

ANTEA CEMENT SH.A.

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

WITH INDEPENDENT AUDITORS' REPORT THEREON

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This is the translation in English (for management purposes) of the report initially issued in Albanian.

**INDEPENDENT AUDITOR'S REPORT
To the Shareholders of Antea Cement Sh.A.**

We have audited the accompanying financial statements of Antea Cement sha ("the Company"), which comprise the Statement of Financial Position as at 31 December 2010, and the statement of comprehensive income, Statement of changes in equity and Statement of cash flow 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 International Financial Reporting Standards, 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.

Auditor's 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 about 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 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 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 financial statements give a true and fair view of the financial position of the company as of 31 December 2010, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

Tirana, 29 March 2011

Ernst & Young Certified Auditors Sh.p.k.

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

ANTEA CEMENT SH.A.

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2010

	<i>Notes</i>	2010 ALL'000	2009 ALL'000 Restated
Sales of products	3.1	6.800.967	4.573.913
Other revenues	3.2	86.197	71.191
Revenue		6.887.164	4.645.104
Cost of Sales	3.3	(5.193.461)	(4.475.324)
Gross Profit		1.693.703	169.780
Other Income	3.4	231.677	4.360
Other Expenses	3.5	(279.878)	(53.261)
Selling and Marketing Expenses	3.6	(708.808)	(197.232)
Administrative expenses	3.7	(476.263)	(171.019)
Operating Profit		460.431	(247.372)
Finance revenue	3.9	649.118	137.469
Finance cost	3.9	(1.099.151)	(1.220.732)
Profit before tax		10.398	(1.330.635)
Income tax expense	4	(177.490)	6.875
Profit for the year		(167.092)	(1.323.760)
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		(167.092)	(1.323.760)

The statement of comprehensive income is to be read in conjunction with the notes set on pages 5 to 31, forming an integral part of the financial statements.

ANTEA CEMENT SH.A.

STATEMENT OF FINANCIAL POSITION at 31 December 2010

	Notes	2010 ALL'000	2009 ALL'000 Restated
ASSETS			
Non-current assets			
Property, plant and equipment	5	22.837.676	20.033.139
Intangible assets	6	11.510	3.072
Investment in subsidiary	7	825.146	506.674
Other non-current assets		-	588.778
Deferred Tax Assets	4.1	-	6.875
		<u>23.674.332</u>	<u>21.138.538</u>
Current assets			
Inventories	8	1.123.141	318.417
Trade Receivables	9	1.015.633	333.286
Other Receivables	10	2.798.899	3.702.315
Receivables from Related Parties	17b	231.033	366.193
Cash and cash equivalents	11	268.832	93.799
		<u>5.437.538</u>	<u>4.814.010</u>
TOTAL ASSETS		<u>29.111.870</u>	<u>25.952.548</u>
EQUITY AND LIABILITIES			
Capital and reserves			
Issued Capital	12	7.686.510	7.686.510
Retained earnings		(1.793.948)	(1.626.856)
		<u>5.892.562</u>	<u>6.059.654</u>
Non-current liabilities			
Interest-bearing loans & borrowings	13a	20.390.270	12.011.559
Re-forestation provision	14	39.026	46.637
Deferred tax liabilities /netted/	4.1	170.615	-
		<u>20.599.911</u>	<u>12.058.196</u>
Current liabilities			
Trade payables	15	1.196.871	1.772.906
Interest-bearing loans & borrowings	13b	733.452	2.626.706
Other payables	16	67.770	2.185.367
Payables to Related Parties	17d	621.304	1.249.719
		<u>2.619.397</u>	<u>7.834.698</u>
TOTAL EQUITY AND LIABILITIES		<u>29.111.870</u>	<u>25.952.548</u>

Authorized on behalf of the Board of Directors

Angelos Kalogerakos

Chief Executive Officer



Atanas Yurukov

Financial Director

The statement of financial position is to be read in conjunction with the notes set on pages 5 to 31, forming an integral part of the financial statements.

ANTEA CEMENT SH.A.

STATEMENT OF CASH FLOWS For the year ended 31 December 2010

	<i>Notes</i>	2010 ALL'000	2009 ALL'000 Restated (1.330.635)
Profit before tax		10.398	
Cash flows from operating activities			
Non cash adjustments			
Depreciation and impairment of PPE		454.130	4.547
Amortization of intangible Assets		1.520	-
Movement in doubtful debt allowance		29.569	6.704
Movement in restoration provision		(7.611)	46.637
Interest income		(2.667)	(4.844)
Interest Expenses		368.791	-
Gain/Loss from Sales of Fix Assets		20.560	(225)
FX Gains / Losses		115.059	1.084.961
Working capital adjustment :			
Decrease / (Increase) in inventories		(804.725)	(283.111)
Decrease / (Increase) in trade and other receivables		306.599	(2.260.528)
Increase / (Decrease) in trade and other payables		(3.293.201)	(3.530.389)
Net Cash flows generated from operations		<u>(2.801.578)</u>	<u>(6.266.883)</u>
Cash flows from investing activities			
Purchase of property, plant and equipment		(3.280.608)	(9.785.535)
Purchase of intangible assets		(9.958)	(3.072)
Proceeds From Property Plant and Equipment		1.382	
Interest Income Received		2.667	4.844
Investment in Subsidiaries		(318.473)	-
Increase in long term receivables		588.779	2.330.734
Net cash flows generated (used in) / from investing activities		<u>(3.016.211)</u>	<u>(7.453.029)</u>
Cash flows from financing activities			
Proceeds of borrowings net		8.612.743	7.629.605
Proceeds of issuance of share capital		-	3.381.058
Repayment of Borrowings		(2.627.706)	-
Net cash flows (used) in financing activities		<u>5.985.037</u>	<u>11.010.663</u>
Net increase/(decrease) in cash and cash equivalents		167.248	(2.709.249)
Cash and cash equivalents at 1 January		93.799	2.785.393
Effects of exchange rate changes		7.785	17.653
Cash and cash equivalents at 31December	11	<u><u>268.832</u></u>	<u><u>93.799</u></u>

The Statement of Cash Flows is to be read in conjunction with the notes set on pages 5 to 31, forming an integral part of the financial statements.

