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Datë: 26 / 01 / 2015

ANTEA CEMENT Sh. A

**FINANCIAL STATEMENTS
FOR GROUP CONSOLIDATION REPORTING
PURPOSES**

For the year ended 31 December 2014

ANTEA CEMENT SH.A.

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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 2014, 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 € 570.000.

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 2014 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.

26 January 2015

Ernst & Young Certified Auditors Skopje

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

ANTEA CEMENT SH.A.

STATEMENT OF COMPREHENSIVE INCOME For the year ended 31 December 2014

	<i>Notes</i>	2014 ALL'000	2013 ALL'000
Sales of products	3.1	6.464.923	7.584.777
Other revenues	3.2	481.679	312.564
Cost of Sales	3.3	(5.633.306)	(6.256.452)
Gross Profit		1.313.296	1.640.889
Other Income	3.4	28.244	62.236
Other Expenses	3.5	(145.436)	(271.622)
Selling and Marketing Expenses	3.6	(194.768)	(510.559)
Administrative expenses	3.7	(469.170)	(484.379)
Operating Profit		532.166	436.565
Finance revenue	3.9	453.736	397.538
Finance cost	3.9	(1.027.291)	(1.169.780)
Loss before tax		(41.389)	(335.677)
Income tax expense	4	(68.841)	(393.014)
Loss for the year		(110.230)	(728.691)
Other comprehensive income		-	-
Total comprehensive income for the year, net of tax		(110.230)	(728.691)

The Statement of Comprehensive Income is to be read in conjunction with the notes set on pages 5 to 29, forming an integral part of the financial statements.

ANTEA CEMENT SH.A.

STATEMENT OF FINANCIAL POSITION As at 31 December 2014

	Notes	2014 ALL'000	2013 ALL'000
ASSETS			
Non-current assets			
Property, plant and equipment, net	5	20.462.990	21.050.278
Intangible assets, net	6	31.600	36.008
Investment in subsidiaries	7	1.077.921	937.971
		21.572.511	22.024.257
Current assets			
Inventories	8	1.432.953	1.479.122
Trade Receivables	9	756.225	953.557
Other Receivables	10	234.048	2.127.106
Receivables from Related Parties	17b	320.417	404.211
Cash and cash equivalents	11	353.048	854.822
		3.096.691	5.818.818
TOTAL ASSETS		24.669.202	27.843.075
EQUITY AND LIABILITIES			
Capital and reserves			
Issued Capital	12	10.686.510	10.686.510
Accumulated losses		(5.253.822)	(5.143.592)
		5.432.688	5.542.918
Non-current liabilities			
Interest-bearing loans & borrowings	13a	15.418.349	18.887.306
Deferred tax liability, net	4	1.058.445	989.604
		16.476.794	19.876.910
Current liabilities			
Trade payables	15	403.239	526.168
Other payables	16	98.507	67.899
Interest-bearing loans & borrowings	13b	2.184.952	1.657.641
Payables to Related Parties	17d	73.022	171.539
		2.759.720	2.423.247
TOTAL EQUITY AND LIABILITIES		24.669.202	27.843.075

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 29, forming an integral part of the financial statements.

ANTEA CEMENT SH.A.

STATEMENT OF CASH FLOWS For the year ended 31 December 2014

	Notes	2014 ALL'000	2013 ALL'000
Loss before tax		(41.389)	(335.677)
Cash flows from operating activities			
Non cash adjustment			
Depreciation and impairment of PPE	5	780.921	779.008
Amortization of intangible Assets	6	4.408	4.391
Movement in doubtful debt allowance	9	127.888	206.382
Movement in restoration provision	14	-	(5.697)
Movements in other Provisions	8,16	(7.399)	5.219
Interest income	3.9	(18.211)	(7.606)
Interest expense	3.9	639.159	680.148
FX Gains / Losses, net		(71.951)	86.264
Losses on Disposal of PPE		-	29.627
Working capital adjustment :			
(Increase)/Decrease in inventories		49.794	(90.763)
Decrease in trade and other receivables		2.071.167	244.542
(Decrease) in trade and other payables		(193.435)	(525.123)
Interest Paid		(540.223)	(461.110)
Interest Received		18.221	7.606
Net Cash flows generated from operations		2.818.940	617.211
Cash flows from investing activities			
Purchase of property, plant and equipment		(193.633)	(188.477)
Purchase of intangible assets		-	(4.713)
Capital Increase in Subsidiaries		(139.952)	-
Net cash flows generated used in investing activities		(333.585)	(193.190)
Cash flows from financing activities			
Proceeds of borrowings		111.143	-
Repayment of Borrowings		(3.139.741)	(454.843)
Payment of Loan Fees		(1.397)	(1.228)
Net cash flows used in financing activities		(3.029.995)	(456.071)
Net decrease in cash and cash equivalents		(544.640)	(32.050)
Cash and cash equivalents at 1 January		854.822	898.225
Effects of exchange rate differences		42.866	(11.353)
Cash and cash equivalents at 31 December	11	353.048	854.822

The Statement of Cash Flow is to be read in conjunction with the notes set on pages 5 to 29, forming an integral part of the financial statements.

ANTEA CEMENT SH.A.

STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2014

	Share capital ALL'000	Retained earnings ALL'000	Total ALL'000
At 1 January 2013	10.686.510	(4.414.901)	6.271.609
Share Capital increase			
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
Net loss for the year	-	(110.230)	(110.230)
Other Comprehensive Income	-	-	-
Total Comprehensive Loss for the Period	-	(110.230)	(110.230)
At 31 December 2014	10.686.510	(5.253.822)	5.432.688

The Statement of Changes in Equity is to be read in conjunction with the notes set on pages 5 to 29, forming an integral part of the financial statements.

