

ANTEA CEMENT Sh. A

**AUDIT REPORT ON FINANCIAL STATEMENTS
FOR GROUP CONSOLIDATION REPORTING
PURPOSES**

For the year ended 31 December 2013

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Antea Cement Sh.A

We have audited the condensed financial statements for group consolidation reporting purposes of Antea Cement Sha ("the Company"), which comprise the statement of financial position as at 31 December 2013, 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 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, 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. 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 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 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 € 520.000.

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 2013 and of its financial performance and 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.

04 February 2014, Tirana

Ernst & Young Certified Auditors Ltd, Skopje-Tirana Branch.

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2013

	<i>Notes</i>	2013 ALL'000	2012 ALL'000
Sales of products	3.1	7.584.777	7.184.457
Other revenues	3.2	134.138	146.646
Cost of Sales	3.3	(6.037.991)	(6.459.715)
Gross Profit		1.680.924	871.388
Other Income	3.4	240.662	282.355
Other Expenses	3.5	(415.539)	(346.102)
Selling and Marketing Expenses	3.6	(585.103)	(623.941)
Administrative expenses	3.7	(484.379)	(477.692)
Operating Profit		436.565	(293.992)
Finance revenue	3.9	397.538	535.564
Finance cost	3.9	(1.169.780)	(1.527.269)
Profit before tax		(335.677)	(1.285.697)
Income tax expense	4.0/4.1	(393.014)	(149.308)
Profit for the year		(728.691)	(1.435.005)
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		(728.691)	(1.435.005)

The Statement of Comprehensive Income is to be read in conjunction with the notes set on pages 5 to 30, forming an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
As at 31 December 2013

	<i>Notes</i>	2013 ALL'000	2012 ALL'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	21.050.278	21.670.436
Intangible assets	6	36.008	35.686
Investment in subsidiary	7	937.971	937.971
		22.024.257	22.664.093
Current assets			
Inventories	8	1.479.122	1.391.984
Trade Receivables	9	953.557	1.181.028
Other Receivables	10	2.127.106	2.348.578
Receivables from Related Parties	17b	404.211	397.771
Cash and cash equivalents	11	854.822	898.225
		5.818.818	6.217.586
TOTAL ASSETS		27.843.075	28.861.679
EQUITY AND LIABILITIES			
Capital and reserves			
Issued Capital	12	10.686.510	10.686.510
Retained earnings		(5.143.592)	(4.414.901)
		5.542.918	6.271.609
Non-current liabilities			
Interest-bearing loans & borrowings	13a	18.887.306	20.142.818
Re-forestation provision	14	-	5.697
Deferred tax liability, net	4.1	989.604	596.590
		19.876.910	20.745.105
Current liabilities			
Trade payables	15	526.168	978.248
Other payables	16	67.899	53.024
Interest-bearing loans & borrowings	13b	1.657.641	568.015
Payables to Related Parties	17d	171.539	245.678
		2.423.247	1.844.965
TOTAL EQUITY AND LIABILITIES		27.843.075	28.861.679

Authorized on behalf of the Board of Directors

Adamantios Frantzis

Chief Executive Officer

Adrian Qirjako

Finance Director

The Statement of Financial Position is to be read in conjunction with the notes set on pages 5 to 30, forming an integral part of the financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2013

	<i>Notes</i>	2013 ALL'000	2013 ALL'000
Profit before tax		(335.677)	(1.285.697)
Cash flows from operating activities			
Non cash adjustment			
Depreciation and impairment of PPE	5	779.008	781.424
Amortization of intangible Assets	6	4.391	4.053
Movement in doubtful debt allowance	9	206.382	63.131
Movement in restoration provision	14	(5.697)	(21.046)
Movements in other Provisions	8,16	5.219	(10.000)
Interest income	3.9	(7.606)	(21.786)
Interest expense	3.9	680.148	992.688
FX Gains / Losses		74.911	28.804
Losses on Disposal of FA		29.627	18.914
Working capital adjustment :			
(Increase)/Decrease in inventories		(90.763)	96.643
Decrease in trade and other receivables		244.542	103.380
(Decrease) in trade and other payables		(525.123)	(463.250)
Net Cash flows generated from operations		1.059.362	287.258
Cash flows from investing activities			
Purchase of property, plant and equipment		(188.477)	(236.087)
Purchase of intangible assets		(4.713)	(17.548)
Proceeds from sale of property, plant and equipment		-	27.036
Net cash flows generated (used in) / from investing activities		(193.190)	(226.599)
Cash flows from financing activities			
Proceeds of borrowings net		-	421.050
Repayment of Borrowings		(454.843)	(1.906.154)
Payment of Loan Fees		(1.228)	(70.622)
Share Capital Increase		-	3.000.000
Interest Paid		(461.110)	(1.280.129)
Interest Received		7.606	21.786
FX exchange rates			
Net cash flows (used) in financing activities		(909.575)	185.931
Net increase/(decrease) in cash and cash equivalents		(43.403)	246.590
Cash and cash equivalents at 1 January		898.225	651.635
Cash and cash equivalents at 31 December	11	854.822	898.225