ANTEA CEMENT SH.A.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2009

	Share capital ALL'000	Retained earnings ALL'000	Total ALL'000
At 1 January 2009	4.305.452	(324.663)	3.980.789
IFRS Adoption (Appendix 1)		21.567	21.567
At 1 January 2009	4.305.452	(303.096)	4.002.356
Increase in Share Capital	3.381.058	-	3.381.058
Net loss for the year	-	(1.323.760)	(1.323.760)
Other Comprehensive Income	-	-	-
Total Comprehensive Loss for the Period	-	(1.323.760)	(1.323.760)
At 31 Decemeber.2009	<u>7.686.510</u>	<u>(1.626.856)</u>	<u>6.059.654</u>

For the year ended 31 December 2010

	Share capital ALL'000	Retained earnings ALL'000	Total ALL'000
At 1 January 2010	7.686.510	(1.626.856)	6.059.654
Net loss for the year	-	(167.092)	(167.092)
Total Comprehensive Loss for the Period	-	(167.092)	(167.092)
At 31 Decemeber.2010	<u>7.686.510</u>	<u>(1.793.948)</u>	<u>5.892.562</u>

The Statement of Changes in Equity is to be read in conjunction with the notes set on pages 5 to 31, forming an integral part of the financial statements.

ANTEA CEMENT SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

1. Corporate information

Antea Cement Sh.A. - Tirana ("the Company") is incorporated in the Republic of Albania with the registered address at str. Kashar, Katundi i ri, Autostrada Tirane-Durres km 7, PO BOX 1746, Tirana, Albania.

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 2010 was 200; (31 December 2009: 111).

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are in accordance with 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 Company maintains its accounting records and publishes its statutory financial statements in accordance with the Accounting Law no. 9228 dated April 29, 2008 "On Accounting and Financial Statements". The company after meeting the prescribed requirements has prepared its Financial Statements in accordance with IFRS (International Financial Reporting Standards) which became obligatory in Albania based on the decision of the Ministry of Finances Nr. 65 dt. 05.05.2008 "For the publication and obligatory application of the international accounting standards and international financial reporting standards, translated in Albanian".

The company in compliance with IAS 27 paragraph 10 has elected to produce stand alone financial statements. The Company has two subsidiaries, Albacemento Sh.p.k. and Cementi Antea SRL, in everyone of each owns 100 %. These subsidiaries are accounted for these financial statements at cost less any impairment in value.

Changes in accounting policies and disclosures

New and amended standards adopted by the Company

The accounting policies adopted are consistent with those of the previous financial year, except for the following new and amended IFRS and IFRIC interpretations effective as of 1 January 2010:

- IFRS 2 Share-based Payment: Group Cash-settled Share-based Payment Transactions effective 1 January 2010;
- IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended) effective 1 July 2009, including consequential amendments to IFRS 2, IFRS 5 IFRS 7, IAS 7, IAS 21, IAS 28, IAS 31 and IAS 39;

2. Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

New and amended standards adopted by the Company (continued)

- IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items effective 1 July 2009;
- IFRIC 17 Distributions of Non-cash Assets to Owners effective 1 July 2009;
- Improvements to IFRSs (May 2008);
- Improvements to IFRSs (April 2009);

The adoption of the standards or interpretations is described below:

- *IFRS 2 Share-based Payment (Revised)*, The IASB issued an amendment to IFRS 2 that clarified the scope and the accounting for group cash-settled share-based payment transactions. It did not have an impact on the financial position or performance of the Company.
- *IFRS 3 Business Combinations (Revised) and IAS 27 Consolidated and Separate Financial Statements (Amended)*, IFRS 3 (Revised) introduces significant changes in the accounting for business combinations occurring after becoming effective. Changes affect the valuation of non-controlling interest, the accounting for transaction costs, the initial recognition and subsequent measurement of a contingent consideration and business combinations achieved in stages. The adoption of this amendment did not have any impact on the financial position or performance of the Company.
- *IAS 27 (Amended)* requires that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as a transaction with owners in their capacity as owners. Therefore, such transactions will no longer give rise to goodwill, nor will it give rise to a gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. The changes by IFRS 3 (Revised) and IAS 27 (Amended) affect acquisitions or loss of control of subsidiaries and transactions with non-controlling interests after 1 January 2010. The adoption of IAS 27 (Amended) did not have any impact on the financial position or performance of the Company.
- *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. The Company has concluded that the amendment will have no impact on the financial position or performance of the Company, as the Company has not entered into any such hedges.
- *IFRIC 17 Distribution of Non-cash Assets to Owners*, 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. The interpretation has no effect on either, the financial position or performance of the Company.

Improvements to IFRSs

In May 2008 and April 2009, the IASB issued omnibus of amendments to its standards, primarily with a view to removing inconsistencies and clarifying wording. There are separate transitional provisions for each standard. The adoption of the following amendments resulted in changes to accounting policies but did not have any impact on the financial position or performance of the Company.

Issued in April 2009

- *IAS 7 Statement of Cash Flows*: states that only expenditure that results in recognising an asset can be classified as a cash flow from investing activities. This amendment will have no impact on the Statement of cash flows of the Company.

ANTEA CEMENT S.H.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

2. Summary of significant accounting policies (continued)

a. Basis of preparation (continued)

New and amended standards adopted by the Company (continued)

Other amendments resulting from Improvements to IFRSs to the following standards did not have any impact on the accounting policies, financial position or performance of the Company:

Issued in May 2008

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Issued in April 2009

- IFRS 2 Share-based Payment
- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 8 Operating Segments:
- IAS 1 Presentation of Financial Statements
- IAS 17 Leases
- IAS 34 Interim Financial Reporting
- IAS 36 Impairment of Assets:
- IAS 38 Intangible Assets
- IAS 39 Financial Instruments: Recognition and Measurement
- IFRIC 9 Reassessment of Embedded Derivatives
- IFRIC 16 Hedge of a Net Investment in a Foreign Operation

Standards issued but not yet effective

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective.

- *IFRS 9 Financial instruments Classification and Measurement*, issued in November 2009.
- *IAS 24 (Amendment) 'Related party disclosures*, issued in November 2009.
- *IAS 32 Financial Instruments: Presentation (Amendment) - Classification of rights issues*, issued in October 2009.
- *IFRIC 14 Prepayments of a minimum funding requirement (Amendment)*
- *IFRIC 19 Extinguishing financial liabilities with equity instruments*, effective 1 July 2010.

