
	11.807.237	6.014.052

The Company has received the loans from EBRD & IFC on December 2008. The due date is December 2020. The interest chargeable for each loan disbursement is current Euribor + 1.50%

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On these loans, it is calculated the following interest (in 000 ALL):

	2009	2008
	ALL'000	ALL'000
Alvacim ltd	53.493	1.359
EBRD	17.119	297
IFC	17.824	453
	<u>88.436</u>	<u>2.109</u>

Additionally the company owes to the lenders front-end fees amounting to a total of Lek 115.886 thousand.

b) Short term borrowings

	2009	2008
	ALL'000	ALL'000
Loan Principal	2.621.240	-
Accrued Interest	5.466	-
	<u>2.626.706</u>	<u>-</u>

The company has received in the last months of 2009 a short term loan from Titan Global Finance plc, in order to precede the current needs for the on time completion of the plant construction. This loan will be repaid to TGF, the first months of 2010 at the same time that the company will receive the Senior Loan from the bank which is under procedure. The interest chargeable for each loan disbursement is current Euribor +1.50%

15. Non-current Provision

	2009	2008
	ALL'000	ALL'000
Provision for Forestation	46.557	-
	<u>46.557</u>	<u>-</u>

According to the law 9793 dated 23 July 2007 the company has an obligation to plant 250 ha or 500.000 trees as a compensation for the areas which the company has de-forested for building the plant and 2 quarries. This obligation has to be fulfilled within a period of 5 years between the years 2009-2013

16. Related party transactions

Other than the Long term borrowings and interest charged thereon referred to in Note 13, the following transactions were carried out with the related parties:

a) Sales of goods and services

	2009 ALL'000	2008 ALL'000
Albacemento Shpk – cement	1.082.825	397.176
	<u>1.082.825</u>	<u>397.176</u>

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

b) Receivables from related parties

	2009 ALL'000	2008 ALL'000
Albacemento Shpk – cement	366.193	160.739
	<u>366.193</u>	<u>160.739</u>

c) Purchases of goods and services

	2009 ALL'000	2008 ALL'000
Titan Cement Company	3.580.159	2.176.122
Usje Cementarnica AD - Skopje	280.340	260.079
	<u>3.860.499</u>	<u>2.436.201</u>

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

d) Payables to related parties

	2009 ALL'000	2008 ALL'000
Titan Cement Company - Cement	617.133	504.226
Titan Cement Company - Services	593.602	-
Usje Cementarnica AD - Skopje	6.126	16.401
Albacem SA	32.858	14.628
	<u>1.249.719</u>	<u>535.255</u>

The Company has entered into these transactions with the above related parties at mutually agreed terms.

17. Financial risk management objectives and policies

The Company's principal financial instruments comprise trade receivables and trade payables and cash, which arise directly from its operations. The company's risk management approach is focused on unpredictability of the financial market and seeks to minimise potential adverse effects. Risk management is carried out under policies approved by the Board of Directors.

The main risks arising from the Company's financial instruments are liquidity risk, foreign currency risk and credit risk. The management reviews and agrees policies for managing each of these risks which are summarised below.

a) Interest risk

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

b) Foreign exchange risk

The Company enters into transactions denominated in foreign currencies related to the sales of its products and purchase of fixed assets and purchases of trade goods from related parties. The Company does not use any special financial instruments to hedge against these risks, since no such instruments are in common use in the Republic of Albania. Therefore, the Company is potentially exposed to market risk related to possible foreign currency fluctuations.

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 financial liabilities at 31 December 2009 and 2008, based on contractual undiscounted payments.

Year ended 31 December 2009 (in 000 ALL)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Long Term Borrowings	-	-	-	204.322	11.807.237	12.011.559
Short Term Borrowings	-	2.626.706	-	-	-	2.626.706
Trade and other Payables	-	1.947.125	3.260.867	-	-	5.207.992

Year ended 31 December 2008 (in 000 ALL)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Long Term Borrowings	-	-	-	2.109	6.014.052	6.016.161
Trade and other payables	-	1.952.979	3.367.579	-	-	5.320.558

17. Financial risk management objectives and policies (Continued)

d) Credit risk

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

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

18. Capital management

The primary objective of the Company'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 Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company 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 during the year ended 31 December 2009 and year end 31 December 2009.

The Company is not subject to any externally imposed capital requirements. The structure and management of debt capital is determined at TITAN Group level.

19. Commitments and contingencies

a. Construction contract

For the purpose of construction of the factory plant, the Chinese company CBMI Ltd, is hired according to a construction contract with total investing value of 112,600,000 EUR including equipment, construction, technical and other services.

	2009 ALL'000	2008 ALL'000
Within one Year	679.128	676.093
After one but not more than five years	348.465	344.909
More than five Years	-	-
	<u>1.027.593</u>	<u>1.021.002</u>

b. Taxation

As it is explained in note 4 to the financial statements, the tax authorities have not audited the Company's books and records for the fiscal year 2009 in respect of the income tax, and consequently, the Company's taxes may not be considered finalized. Additional taxes that may be levied in the event of a tax audit cannot be determined with any reasonable accuracy.

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20. EBITDA

	2009	2008
	ALL'000	ALL'000
Loss from operating activities	(247.372)	(202.375)
Depreciation-Amortization	(4.322)	(2.670)
	<u>(243.050)</u>	<u>(199.705)</u>