The Statement of Cash Flow is to be read in conjunction with the notes set on pages 5 to 30, forming an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2013

	Share capital ALL'000	Retained earnings ALL'000	Total ALL'000
At 1 January 2013	10.686.510	(4.414.901)	6.271.609
Net loss for the year	-	(728.691)	(728.691)
Other Comprehensive Income	-	-	-
Total Comprehensive Loss for the Period	-	(728.691)	(728.691)
At 31 December 2013	10.686.510	(5.143.592)	5.542.918

For the year ended 31 December 2012

	Share capital ALL'000	Retained earnings ALL'000	Total ALL'000
At 1 January 2012	7.686.510	(2.979.896)	4.706.614
Share Capital increase	3.000.000		3.000.000
Net loss for the year	-	(1.435.005)	(1.435.005)
Other Comprehensive Income	-	-	-
Total Comprehensive Loss for the Period	-	(1.435.005)	(1.435.005)
At 31 December 2012	10.686.510	(4.414.901)	6.271.609

The Statement of Changes in Equity is to be read in conjunction with the notes set on pages 5 to 30, forming an integral part of the financial statements.

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2013

1. CORPORATE INFORMATION

Antea Cement Sh.A. hereinafter referred as the (“the Company”) is incorporated in the Republic of Albania with the registered address at str. Kashar, Katundiiri, AutostradaTirane-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 Cyprus, 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 2013 is 198; (31 December 2012: 207).

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 two subsidiaries, Albacemento Sh.p.k. and CementiAntea SRL, in everyone of each owns 100 %. These subsidiaries are accounted for these financial statements at cost less any impairment in value.

Some prior year balances were reclassified for presentation purposes.

b. Changes in accounting policy and disclosures

The accounting policies adopted are consistent with those of the previous financial year except for the following amended IFRSs which have been adopted by the Company as of 1 January 2013:

- **IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income.**
- **IAS 19 Employee Benefits (Revised)**
- **IFRS 7 Financial Instruments: Disclosures (Amended) - Offsetting Financial Assets and Financial Liabilities**
- **IFRS 13 Fair Value Measurement**
- **IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine**
- **IAS 28 Investments in Associates and Joint Ventures (Revised)**
- **IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements**
- **IFRS 11 Joint Arrangements**
- **IFRS 12 Disclosures of Interests in Other Entities**
- **Transition Guidance (Amendments to IFRS 10, IFRS 11 and IFRS 12)**
- **Annual Improvements to IFRSs – 2009 – 2011 Cycle**

When the adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Company, its impact is described below:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**b. Changes in accounting policy and disclosures (Continued)****• IAS 1 Financial Statement Presentation (Amended) – Presentation of Items of Other Comprehensive Income**

The amendments to IAS 1 change the grouping of items presented in OCI. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, net gain on hedge of net investment, exchange differences on translation of foreign operations, net movement on cash flow hedges and net loss or gain on available-for-sale financial assets) would be presented separately from items that will never be reclassified (for example, actuarial gains and losses on defined benefit plans and revaluation of land and buildings). The amendment affects presentation only and has no impact on the Group's financial position or performance. The relevant amendment has no effect on the company's financial statements.

• IFRS 13 Fair Value Measurement

IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. The application of IFRS 13 has not materially impacted the fair value measurements carried out by the Company. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 Financial Instruments: Disclosures. The relevant amendment has no effect on the company's financial statements.

• IAS 28 Investments in Associates and Joint Ventures (Revised)

The Standard is effective for annual periods beginning on or after 1 January 2014. As a consequence of the new IFRS 11 Joint arrangements and IFRS 12 Disclosure of Interests in Other Entities, IAS 28 Investments in Associates, has been renamed IAS 28 Investments in Associates and Joint Ventures, and describes the application of the equity method to investments in joint ventures in addition to associates. The relevant amendment has no effect on the company's financial statements.

• IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements

The new standard is effective for annual periods beginning on or after 1 January 2014. IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities.

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The relevant amendment has no effect on the company's financial statements.

• IFRS 12 Disclosures of Interests in Other Entities

The new standard is effective for annual periods beginning on or after 1 January 2014. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The relevant amendment has no effect on the company's financial statements.

The IASB has issued the **Annual Improvements to IFRSs – 2009 – 2011 Cycle**, which contains amendments to its standards and the related Basis for Conclusions. The annual improvements project provides a mechanism for making necessary, but non-urgent, amendments to IFRS. The relevant amendments have no effect on the company's financial statements.