Improvements to IFRSs (issued in May 2010)

The IASB issued Improvements to IFRSs, an omnibus of amendments to its IFRS standards. The amendments have not been adopted as they become effective for annual periods on or after either 1 July 2010 or 1 January 2011.

- *IFRS 3 Business Combinations*
- *IFRS 7 Financial Instruments: Disclosures*
- *IAS 1 Presentation of Financial Statements*
- *IAS 27 Consolidated and Separate Financial Statements*
- *IFRIC 13 Customer Loyalty Programmes*

The Company, however, expects no impact from the adoption of the amendments on its financial position or performance.

2. Summary of significant accounting policies (continued)

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.

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 based on the useful life of each asset.

Estimated useful lives of every class of assets as follows:

Buildings and improvements	- up to 40 years
Plant and machinery	- up to 40 years
Motor vehicles	- up to 15 years
Office furniture, computers	- up to 10 years

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

2. Summary of significant accounting policies (continued)

e. Financial instruments – initial recognition and subsequent measurement

(i) Financial assets

Initial recognition and measurement

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 Company determines the classification of its financial assets at initial recognition. All financial assets are recognised 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 recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company'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 entered into by the Group that are 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 recognised in finance income or finance costs in the income statement. The Company has not designated any financial assets upon initial recognition as at fair value through profit or loss.

(i) Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs.

Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held-to maturity when the Company has the positive intention and ability to hold it to maturity. After initial measurement, held-to-maturity investments are measured at amortised cost using the effective interest method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the income statement. The losses arising from impairment are recognised in the income statement in finance costs. The Company did not have any held-to-maturity investments during the years ended 31 December 2010 and 2009.

2. Summary of significant accounting policies (continued)

e. Financial instruments – initial recognition and subsequent measurement (continued)

Available-for-sale financial investments

Available-for-sale financial investments include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions. After initial measurement, available-for-sale financial investments are subsequently measured at fair value with unrealized gains or losses recognised as other comprehensive income in the available-for-sale reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or determined to be impaired, at which time the cumulative loss is reclassified to the income statement in finance costs and removed from the available-for-sale reserve. The Company did not have any available-for-sale financial investments during the years ended 31 December 2010 and 2009.

Derecognition

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

- The rights to receive cash flows from the asset have expired
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company 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 Company 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 reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

An impairment loss in respect of financial assets measured at amortised 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 recognised in the income statement.

2. Summary of significant accounting policies (continued)

e. Financial instruments – initial recognition and subsequent measurement (continued)

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

(ii) Financial liabilities

Initial recognition and measurement

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 Company determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

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

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 Company that are not designated as hedging instruments in hedge relationships as defined by IAS 39. Gains or losses on liabilities held for trading are recognised in the income statement.

The Company 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 amortised cost using the effective interest rate method. Gains and losses are recognised in the income statement when the liabilities are derecognized as well as through the amortisation process.

Derecognition

A financial liability is derecognised 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 recognised in the profit or loss.

2. Summary of significant accounting policies (continued)

e. Financial instruments – initial recognition and subsequent measurement (continued)

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.

f. 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.

g. 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.

h. 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.

i. Share capital

Ordinary shares are classified as equity.

j. 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.

ANTEA CEMENT SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

2. Summary of significant accounting policies (continued)

k. 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.

l. 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% (2009 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.

m. Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. 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 passage of time is recognized as interest expense.

n. 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.

2. Summary of significant accounting policies (continued)

n. Revenue (Continued)

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

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

o. 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 or loss on a straight-line basis over the period of the lease.

p. 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.

q. Financial risk management

(i) 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.

(ii) 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 a 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.

2. Summary of significant accounting policies (continued)

q. Financial risk management (continued)

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.

(iii) Fair value of financial instruments

The nominal value less impairment provision of trade receivables and payables are assumed to approximate their fair value.

The Company has exposure to credit risk, liquidity risk and market risk from its use of financial instruments.

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements and in particular in note 18.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

(iv) Credit risk

Due to the company's customer base, concentrations of credit risk with respect to trade accounts receivable from customers are limited. The allowance for doubtful accounts receivable is stated at the amount considered necessary to cover potential risks in the collection of accounts receivable balances.

(v) Liquidity risk

The Company generates significant cash flows from operating activities such that it believes that its liquidity risk is not significant.

(vi) Market risk

Interest rate risk

The Company faces interest rate cash flow risk related to loan received which are at a variable rate.

Foreign exchange risk

The Company faces significant foreign currency risk from its normal operations. Suppliers and borrowings outstanding at 31 December 2010 and 2009, which expose the Company to foreign currency risk. Management has not entered into any derivatives to hedge this risk.

(vii) Sensitivity analysis

In managing interest rate and currency risks the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Over the longer-term, however, permanent changes in foreign exchange and interest rates might have an impact on profit. At 31 December 2010 it is estimated that a change in the percentage of interest rates in the value of the Lek against other foreign currencies would impact the Company's profit before income tax.

ANTEA CEMENT SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

q. Financial Risk Management (continued)

(viii) 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 the current year 2010.

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

t. Comparatives

Comparative figures have been reclassified where appropriate, to conform to changes in presentation in the current period. Such reclassifications, however, have not resulted in significant changes of the content and format of the financial information as presented in the financial statements.