- IAS 1 Presentation of Financial Statements:** This improvement clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**b. Changes in accounting policy and disclosures (Continued)**

- **IAS 16 Property, Plant and Equipment:** This improvement clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory.
- **IAS 32 Financial Instruments, Presentation:** This improvement clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes.
- **IAS 34 Interim Financial Reporting:** The amendment aligns the disclosure requirements for total segment assets with total segment liabilities in interim financial statements. This clarification also ensures that interim disclosures are aligned with annual disclosures.

c. Standards issued but not yet effective and not early adopted

- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities**

The amendment is effective for annual periods beginning on or after 1 January 2014. These amendments clarify the meaning of “currently has a legally enforceable right to set-off”. The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. Management has assessed that such amendment has no impact over the financial statements of the company.

- **IFRS 9 Financial Instruments: Classification and Measurement and subsequent amendments to IFRS 9 and IFRS 7-Mandatory Effective Date and Transition Disclosures; Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39**

- IFRS 9, as issued, reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. The adoption of the first phase of IFRS 9 will have an effect on the classification and measurement of financial assets, but will not have an impact on classification and measurements of financial liabilities. In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. The standard was initially effective for annual periods beginning on or after 1 January 2013 but amendments to IFRS 9 Mandatory Effective Date of IFRS 9 and Transition Disclosures, issued in December 2011, moved the mandatory effective date to 1 January 2015. The subsequent package of amendments issued in November 2013 initiate further accounting requirements for financial instruments. These amendments a) bring into effect a substantial overhaul of hedge accounting that will allow entities to better reflect their risk management activities in the financial statements; b) allow the changes to address the so-called ‘own credit’ issue that were already included in IFRS 9 Financial Instruments to be applied in isolation without the need to change any other accounting for financial instruments; and c) remove the 1 January 2015 mandatory effective date of IFRS 9, to provide sufficient time for preparers of financial statements to make the transition to the new requirements. The company will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

- **Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)**

The amendment is effective for annual periods beginning on or after 1 January 2014. The amendment applies to a particular class of business that qualify as investment entities. The IASB uses the term ‘investment entity’ to refer to an entity whose business purpose is to invest funds solely for returns from capital appreciation, investment income or both. An investment entity must also evaluate the performance of its investments on a fair value basis. Such entities could include private equity organisations, venture capital organisations, pension funds, sovereign wealth funds and other investment funds. Under IFRS 10 Consolidated Financial Statements, reporting entities were required to consolidate all investees that they control (i.e. all subsidiaries). The Investment Entities amendment provides an exception to the consolidation requirements in IFRS 10 and requires investment entities to measure particular subsidiaries at fair value through profit or loss, rather than consolidate them. The amendment also sets out disclosure requirements for investment entities. Management has assessed that such amendment will not have an impact on the company’s financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**c. Standards issued but not yet effective and not early adopted**

- **IAS 36 Impairment of Assets (Amended) – Recoverable Amount Disclosures for Non-Financial Assets**

This amendment is effective for annual periods beginning on or after 1 January 2014. These amendments remove the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. Management has assessed that such amendment will not have an impact on the company's financial statements.

- **IAS 39 Financial Instruments (Amended): Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting**

This amendment is effective for annual periods beginning on or after 1 January 2014. Under the amendment there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The IASB made a narrow-scope amendment to IAS 39 to permit the continuation of hedge accounting in certain circumstances in which the counterparty to a hedging instrument changes in order to achieve clearing for that instrument. Management has assessed that such amendment will not have an impact on the company's financial statements.

- **IAS 19 Defined Benefit Plans (Amended): Employee Contributions**

The amendment is effective from 1 July 2014. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. Management has assessed that such amendment will not have an impact on the company's financial statements.

- **IFRIC Interpretation 21: Levies**

The interpretation is effective for annual periods beginning on or after 1 January 2014. The Interpretations Committee was asked to consider how an entity should account for liabilities to pay levies imposed by governments, other than income taxes, in its financial statements. This Interpretation is an interpretation of IAS 37 Provisions, Contingent Liabilities and Contingent Assets. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The Interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers the payment of the levy. Management has assessed that such amendment will not have an impact on the company's financial statements.

- **The IASB has issued the Annual Improvements to IFRSs 2010 – 2012 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 July 2014. Management has assessed that such amendment will not have an impact on the company's financial statements.

- **IFRS 2 Share-based Payment:** This improvement amends the definitions of 'vesting condition' and 'market condition' and adds definitions for 'performance condition' and 'service condition' (which were previously part of the definition of 'vesting condition').
- **IFRS 3 Business combinations:** This improvement clarifies that contingent consideration in a business acquisition that is not classified as equity is subsequently measured at fair value through profit or loss whether or not it falls within the scope of IFRS 9 Financial Instruments.
- **IFRS 8 Operating Segments:** This improvement requires an entity to disclose the judgments made by management in applying the aggregation criteria to operating segments and clarifies that an entity shall only provide reconciliations of the total of the reportable segments' assets to the entity's assets if the segment assets are reported regularly.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**c. Standards issued but not yet effective and not early adopted**