3. Revenue and expenses

3.1) Sales

	2010	2009
	ALL'000	ALL'000
<i>Gross sales</i>		
Domestic market	5.177.819	4.573.913
Foreign market	1.623.148	-
	<u>6.800.967</u>	<u>4.573.913</u>
<i>Domestic market</i>		
Income from Imported Cement	996.154	4.573.913
Income from Own Cement	4.181.665	-
Income from Clinker	-	-
Other	-	-
	<u>5.177.819</u>	<u>4.573.913</u>
<i>Foreign market</i>		
Income from Cement	1.422.441	-
Income from Clinker	200.707	-
Other	-	-
	<u>1.623.148</u>	<u>-</u>

ANTEA CEMENT SH.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

3.2) Other Revenues

	2010 ALL'000	2009 ALL'000
Third party freight	86.197	71.191
	<u>86.197</u>	<u>71.191</u>

3.3) Cost of sales

	2010 ALL'000	2009 ALL'000
<i>Variable Costs</i>		
Distribution expenses - freight	695.944	72.593
Kiln fuel	1.420.166	-
Electricity	620.564	-
Raw materials & Additives	614.527	-
Refractory	1.790	-
Fuel & oil	35.900	-
Royalty	10.368	-
Packing expenses	303.343	-
Cost of Imported Cement	960.895	4.402.731
<i>Fixed Costs</i>		
Salaries and related expenses	195.147	-
Repair & Maintenance – spare parts	104.446	-
Services from Third Parties	77.494	-
Plant utilities	22.823	-
Other fixed cost	33.099	-
Depreciation charges	409.889	-
Inventory Variation	(312.934)	-
	<u>5.193.461</u>	<u>4.475.324</u>

3.4) Other Operating Income

	2010 ALL'000	2009 ALL'000
Income from sold Materials	185.668	-
Income from sold fixed assets	1.381	-
Other	44.628	4.360
	<u>231.677</u>	<u>4.360</u>

Revenues from sold materials in amount of ALL 185.688 thousand relates to imported pet-coke sold to companies in Albania.

ANTEA CEMENT SH.A.**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2010

3.5) Other operating expenses

	2010	2009
	ALL'000	ALL'000
Cost of materials sold	176.865	-
Net book value of sold assets	1.411	-
Provision for bad debts, net	29.569	6.704
Other provisions	1.764	-
Restoration provision	-	46.557
Losses of inventory	63.458	-
Other Expenses	6.811	-
	<u>279.878</u>	<u>53.261</u>

Movements in Provision for Bad Debts are shown in note 9.

3.6) Selling and Marketing Expenses

	2010	2009
	ALL'000	ALL'000
Terminal Expenses	545.902	70.401
Sales commissions fees	102.016	99.656
Salaries and related expenses	30.144	26.083
Utilities	13.128	-
Other expenses	17.618	1.092
	<u>708.808</u>	<u>197.232</u>

3.7) Administrative expenses

	2010	2009
	ALL'000	ALL'000
Salaries and related expenses	101.350	34.371
Consultancy fees	72.071	27.135
Utilities	35.537	8.519
Travel-entertainment	22.686	11.453
Audit Fees	1.080	1.179
Repairs & Maintenance	14.859	-
Insurance & Taxes	19.235	219
Supplies	94.275	16.938
Depreciation	44.241	4.547
Amortization	1.520	-
Other Expenses	69.409	66.658
	<u>476.263</u>	<u>171.019</u>

ANTEA CEMENT SH.A.**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2010

3.8) Employee benefits expense

	2010 ALL'000	2009 ALL'000
Gross Salaries	(228.739)	(47.413)
Other Related Expenses	(97.902)	(36.311)
	<u>(326.641)</u>	<u>(83.724)</u>

3.9) Finance Income/Cost

	2010 ALL'000	2009 ALL'000
Finance Income		
Interest Income	2.667	4.844
Foreign Exchange Gain	646.451	132.625
Finance Income	<u>649.118</u>	<u>137.469</u>
Finance Cost		
Interest Expenses	(368.791)	-
Bank Charges	(81.469)	(22.315)
Foreign Exchange Losses	(648.891)	(1.198.417)
Finance Cost	<u>(1.099.151)</u>	<u>(1.220.732)</u>

4. Income tax

The income tax expense comprises of:

	2010 ALL'000	2009 ALL'000
Current income tax charge	-	-
Deferred Tax (Charge)/ benefit	(177.490)	6.875
	<u>(177.490)</u>	<u>6.875</u>

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

ANTEA CEMENT SH.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

4. Income tax (continued)

	2010 ALL'000	2009 ALL'000
Accounting profit before income tax	10.398	(1.330.635)
Income tax expense at statutory rate of 10% for 2010 (2009:10%)	(1.040)	-
Expenses not deductible for tax purposes	(18.49)	-
Revenue not subject to tax - reversals	771	-
Impairment of Bad debts	2.967	(2.211)
Tax Depreciations	179.686	-
Provisions for forestation	-	(4.664)
Other items /loses previous years/	13.604	-
Income tax expense	177.490	(6.875)

4.1 Deferred Tax

Deferred income tax at 31 December 2010 and 31 December 2009 relates to the following:

	Balance sheet		Income statement	
	2010 ALL'000	2009 ALL'000	2010 ALL'000	2009 ALL'000
<i>Deferred tax assets</i>				
Restoration Provision	3.903	4.664	(761)	4.664
Impairment of Receivables	5.168	2.211	2.957	2.211
	<u>9.071</u>	<u>6.875</u>	<u>2.196</u>	<u>6.875</u>
<i>Deferred tax liabilities</i>				
Accelerated depreciation/amortization for tax purposes	179.686	-	(179.686)	-
	<u>179.686</u>	<u>-</u>	<u>(179.686)</u>	<u>-</u>
Deferred income tax incomes(losses)	(170.615)	6.875	(177.490)	6.875