- **IFRS 13 Fair Value Measurement:** This improvement in the Basis of Conclusion of IFRS 13 clarifies that issuing IFRS 13 and amending IFRS 9 and IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial.
 - **IAS 16 Property Plant & Equipment:** The amendment clarifies that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
 - **IAS 24 Related Party Disclosures:** The amendment clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity.
 - **IAS 38 Intangible Assets:** The amendment clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.
- The **IASB has issued the Annual Improvements to IFRSs 2011 – 2013 Cycle**, which is a collection of amendments to IFRSs. The amendments are effective for annual periods beginning on or after 1 July 2014. Management has assessed that such amendment will not have an impact on the company's financial statements.
- **IFRS 3 Business Combinations:** This improvement clarifies that IFRS 3 excludes from its scope the accounting for the formation of a joint arrangement in the financial statements of the joint arrangement itself.
 - **IFRS 13 Fair Value Measurement:** This improvement clarifies that the scope of the portfolio exception defined in paragraph 52 of IFRS 13 includes all contracts accounted for within the scope of IAS 39 Financial Instruments: Recognition and Measurement or IFRS 9 Financial Instruments, regardless of whether they meet the definition of financial assets or financial liabilities as defined in IAS 32 Financial Instruments: Presentation.
 - **IAS 40 Investment Properties:** This improvement clarifies that determining whether a specific transaction meets the definition of both a business combination as defined in IFRS 3 Business Combinations and investment property as defined in IAS 40 Investment Property requires the separate application of both standards independently of each other.

d. 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.

e. 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 recognized as income or expenses for the period in which they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**f. 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 recognized 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 recognized 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.

g. 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**g. Financial instruments – initial recognition and subsequent measurement (continued)****(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 recognized 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 amortized cost using the effective interest method, less impairment. Amortized 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 recognized in the income statement in finance costs. The Company did not have any held-to-maturity investments during the years ended 31 December 2013 and 2012.

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 recognized as other comprehensive income in the available-for-sale reserve until the investment is derecognized, at which time the cumulative gain or loss is recognized in other operating income, or determined to be impaired, at which time the cumulative 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 2013 and 2012.

Derecognition

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

- The rights to receive cash flows from the asset have expired
- 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**g. Financial instruments – initial recognition and subsequent measurement (continued)**

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

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

(ii) Financial liabilities*Initial recognition 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 recognized 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 recognized 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 amortized 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 amortization process.

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the profit or loss. amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

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 recognized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**h. 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.

i. 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.

j. 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.

k. Share capital

Ordinary shares are classified as equity.

l. 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.

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.

m. 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% (2012 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**n. Provisions***General*

Provisions are recognized 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.

o. 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.

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.

p. 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.

q. 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)**r. 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 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.

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.

Fair value of financial instruments

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

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.

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2013

3. REVENUE AND EXPENSES

3.1) Sales

	2013 ALL'000	2012 ALL'000
Cement products	7.655.314	7.401.918
Clinker	67.973	-
Imported cement	34.688	45.143
Discounts	(173.198)	(262.604)
	7.584.777	7.184.457

A more detailed breakdown is provided below:

	2013 ALL'000	2012 ALL'000
<i>Gross sales</i>		
Domestic market	5.326.098	4.751.392
Foreign market	2.431.877	2.695.669
Discounts	(173.198)	(262.604)
	7.584.777	7.184.457
<i>Domestic market</i>		
Income from Imported Cement	34.688	45,143
Income from Own Cement	5.291.410	4.706.249
Income from Clinker	-	-
Discounts	(173.198)	(262.604)
	5.152.900	4.488.788
<i>Foreign market</i>		
Income from Cement	2.363.904	2.695.669
Income from Clinker	67.973	-
Other	-	-
	2.431.877	2.695.669

3.2) Other Revenues

Third party revenues are shown as follows:

	2013 ALL'000	2012 ALL'000
Third party freight	134.138	146.646
	134.138	146.646

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

For the year ended 31 December 2013

3. REVENUE AND EXPENSES (Continued)**3.3) Cost of sales**

	2013	2012
	ALL'000	ALL'000
<i>Variable Costs</i>		
Distribution expenses	1.147.272	1.139.255
Kiln fuel	1.422.134	1.511.151
Electricity	767.923	961.759
Raw materials & Additives	497.766	432.528
Refractory	77.167	65.509
Fuel & oil	6.510	7.459
Royalty	66.824	38.336
Packing expenses	616.956	628.646
Cost of Imported Cement	31.774	39.888
<i>Fixed Costs</i>		
Salaries and related expenses	238.251	273.407
Repair & Maintenance – spare parts	149.896	198.433
Services from Third Parties	201.200	181.041
Leasing Expenses	18.057	15.509
Plant utilities	23.241	14.191
Other fixed cost	60.915	23.032
Depreciation charges	716.687	718.910
Inventory Variation	(4.582)	210.661
	6.037.991	6.459.715

3.4) Other Operating Income

	2013	2012
	ALL'000	ALL'000
Income from sold Materials	180.770	230.281
Income from sold Fixed Assets	-	27.036
Surplus of inventory	5.256	3.723
Reimbursement of Excise	45.743	-
Reversal of Provision for Forestation	5.697	21.046
Reversal of Other Provisions	2.612	-
Other	584	269
	240.662	282.355

Income from sold materials in amount of ALL 180.770 thousand (2012; ALL 90.810 thousand) relates to pet-coke sold to companies in Albania.

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2013

3. REVENUE AND EXPENSES (Continued)

3.5) Other operating expenses

	2013	2012
	ALL'000	ALL'000
Cost of materials sold	143.917	222.999
Net Book Value of Sold Assets	29.627	21.311
Provision for bad debts, net	206.382	63.131
Quarry Rehabilitation Expenses	20.751	21.046
Other Provisions	7.831	10.000
Losses of Inventory	6.783	127
Other Expenses	248	7.488
	415.539	346.102

Other Provisions is related to provisions for inventory for ALL 3.625 thousand (Note 8) and ALL 4.206 thousand relates to provisions for personnel costs (Note 16). Movements in Provision for Bad Debts are shown in Note 9.

3.6) Selling and Marketing Expenses

	2013	2012
	ALL'000	ALL'000
Terminal Expenses	74.544	87.369
Sales commissions fees	435.865	456.265
Salaries and related expenses	42.546	42.940
Utilities	29.925	31.911
Other expenses	2.223	5.456
	585.103	623.941

Sales Commission fees relate to the agency arrangements that the company has for the sales of the cement in the market.

3.7) Administrative expenses

	2013	2012
	ALL'000	ALL'000
Salaries and related expenses	76.596	66.464
Consultancy fees	143.844	133.580
Utilities	34.325	32,965
Travel-entertainment	18.074	23.673
Audit Fees	7.049	4.797
Repairs & Maintenance	17.496	15.729
Insurance & Taxes	20.911	19.100
Supplies	79.189	89.837
Depreciation	62.321	62.514
Amortization	4.391	4.053
Other Expenses	20.183	24.980
	484.379	477.692

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

For the year ended 31 December 2013

3. REVENUE AND EXPENSES (Continued)**3.8) Employee benefits expense**

	2013 ALL'000	2012 ALL'000
Gross Salaries	237.983	239.075
Other Related Expenses	119.410	143.736
	357.393	382.811

3.9) Finance Income/Cost

	2013 ALL'000	2012 ALL'000
Finance Income		
Interest Income	7.606	21.786
Foreign Exchange Gain	389.932	513.778
Finance Income	397.538	535.564
Finance Cost		
Interest Expenses	(680.148)	(923.162)
Other Financial Costs	-	(69.526)
Bank Charges	(13.355)	(8.214)
Foreign Exchange Losses	(476.277)	(526.367)
Finance Cost	(1.169.780)	(1.527.269)

4. INCOME TAX

The income tax expense comprises of:

	2013 ALL'000	2012 ALL'000
Current income tax charge	-	-
Deferred Tax (Charge)/ benefit	(393.014)	(149.308)
	(393.014)	(149.308)

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 CONDENSED FINANCIAL STATEMENTS**

For the year ended 31 December 2013

4. INCOME TAX (CONTINUED)

A reconciliation between accounting profit before income tax and income tax expense is provided as follows.

	2013 ALL'000	2012 ALL'000
Accounting profit before income tax	(335.677)	(1.285.697)
Income tax expense at statutory rate of 10% for 2013 (2012:10%)	(33.568)	(128.570)
Expenses not deductible for tax purposes	6.619	19,089
Impairment of Bad debts	20.638	6,313
Tax Depreciations	(80.318)	(157.807)
Other Provisions	522	1.000
Increase in Temporary Differences	(393,014)	(149.30Z)
Adjustment for non-taxable results	86.107	259.975
Income tax expense	393.014	149.308

4.1 DEFERRED TAX

Deferred income tax at 31 December 2013 and 31 December 2012 relates to the following:

	Statement of Financial Position		Statement of Comprehensive Income	
	2013 ALL'000	2012 ALL'000	2013 ALL'000	2012 ALL'000
<i>Deferred tax assets</i>				
Restoration Provision	-	570	570	2.104
Other Provisions	2.398	1.000	(1.398)	(1.000)
Impairment of Receivables	66.982	24.016	(42.966)	(6.159)
	69.380	25.586	(43.794)	(5.055)
<i>Deferred tax liabilities</i>				
Accelerated depreciation/amortization for tax purposes	(1.058.984)	(622.176)	436.808	(154.363)
	(1.058.984)	(622.176)	436.808	(154.363)
Deferred income tax incomes (losses)	(989.604)	(596.590)	393.014	(149.308)