ANTEA CEMENT SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

5. Property, plant and equipment

Cost	Land and improvements ALL'000	Buildings ALL'000	Plant and machinery ALL'000	Vehicles ALL'000	Furniture and Fittings ALL'000	Electronic Equipments ALL'000	Assets under construction ALL'000	Total ALL'000
At 1 January 2009	36.199	31.685	6.927	4.302	7.194	6.767	10.161.574	10.254.648
Additions	22.031	3.468	6.393	-	15.104	1.703	9.736.836	9.785.535
At 31 December 2009	<u>58.230</u>	<u>35.153</u>	<u>13.320</u>	<u>4.302</u>	<u>22.298</u>	<u>8.470</u>	<u>19.898.410</u>	<u>20.040.183</u>
Additions	322.073	122.390	752.805	12.139	2.696	13.432	2.055.074	3.280.609
Transfers	2.176.853	1,448.790	18.111.635	210	605	143.941	(21.882.034)	-
Disposals	-	(1.693)	(184)	-	(4.044)	(488)	(18.658)	(25.067)
At 31 December 2010	<u>2.557.156</u>	<u>1,604,640</u>	<u>18,877,576</u>	<u>16,651</u>	<u>21,555</u>	<u>165,355</u>	<u>52,792</u>	<u>23,295,725</u>
Depreciation and impairment:								
At 01 January 2009	-	-	333	594	945	850	-	2.722
Depreciation charge for the year	-	-	795	733	2.141	653	-	4.322
At 31 December 2009	-	-	<u>1,128</u>	<u>1,327</u>	<u>3,086</u>	<u>1,503</u>	-	<u>7,044</u>
Depreciation charge for the year	23.782	17.646	395.785	2.353	5.100	9.464	-	454.130
Disposals	0	(73)	(184)	-	(2.414)	(454)	-	(3.125)
At 31 December 2010	<u>23.782</u>	<u>17,573</u>	<u>396,729</u>	<u>3,680</u>	<u>5,772</u>	<u>10,513</u>	-	<u>458,049</u>
Net book value								
At 31 December 2010	<u>2,533,374</u>	<u>1,587,067</u>	<u>18,480,847</u>	<u>12,971</u>	<u>15,783</u>	<u>154,842</u>	<u>52,792</u>	<u>22,837,676</u>
At 31 December 2009	<u>58,230</u>	<u>35,153</u>	<u>12,192</u>	<u>2,975</u>	<u>19,212</u>	<u>6,967</u>	<u>19,898,410</u>	<u>20,033,139</u>
At 01 January 2009	<u>36,199</u>	<u>31,685</u>	<u>6,594</u>	<u>3,708</u>	<u>6,249</u>	<u>5,917</u>	<u>10,161,574</u>	<u>10,251,926</u>

ANTEA CEMENT SH.A.**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2010

6. Intangible assets

	Computer software	Total
Cost:		
At 1 January 2009	-	-
Additions	3.072	3.072
At 31 December 2009	<u>3.072</u>	<u>3.072</u>
Additions	9.958	9.958
At 31 December 2010	<u>13.030</u>	<u>13.030</u>
Amortization:		
At 1 January 2009	-	-
Amortization charge for the year	-	-
At 31 December 2009	<u>-</u>	<u>-</u>
Amortization charge for the year	1.520	1.520
At 31 December 2010	<u>1.520</u>	<u>1.520</u>
Net book value:		
At 31 December 2010	<u>11.510</u>	<u>11.510</u>
At 31 December 2009	<u>3.072</u>	<u>3.072</u>

7. Investments in subsidiary

	2010 ALL'000	2009 ALL'000
ALBACEMENTO Shpk	756.766	506.674
CIMENTI ANTEA SRL	68.380	-
	<u>825.146</u>	<u>506.674</u>

During 2010, the company acquired the remaining 35% of the Company Albacemento sh.p.k. for Lek 250.092 thousand. As a result of this acquisition the company now owns 100% of Albacemento.

On July 2010 the company has established a subsidiary in Italy named Cementi Antea SRL. The subsidiary is fully owned by the company and the share capital amounts to Euro 500 thousand or Lek 68.380 thousand.

ANTEA CEMENT SH.A.**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2010

8. Inventories

	2010	2009
	ALL'000	ALL'000
Raw materials (cost)	292.468	255.728
Spare Parts (at cost)	421.112	920
Packing materials (at cost)	49.343	-
Semi-finished goods (at cost)	163.790	-
Finished goods (at cost)	175.185	-
Goods for resale (at cost)	13.162	61.769
Other materials (at cost)	8.081	-
	<u>1.123.141</u>	<u>318.417</u>

9. Trade receivables

	2010	2009
	ALL'000	ALL'000
Trade receivables	1.067.315	355.399
Less: Provision for impairment	(51.682)	(22.113)
Trade Receivables Net	<u>1.015.633</u>	<u>333.286</u>

Movements in the allowance for doubtful accounts are as follows:

	2010	2009
	ALL'000	ALL'000
Balance at 1 January	22.113	15.409
Impairment Charge for the Year	29.669	6.704
Reversal of Provision	(100)	-
Balance at 31 December	<u>51.682</u>	<u>22.113</u>

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

		Past due but not impaired					
		Neither past due or impaired	30-60 days	60-90 days	90-180 days	>180 days	>360 days
2010	1.067.315	560.892	169.106	73.823	109.632	117.910	35.952
2009	355.399	149.570	59.688	106.581	13.615	-	25.945

ANTEA CEMENT SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

10. Other receivables

	2010 ALL'000	2009 ALL'000
VAT receivables	2.695.162	3.634.179
Income tax receivables	791	-
Sundry debtors	234	22.867
Prepayments for supplies	102.712	45.269
	<u>2.798.899</u>	<u>3.702.315</u>

Included in VAT receivables in 2009 there was an amount of LEK 1.555.563 thousand related to deferred VAT for imported equipments for the new factory. The same amount was included in other payables. In course of 2010 the amounts were settled with the adequate approvals from the tax authorities.

11. Cash and cash equivalents

	2010 ALL'000	2009 ALL'000
Cash in hand Denominated in Lek	336	16
Cash in hand Denominated in Foreign Currency	521	2
Cash at Bank Denominated in Lek	60.397	26.151
Cash at Bank Denominated in Foreign Currency	207.578	67.630
	<u>268.832</u>	<u>93.799</u>

12. Issued Capital

<i>Authorized, issued and fully paid</i>	2010			2009		
	<i>Number of shares</i>	<i>% Holding</i>	<i>Face Value in ALL' 000</i>	<i>Number of shares</i>	<i>% Holding</i>	<i>Face Value in ALL' 000</i>
ALVACIM ltd –ordinary shares of ALL 2,000 each	2.305.953	60%	4.611.906	2.305.953	60%	4.611.906
EBRD-ordinary shares of ALL 2,000 each	768.651	20%	1.537.302	768.651	20%	1.537.302
IFC-ordinary shares of ALL 2,000 each	768.651	20%	1.537.302	768.651	20%	1.537.302
	<u>3.843.255</u>	<u>100%</u>	<u>7.686.510</u>	<u>3.843.255</u>	<u>100%</u>	<u>7.686.510</u>

ANTEA CEMENT SH.A.**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2010

13. Borrowings**a) Long term borrowings**

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

	2010	2009
	ALL'000	ALL'000
Alvacim ltd	6.994.008	6.953.184
EBRD	2.331.336	2.317.728
IFC	2.331.336	2.317.728
EuroBank EFG	4.371.255	-
Societe Generale - Paris	3.816.175	-
Societe Generale - Albania	546.160	-
	<u>20.390.270</u>	<u>11.588.640</u>

The Company has received the loans from EBRD & IFC on December 2008. The due date is March 2021. The interest chargeable for each loan disbursement is Euribor + spread.