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2013

5. PROPERTY, PLANT AND EQUIPMENT

Cost	Land and improvements ALL'000	Buildings ALL'00	Plant and machinery ALL'000	Vehicles ALL'000	Furniture and Fittings ALL'000	Electronic Equipment ALL'000	Assets under construction ALL'000	Total ALL'000
At 31 December 2011	2.669.674	1.647.265	18.894.770	22.731	23.495	168.474	48.603	23.505.012
Additions	-	2.584	18.457	-	1.488	5.612	207.946	236.087
Transfers	-	-	31.343	-	-	-	(31.343)	-
Disposals	-	-	(67.902)	(1.759)	-	-	(4.083)	(73.744)
At 31 December 2012	2.699.674	1.649.849	18.876.668	20.972	24.983	174.086	221.123	23.667.355
Additions	-	-	24.304	-	70	3.241	160.862	188.477
Transfers	-	10.245	30.678	-	-	-	(40.923)	-
Disposals	-	-	(30.690)	-	-	-	(228)	(30.918)
At 31 December 2013	2.699.674	1.660.094	18.900.960	20.972	25.053	177.327	340.833	23.824.913
Depreciation and impairment:								
At 31 December 2011	86.573	41.537	647.997	3.868	4.067	19.997	-	781.423
Depreciation charge for the year	63.957	41.537	647.997	3.868	4.067	19.997	-	781.423
Disposals	-	-	(26.328)	(1.466)	-	-	-	(27.794)
At 31 December 2012	150.530	100.339	1.673.250	9.941	13.517	49.341	-	1.996.918
Depreciation charge for the year	63.957	41.318	646.131	3.575	4.409	19.618	-	779.008
Disposals	-	-	(1.291)	-	-	-	-	(1.291)
At 31 December 2013	214.487	141.657	2.318.090	13.516	17.926	68.959	-	2.774.635
Net book value								
At 31 December 2013	2.485.187	1.518.437	16.582.870	7.456	7.127	108.368	340.833	21.050.278
At 31 December 2012	2.549.144	1.549.510	17.203.418	11.031	11.466	124.745	31.425	21.670.436
At 31 December 2011	2.613.101	1.588.463	17.843.189	15.192	14.045	139.130	24.677	22.261.722

Included in "Assets under constructions" there are strategic spare parts amounting to ALL 221.542 thousand (2012; ALL 189.687 thousand).

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2013

6. INTANGIBLE ASSETS

	Computer software	Intangible CIP	Total
Cost:			
At 31 December 2011	24.554	1.955	26.509
Additions	3.486	14.062	17.548
At 31 December 2012	28.040	16.017	44.057
Additions	857	3.856	4.713
At 31 December 2013	28.897	19.873	48.770
Amortization:			
At 31 December 2011	4.318	-	4.318
Amortization charge for the year	4.053	-	4.053
At 31 December 2012	8.371	-	8.371
Amortization charge for the year	4.391	-	4.391
At 31 December 2013	12.762	-	12.762
Net book value:			
At 31 December 2012	19.669	16.017	35.686
At 31 December 2013	16.135	19.873	36.008

7. INVESTMENTS IN SUBSIDIARY

	2013 ALL'000	2012 ALL'000
ALBACEMENTO Shpk	756.766	756.766
CEMENTI ANTEA SRL	181.205	181.205
	937.971	937.971

8. INVENTORIES

	2013 ALL'000	2012 ALL'000
Raw materials (cost)	399.818	411.133
Spare Parts (at cost)	616.309	640.004
Packing materials (at cost)	76.682	62.077
Semi-finished goods (at cost)	152.823	130.345
Finished goods (at cost)	116.317	134.475
Goods for resale (at cost)	6.878	10.959
Other materials (at cost)	83.920	2.991
Provision for damaged goods	(3.625)	-
	1.479.122	1.391.984

The company has created a provision for damaged goods; movements in the provisions are shown as follows:

	2013 ALL'000	2012 ALL'000
Balance at 1 January	-	-
Charged During the Year (Note 3.5)	(3.625)	-
Reversal During the Year	-	-
Balance at 31 December	(3.625)	-

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2013

9. TRADE RECEIVABLES

	2013	2012
	ALL'000	ALL'000
Trade receivables	1.400.103	1.421.192
Less: Provision for impairment	(446.546)	(240.164)
Trade Receivables Net	953.557	1.181.028

Movements in the allowance for doubtful accounts are as follows:

	2013	2012
	ALL'000	ALL'000
Balance at 1 January	240.164	178.574
Impairment Charge for the Year (Note 3.5)	206.382	63.131
Write off of Receivables	-	(1.541)
Balance at 31 December	446.546	240.164

As at 31 December 2013, the aging analysis of trade receivables is as follows:

	<i>Total</i>	Neither past due or impaired	Past due but not impaired					
			< 30 days	30-60 days	60-90 days	90-180 days	>180 days	>360 days
2013	1.400.103	277.891	111.326	96.928	58.887	144.881	254.303	455.887
2012	1.421.192	353.943	236.136	154.613	117.151	191.832	156.848	210.669

10. OTHER RECEIVABLES

	2013	2012
	ALL'000	ALL'000
VAT receivables	2.044.271	2.318.462
Sundry debtors	9.406	9.003
Prepayments for supplies	4.967	4.494
Deferred expenses	68.462	16.620
	2.127.106	2.348.579

Included in VAT receivables in 2013 there is an amount of ALL 1.735.527 thousand related to VAT approved by the Tax Authorities for reimbursement derived from investment activities during 2007 – 2010. During 2013 the cash reimbursed by the Tax Authorities amounted to ALL 210.000 thousand (31 December 2012: ALL 170.000 thousand) and further VAT was compensated with liabilities due to be paid for Personal Income taxes, Social/Health compensations, Royalty, WHT amounting to ALL 131.579 thousand (31 December 2012: ALL 152.009 thousand).

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2013

11. CASH AND CASH EQUIVALENTS

	2013 ALL'000	2012 ALL'000
Cash in hand Denominated in ALL	436	487
Cash in hand Denonimated in Foreign Currency	1.176	528
Cash at Bank Denominated in ALL	275.055	759.436
Cash at Bank Denominated in Foreign Currency	578.155	137.774
	854.822	898.225

12. ISSUED CAPITAL

<i>Authorized, issued and fully paid</i>	2013			2012		
	<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	3.205.953	60%	6.411.906	3.205.953	60%	6.411.906
EBRD-ordinary shares of ALL 2,000 each	1.068.651	20%	2.137.302	1.068.651	20%	2.137.302
IFC-ordinary shares of ALL 2,000 each	1.068.651	20%	2.137.302	1.068.651	20%	2.137.302
	5.343.255	100%	10.686.510	5.343.255	100%	10.686.510

In June 2012 ANTEA's share capital was increased with additional 1 500 000 shares with face value 2.000 ALL per share. Additional shares were split between shareholders on the ratio 60:20:20.

13. BORROWINGS

a) Long term borrowings

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

	2013 ALL'000	2012 ALL'000
Alvacim ltd	7.329.040	7.158.415
EBRD	2.443.013	2.386.138
IFC	2.443.013	2.386.138
	12.215.066	11.930.691
Euro Bank EFG	280.400	488.565
Societe General - Paris	1.958.315	3.229.345
Societe General - Albania	459.525	520.217
BKT	1.850.000	1.850.000
Raiffeisen Bank	2.124.000	2.124.000
	6.672.240	8.212.127
	18.887.306	20.142.818

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2013

13. BORROWINGS (CONTINUED)

a) Long term borrowings (Continued)

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

During 2012 the Company has repaid Long-Term loans as follows:

During 2012 the company repaid two installments to the Societe Generale Bank Paris amounting to EUR 1.310 thousand or ALL 1.906.514 thousand.

Subsequent to share capital increase in June 2012 the Company paid to Alvacim all calculated accrued interest and front fees until 15 March 2012 amounting to EUR 5.063 thousand or ALL 700.066.875 thousand.

The accrued interest on Long term loans from ALVACIM, EBRD and IFC as of 15 September 2012, including the additional interest on the consolidated EBITDA for the year ended 31 December 2011 were capitalized in the principal of these loans, as follows: ALVACIM – EUR 881.715, EBRD – EUR 293.905, IFC – EUR 293.905.

During 2013 the Company has repaid Long-Term loans as follows:

During 2013 the company repaid two installments to the Societe Generale Bank Paris amounting to EUR 3.055 thousand or ALL 428.900 thousand, as well as two installments to Societe Generale Bank Albania amounting to ALL 25.942 thousand.

The accrued interest on Long term loans from ALVACIM, EBRD and IFC as of 15 March 2013 and 15 September 2013, were capitalized in the principal of these loans, as follows: ALVACIM – EUR 994 thousand, EBRD – EUR 331 thousand and IFC – EUR 331 thousand.

b) Short term borrowings

	2013	2012
	ALL'000	ALL'000
Alvacim Accrued Interest	39.729	41.611
EBRD Accrued Interest	13.243	13.870
IFC Accrued Interest	13.243	13.870
Societal Generale Principal	1.285.143	426.517
Societal Generale Accrued Interest	9.166	8.101
Banka Popullore Principal	60.692	25.943
Banka Popullore Accrued Interest	15.775	25.548
BKT Accrued Interest	10.350	11.713
Raiffeisen Bank Accrued Interest	-	842
Euro Bank EFG Principal	210.300	-
	1.657.641	568.015

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2013

14. RE-FORESTATION PROVISION

	2013	2012
	ALL'000	ALL'000
Provision for forestation	-	5.697
	<u>-</u>	<u>5.697</u>

Movements in provision for forestation are shown as follows:

	2013	2012
	ALL'000	ALL'000
At 1 January	5.697	26.743
Increase in Provison during the year	-	-
Utilised Provision	(5.697)	(21.046)
	<u>-</u>	<u>5.697</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 had to be fulfilled within a period of 5 years. The company has fulfilled its obligations as such has utilized the entire provision.