During 2010 the Company has received Long-Term loans as follows:

On 22 February 2010 the company concluded a 5 year borrowing facility with Euro Bank for Euro 35 Million. The amount Disbursed as at 31 December 2010 is Euro 31.5 Million or Lek 4.371.255 thousand.

On 07 June 2010 the company concluded a 5 year borrowing facility with Societe Generale Bank - Paris for Euro 27,5 Million. The amount disbursed as at 31 December 2010 is Euro 27.5 Million or Lek 3.816.175 thousand.

On 07 June 2010 the company concluded a 5 year borrowing facility with Societe Generale Bank - Albania for Euro 4 Million. The amount disbursed as at 31 December 2010 is Euro 3,9 Million or Lek 546.160 thousand.

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

	2010	2009
	ALL'000	ALL'000
Alvacim ltd	-	185.916
EBRD	-	60.417
IFC	-	60.700
	<u>-</u>	<u>307.033</u>

ANTEA CEMENT S.H.A.**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2010

13. Borrowings (Continued)

Additionally the company owes to the lenders the following front-end fees:

	2010	2009
	ALL'000	ALL'000
Alvacim ltd	-	69.532
EBRD	-	23.177
IFC	-	23.177
	<u>-</u>	<u>115.886</u>

b) Short term borrowings

	2010	2009
	ALL'000	ALL'000
Loan Principal TGF	-	2.621.240
Accrued Interest TGF	-	5.466
Alvacim Accrued Interest	372.217	-
Alvacim Front End Fee	69.940	-
EBRD Accrued Interest	121.512	-
EBRD Front End Fee	23.313	-
IFC Accrued Interest	123.157	-
IFC Front End Fee	23.313	-
	<u>733.452</u>	<u>2.626.706</u>

During 2010 the company settled back the loan taken from Titan Global Finance plc.

14. Re-forestation Provision

	2010	2009
	ALL'000	ALL'000
At 1 January	46.637	-
Increase in Porivison during the year	-	46.637
Utilised Provision	(7.611)	-
	<u>39.026</u>	<u>46.637</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 in which the Company has de-forested for building the plant and two quarries. This obligation has to be fulfilled within a period of 5 years during 2009-2013.

ANTEA CEMENT SH.A.**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2010

15. Trade Payables

	2010 ALL'000	2009 ALL'000
Trade creditors third Parties	1.067.555	1.760.238
Accruals for Supplies	129.316	12.668
	<u>1.196.871</u>	<u>1.772.906</u>

16. Other Payables

	2010 ALL'000	2009 ALL'000
Client's Advance Payments	51.805	-
Social security	3.655	1.870
Payroll taxes	2.011	1.249
Deferred VAT Payable	-	1.555.563
Other Taxes	9.197	32.096
Other Payables	1.102	594.589
	<u>67.770</u>	<u>2.185.367</u>

17. Related party transactions**a) Sales of goods and services**

	2010 ALL'000	2009 ALL'000
Albacemento Shpk – cement	205.176	1.082.825
TCK Montenegro (cement)	134.177	-
Alexandria Portland Cement (APCC)	501.616	-
Fintitan Italy (cement)	393.024	-
	<u>1.233.993</u>	<u>1.082.825</u>

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

b) Receivables from related parties

	2010 ALL'000	2009 ALL'000
Albacemento Shpk – cement	126.521	366.193
TCK Montenegro	20.730	-
Fintitan Italy	83.782	-
	<u>231.033</u>	<u>366.193</u>

ANTEA CEMENT SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

17. Related party transactions (continued)

c) Purchases of goods and services

	2010 ALL'000	2009 ALL'000
Titan Cement Company	231.272	3.580.159
Titan Services	741.865	-
Alba Cemento	43.449	-
Albacem	63.705	-
Usje Cementarnica AD – Skopje	50.617	280.340
Zlatna Panega (Cement)	2.647	-
Zlatna Panega (Spare Parts)	969	-
Zlatna Panega (Fixed Assets)	8.881	-
	<u>1.143.405</u>	<u>3.860.499</u>

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

d) Payables to related parties

	2010 ALL'000	2009 ALL'000
Titan Cement Company	559.552	1.210.735
Usje Cementarnica AD - Skopje	-	6.126
Zlatna Panega Cement	3.624	-
Albacemento Shpk	716	-
Albacem SA	57.412	32.858
	<u>621.304</u>	<u>1.249.719</u>

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

18. 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 minimize 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 summarized below.

ANTEA CEMENT SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

18. Financial risk management objectives and policies (continued)

a) Interest risk

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

	2010 ALL'000	2009 ALL'000
Fixed rate instruments		
Financial assets	-	-
Financial Liabilities	-	-
Variable rate instruments		
Financial assets	-	-
Financial Liabilities	21.123.722	14.638.265

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss for Lek 87.129 thousand. For 2009 no effect would be possible because the interest calculated on the loans is been capitalized and for this reason it does not affect the equity or the profit and loss.

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 Group 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 Group is potentially exposed to market risk related to possible foreign currency fluctuations.

31 December 2010

In Lek'000

	Carrying Amount	EURO	USD	LEK
Trade receivables and other receivables	4.045.565	231.033	-	3.814.532
Cash on hand and at banks	268.832	208.099	-	60.733
Long Term borrowings	(20.390.270)	(19.844.110)	-	(546.160)
Trade and Other Payables	(1.885.945)	(621.304)	-	(1.264.641)
Short Term Borrowings	(733.452)	(733.452)	-	-
Net Exposure	(18.695.270)	(20.759.734)	-	2.064.464

31 December 2010

In Lek'000

	Carrying Amount	EURO	USD	LEK
Trade receivables and other receivables	4.401.794	366.193	-	4.035.601
Cash on hand and at banks	93.799	67.632	-	26.167
Long Term borrowings	(12.011.559)	(12.011.559)	-	-
Trade and Other Payables	(5.207.992)	(1.249.719)	-	(3.958.273)
Short Term Borrowings	(2.626.706)	(2.626.706)	-	-
Net Exposure	(15.350.664)	(15.454.159)	-	103.495

ANTEA CEMENT SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

18. Financial risk management objectives and policies (continued)

b) Foreign exchange risk (continued)

Exchange rates EUR/ALL	Average rate		Reporting date spot rate	
	2010	2009	2010	2009
EUR/ALL	138,21	132,05	138,77	137,96

A change of +/- 5% in exchange rate at the reporting date would have increased (decreased) equity and profit by Lek 1.037.897 thousand (2009: Lek 873.870 thousand).

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 summarizes the maturity profile of the Company's financial liabilities at 31 December 2010 and 2009, based on contractual undiscounted payments.

Year ended 31 December 2010 (in 000 ALL)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Long Term Borrowings	-	-	-	8.733.590	11.656.680	20.390.270
Short Term Borrowings	-	733.452	-	-	-	733.452
Trade and other Payables	-	1.885.945	-	-	-	1.885.945

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

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 short term borrowing receivables, 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.

ANTEA CEMENT SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

19. 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 the current year 2010.

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

20. Commitments and contingencies

a) Commitments

Commitments represent operational lease commitments for vehicles, and business premises rented from Albacemento and Albacem.

	2010 ALL'000	2009 ALL'000
Within one Year	252.286	679.128
After one but not more than five years	375.786	348.465
	<u>628.072</u>	<u>1.027.593</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 2010 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.

21. EBITDA

	2010 ALL'000	2009 ALL'000
Profit/loss/ from operating activities	460.431	(247.372)
Depreciation-Amortization	(455.650)	(4.547)
	<u>916.081</u>	<u>(242.825)</u>

Appendix 1 – First Time Adoption of IFRS

A:- Accounting policies – Basis of preparation

For all periods up to and including the year ended 31 December 2009, the company prepared its financial Statements in accordance with the Albanian National Accounting Standards (NAS). These financial statements, for the year ended 31 December 2010, are the first the company has prepared in accordance with International Financial Reporting Standards (IFRS).

According to the law accordingly, the company has prepared financial statements which comply with IFRS applicable for periods beginning on or after 1 January 2010 as described in the accounting policies. In preparing these financial statements, the company's opening statement of financial position was prepared as at 1 January 2009, the company's date of transition to IFRS. This note explains the principal adjustments made by the company in restating its NAS statement of financial position as at 1 January 2009 and its previously published NAS financial statements for the year ended 31 December 2009.

ANTEA CEMENT S.H.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

Appendix 1 – First Time Adoption of IFRS (Continued)

B: - Reconciliation of equity reported under NAS to equity reported under IFRS.

01 January 2009	NAS	Previous GAAP Reclass	IAS 16	IAS 21	IFRS 1	IFRS
<i>Notes</i>	<i>ALL '000</i>	<i>ALL '001</i>	<i>ALL '002</i>	<i>ALL '003</i>	<i>ALL '000</i>	<i>ALL '000</i>
Property Plant & Equipments	11.324.933	(1.050.401)	(22.607)	-	-	10.251.925
Intangible Assets	-	-	-	-	-	-
Investments In Subsidiaries	506.674	-	-	-	-	506.674
Other Non Current Assets	-	2.919.513	-	-	-	2.919.513
Deferred Tax	-	-	-	-	-	-
<u>Total non-current assets</u>	11.831.607	1.869.112	(22.607)	-	-	13.678.112
Inventory	35.742	(437)	-	-	-	35.305
Trade Receivables	1.365.014	763.000	-	-	(6.424)	2.121.590
Other receivables	2.631.655	(2.631.655)	-	-	-	-
Receivables from related parties	-	-	-	-	-	-
Cash and short-term deposits	2.785.413	(20)	-	-	-	2.785.393
<u>Total current assets</u>	6.817.824	(1.869.112)	-	-	(6.424)	4.942.288
<u>TOTAL ASSETS</u>	18.649.431	-	(22.607)	-	(6.424)	18.620.400
Share capital	(4.305.452)	-	-	-	-	(4.305.452)
Retained earnings/ Losses	(62)	-	-	-	51.464	51.402
Current Period Loss	324.725	-	22.607	(44.174)	(51.464)	251.694
<u>Total shareholders' equity</u>	(3.980.789)	-	22.607	(44.174)	-	(4.002.356)
<u>Non-current liabilities</u>						
Long Term Borrowings	(6.016.160)	-	-	-	-	(6.016.160)
Other Non Current Liabilities	-	-	-	-	-	-
Deferred tax liabilities	-	-	-	-	-	-
	(6.016.160)	-	-	-	-	(6.016.160)
<u>Current Liabilities</u>						
Trade and other payable	(5.220.340)	(6.909)	-	-	6.424	(5.220.825)
Short Term Borrowings	-	-	-	-	-	-
Other Current Liabilities	(1.426)	1.424	-	-	-	(2)
Payables to related parties	(3.430.716)	5.485	-	44.174	-	(3.381.057)
	(8.652.482)	-	-	44.174	6.424	(8.601.884)
<u>TOTAL LIABILITIES & EQUITY</u>	(18.649.431)	-	22.607	-	6.424	(18.620.400)

ANTEA CEMENT SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

Appendix 1 – First Time Adoption of IFRS (Continued)

C: - Reconciliation of equity reported under NAS to equity reported under IFRS.