15. TRADE PAYABLES

	2013	2012
	ALL'000	ALL'000
Trade creditors third Parties	494.333	871.667
Accruals for Supplies	31.835	106.581
	<u>526.168</u>	<u>978.248</u>

16. OTHER PAYABLES

	2013	2012
	ALL'000	ALL'000
Client's Advance Payments	31.201	18.350
Social security	4.180	4.301
Payroll taxes	2.340	2.926
Other Taxes	12.136	12.928
Due to Employees	6.414	4.494
Other Provisions	11.594	10.000
Other Payables	34	25
	<u>67.899</u>	<u>53.024</u>

Other provisions relate to provisions for un-used days of vacation as well as other additional personnel costs. The movements in the provisions are shown as follows:

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

For the year ended 31 December 2013

16. OTHER PAYABLES (CONTINUED)

	2013	2012
	ALL'000	ALL'000
Balance at 1 January	10.000	-
Provision for Un-Used Days of Vacations (Note 3.5)	(2.612)	10.000
Provision for Additional Personnel Costs (Note 3.5)	4.206	-
Balance at 31 December	11.594	10.000

17. RELATED PARTY TRANSACTIONS**a) Sales of goods and services**

	2013	2012
	ALL'000	ALL'000
TCK Montenegro (cement)	97.670	134.676
CementiAntea (cement)	385.089	539.134
SharrCem – (raw materials)	508	24.680
Titan Cement (services)	-	4.269
Beni Suef (raw materials)	92.987	-
	576.254	702.759

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

b) Receivables from related parties

	2013	2012
	ALL'000	ALL'000
Albacemento Shpk	9.825	20.811
TCK Montenegro	23.403	1.618
Beni Suef	(507)	-
Cementi Antea	371.490	375.342
	404.211	397.771

c) Purchases of goods and services

	2013	2012
	ALL'000	ALL'000
Titan Cement Company (Goods)	26.274	37.073
Titan Cement Company (Services)	187.581	204.880
Alba Cemento – (Rents)	30.310	27.604
Albacem – (Rents)	84.222	77.238
Zlatna Panega (Cement)	-	443
Sharrcem (Services)	265.728	299.566
	594.115	642.854

The major purchases from related parties relate as follows: Titan Cement Company for Management Services and Sharrcem for sales services in Kosovo.

Outstanding balances arising from the transactions mentioned above are presented below

17. RELATED PARTY TRANSACTIONS (CONTINUED)**d) Payables to related parties**

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2013

	2013 ALL'000	2012 ALL'000
Titan Cement Company	84.631	13.246
Cementi Antea	2.687	-
Albacem	84.221	-
Sharrcem	-	232.432
	<u>171.539</u>	<u>245.678</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.

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 summarizes the maturity profile of the Company's financial liabilities at 31 December 2013 and 2012, based on contractual undiscounted payments.

Year ended 31 December 2013 (in 000 ALL)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Long Term Borrowings	-	-	-	6.672.239	12.215.067	18.887.306
Short Term Borrowings	-	101.461	1.556.180	-	-	1.657.641
Trade and other Payables	-	491.146	274.460	-	-	765.606

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2013

Year ended 31 December 2012 (in 000 ALL)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Long Term Borrowings	-	-	-	11.328.446	8.814.372	20.142.818
Short Term Borrowings	-	258.755	309.260	-	-	568.015
Trade and other Payables	-	975.632	773.323	-	-	1.748.685

d) 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.

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 2012 and the current year 2013.

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

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2013

20. COMMITMENTS AND CONTINGENCIES

a) Commitments

	2012 ALL'000	2012 ALL'000
Within one Year	116.718	120.203
After one but not more than five years	308.290	405.665
More than five years	77.998	77.054
	503.006	602.922

Commitments relate to operational leases for vehicles, terminals and plots of lands used by the Company in course of its business.

As at 31 December 2013 the Company is committed to an operational lease contract which grants to the Company rights to use land against an annual rent payment of amount Euro 24 thousand. The rent period is for 30 years, started from 2011.

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 2013 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.

In respect of the VAT the company books have been audited till April 2011 and the amount of ALL 2.344.360 thousand has been confirmed as VAT to be reimbursed to the company from the Tax Authority. At 31 December 2013 the outstanding amount is ALL 1.735.527 thousand (31 December 2011: ALL 2.077.106 thousand).

21. EBITDA

	2013 ALL'000	2012 ALL'000
Profit/loss/ from operating activities	436.565	(293.992)
Depreciation-Amortization	783.399	785.477
	1.219.964	491.485

22. EVENTS AFTER THE BALANCE SHEET DATE

No any significant events have been identified after the balance sheet date that may influence the financial statements.