31 December 2009	NAS	Previous GAAP Reclass	IAS 16	IAS 21	IFRS 1	IFRS
<i>Notes</i>	<i>ALL'000</i>	<i>ALL'001</i>	<i>ALL'002</i>	<i>ALL'003</i>	<i>ALL'000</i>	<i>ALL'000</i>
Property Plant & Equipments	20.104.634	(34.899)	(36.596)	-	-	20.033.139
Intangible Assets	-	3.072	-	-	-	3.072
Investments In Subsidiaries	506.674	-	-	-	-	506.674
Other Non Current Assets	-	658.174	-	(69.396)	-	588.778
Differed Tax	-	6.875	-	-	-	6.875
<u>Total non-current assets</u>	20.611.308	633.222	(36.596)	(69.396)	-	21.138.538
Inventory	318.416	-	-	-	-	318.416
Trade Receivables	707.398	(366.485)	-	-	(7.626)	333.287
Other receivables	4.335.245	(632.930)	-	-	-	3.702.315
Receivables from related parties	-	366.193	-	-	-	366.193
Cash and short-term deposits	93.799	-	-	-	-	93.799
<u>Total current assets</u>	5.454.858	(633.222)	-	-	(7.626)	4.814.010
TOTAL ASSETS	26.066.166	-	(36.596)	(69.396)	(7.626)	25.952.548
Share capital	(7.686.510)	-	-	-	-	(7.686.510)
Retained earnings/ Losses	324.663	-	22.607	-44.175	-	303.095
Current Period Loss	1.196.200	-	13.989	113.571	-	1.323.760
<u>Total shareholders' equity</u>	(6.165.647)	-	36.596	69.396	-	(6.059.655)
<u>Non-current liabilities</u>						
Long Term Borrowings	(12.011.559)	-	-	-	-	(12.011.559)
Other Non Current Liabilities	(46.637)	-	-	-	-	(46.637)
Deferred tax liabilities	-	-	-	-	-	-
	(12.058.196)	=	=	=	=	(12.058.196)
<u>Current Liabilities</u>						
Trade and other payable	(5.215.617)	3.435.086	-	-	7.626	(1.772.905)
Short Term Borrowings	(2.626.706)	-	-	-	-	(2.626.706)
Other Current Liabilities	-	(2.185.367)	-	-	-	(2.185.367)
Payables to related parties	-	(1.249.719)	-	-	-	(1.249.719)
	(7.842.323)	-	-	-	7.626	(7.834.697)
TOTAL LIABILITIES & EQUITY	(26.066.166)	-	36.596	69.396	7.626	(25.952.548)

ANTEA CEMENT SH.A.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2010

Appendix 1 – First Time Adoption of IFRS (Continued)

D: - Reconciliation of the comprehensive income statement under NAS to the statement of comprehensive income statement reported under IFRS

	<i>Note</i>	<i>Previous GAAP ALL '000</i>	<i>Previous GAAP Reclassificati ons ALL '001</i>	<i>IAS 16 ALL '002</i>	<i>IAS 21 ALL '003</i>	<i>IFRS ALL '000</i>
Sales of products	3.1	4.573.913				4.573.913
Other revenues	3.2	71.191				71.191
Revenue		4.645.104	-	-	-	4.645.104
Cost of Sales	3.3	(4.402.731)	(72.593)			(4.475.324)
Gross Profit		242.373	(72.593)	-	-	169.780
Other Income	3.4	(52.138)	56.498			4.360
Other Expenses	3.5	-	(53.261)			(53.261)
Selling and Marketing Expenses	3.6	(181.714)	(15.518)			(197.232)
Administrative expenses	3.7	(251.569)	80.551			(171.018)
Depreciation and Provision		(4.323)	4.323			-
Operating Profit		(247.371)	-	-	-	(247.371)
Finance revenue	3.9	(955.704)	1.093.173			137.469
Finance cost	3.9	-	(1.093.173)	(13.989)	(113.571)	(1.220.733)
Profit before tax		(1.203.075)	-	(13.989)	(113.571)	(1.330.635)
Income tax expense	4.0	6.875				6.875
Profit for the year		-1.196.200	-	(13.989)	(113.571)	(1.323.760)
Other comprehensive income		-				-
Total comprehensive income for the year, net of tax		(1.196.200)	-	(13.989)	(113.571)	(1.323.760)

ANTEA CEMENT SH.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

Appendix 1 – First Time Adoption of IFRS (Continued)

Adjustments between National Accounting Standards and IFRS

The basis of material adjustments between Albanian National Accounting Standards and IFRS are as follows.

Capitalization of other Financing Costs –IAS 16.

Under Albanian National Accounting Standard 05 the company had elected to capitalize under the new plant project certain costs of a bank guarantee not directly related to the project.

However since they were not meeting the necessary criteria under IAS 16 they were expensed in the period incurred.

	1 January 2009 ALL'000	31 December 2009 ALL'000
Bank Guarantee Fees Expensed	22.607	13.989

Revaluation of non-monetary items –IAS 21.

In 2008 under payables to related parties there was an amount of Lek 3.381.058 which was the contribution of the shareholders for the increase in share capital. Although the Shareholder's decision was taken in December 2008, the official procedure was finalized only in January 2009. As such the company for local NAS had considered the amount which was denominated in EURO as monetary amount and revaluated with the year end exchange rate. However as per IFRS the amount is considered to be part of capital, as per IAS 21 this is considered to be Non-Monetary items and as such are carried at the exchange rate at the date of transaction.

In 2009 under Other Non-Current assets there was an amount of Lek 588.779 thousand related to prepayments for Fix Assets denominated in Euro. Under the Albanian NAS accounts denominated in foreign currency are translated into Lek at the closing exchange rate. As per IAS 21 they are considered to be Non-Monetary items and as such are carried at the exchange rate at the date of transaction.

	1 January 2009 ALL'000	31 December 2009 ALL'000
Reversal of Foreign Exchange Gain	(44.174)	(113.571)

Net off of Assets and Liabilities

Under Albanian NAS the company has presented all credit balances under suppliers and all debit balances under clients whereas under IFRS the company has elected to net off the payables and receivables against the same client/supplier in order to show the net balances.

ANTEA CEMENT SH.A.
NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2010

Appendix 1 – First Time Adoption of IFRS (Continued)

Adjustments between National Accounting Standards and IFRS (Continued)

Net off of Assets and Liabilities (Continued)

	1 January 2009 ALL'000	31 December 2009 ALL'000
Trade Receivables	(6.424)	(7.626)
Trade Liabilities	6.424	7.626

Pre-Opening Expenses

During the establishment phase the company incurred pre-opening expenses. Under the old Albanian General Accepted Accounting principles which were in force till 31 December 2007 preopening expenses were amortized over a certain period. With the application of the new NAS from 1 January 2008 the amount of Lek 51.464 thousand was immediately written off in the profit and loss of the year. According to IFRS this amount should have been written of in the prior period as such we reclassify it from Current Period loss to Retain losses.

Reclassifications

Certain reclassifications have been done from the previous NAS in order to improve the necessary disclosures.