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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, 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 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 2014 is 193; (31 December 2013: 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. 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 Cementi Antea SRL, in every one 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

New standards, interpretations and amendments adopted by the Company

The accounting policies adopted in the preparation of the condensed financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2013, except for the adoption of new standards and interpretations effective as of 1 January 2014.

Several other new standards and amendments apply for the first time in 2014. However, they do not impact the annual financial statements of the Company or the interim condensed financial statements of the Company.

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

b. Changes in accounting policy and disclosures (continued)

The nature and the impact of each new standard/amendment are described below:

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

These amendments provide an exception to the consolidation requirement for entities that meet the definition of an investment entity under IFRS 10 *Consolidated Financial Statements*. The exception to consolidation requires investment entities to account for subsidiaries at fair value through profit or loss. These amendments have no impact to the Company, since none of the entities in the Company qualifies to be an investment entity under IFRS 10.

Offsetting Financial Assets and Financial Liabilities – Amendments to IAS 32

These amendments clarify the meaning of 'currently has a legally enforceable right to set-off' and the criteria for non-simultaneous settlement mechanisms of clearing houses to qualify for offsetting. These amendments have no impact on the Company.

Novation of Derivatives and Continuation of Hedge Accounting –Amendments to IAS 39

These amendments provide relief from discontinuing hedge accounting when novation of a derivative designated as a hedging instrument meets certain criteria. These amendments have no impact to the Company.

Recoverable Amount Disclosures for Non-Financial Assets – Amendments to IAS 36

These amendments remove the unintended consequences of IFRS 13 *Fair Value Measurement* on the disclosures required under IAS 36 *Impairment of Assets*. In addition, these amendments require disclosure of the recoverable amounts for the assets or cash-generating units (CGUs) for which an impairment loss has been recognised or reversed during the period. The amendment has no impact to the Company.

IFRIC 21 Levies

IFRIC 21 is effective for annual periods beginning on or after 1 January 2014 and is applied retrospectively. It is applicable to all levies imposed by governments under legislation, other than outflows that are within the scope of other standards (e.g., IAS 12 *Income Taxes*) and fines or other penalties for breaches of legislation.

The interpretation clarifies that an entity recognises a liability for a levy no earlier than when the activity that triggers payment, as identified by the relevant legislation, occurs. It also clarifies that a levy liability is accrued progressively only if the activity that triggers payment occurs over a period of time, in accordance with the relevant legislation. For a levy that is triggered upon reaching a minimum threshold, no liability is recognised before the specified minimum threshold is reached. The interpretation requires these same principles to be applied in interim financial statements. The amendment has no impact to the Company.

The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. Investments in subsidiaries

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.

d. 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.

e. 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.

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. 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:

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.

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. 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.

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

(i) Financial assets (continued)

Impairment of financial assets (continued)

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:

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.

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 amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

g. Inventories

Inventories are valued at the lower of cost and net realizable value. Costs incurred in bringing each product to its present location and conditions are accounted for as follows:

Raw materials:

- Purchase cost on a average basis

Finished goods and work in progress:

- Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs. Initial cost of inventories includes the transfer of gains and losses on qualifying cash flow hedges, recognized in other comprehensive income, in respect of the purchases of raw materials.

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

h. 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.

i. 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.

j. Share capital

Ordinary shares are classified as equity.

k. 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.

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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.. 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. The company has does not have any financial lease as at 31 December 2014 and 31 December 2013.

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

r. Financial risk management

Accounting estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments however, may change due to market changes or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

II. Impairment of receivables

Management maintains an allowance for doubtful receivables to account for estimated losses resulting from the inability of customers to make required payments. When evaluating the adequacy of an allowance for doubtful receivables, management bases its estimates on the ageing of accounts receivable, balances and historical write-off experience, customer credit worthiness and changes in customer payment terms. If the financial condition of customers were to deteriorate, actual write-offs might be higher than expected. At 31 December 2014 the best estimate of the allowance for impairment of receivables is ALL 574.434 thousand (2013: ALL 446.546 thousand). Further details are provided in Note 9.

III. Useful lives of property plant and equipment, and intangible assets

Accounting for property, plant and equipment, and intangible assets involves the use of estimates for determining the expected useful lives of these assets and their residual values. The determination of the useful lives of the assets is based on management's judgment. Further details are provided in Notes 2, 5 and 6.

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

r. Financial risk management (Continued)

Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile. As the Company assesses the probability for a litigation and subsequent cash outflow with respect to taxes as remote, no contingent liability has been recognized.

Deferred tax assets are recognized for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Environmental restoration costs- Provisions for Forestation

The Company is required to restore quarries and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities and consistent with the Company's environmental policies. Provisions for environmental restoration are recognized when the Company has a present legal or constructive obligation as a result of past events and, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Estimating the future costs of these obligations is complex and requires management to make estimates and judgments because most of the obligations will be fulfilled in the future and contracts and laws are often not clear regarding what is required. Furthermore, the resulting provisions are further influenced by the changing technologies and, environmental, safety, business, political and statutory considerations.

Costs associated with such rehabilitation activities are measured at the present value of future cash outflows expected to be incurred and are recognized as a separate asset, within property, plant and equipment, and a corresponding liability. The capitalized cost is depreciated over the useful life of the asset and any change in the net present value of the expected liability is included in finance costs, unless they arise from changes in accounting estimates of valuation.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognized in the financial statements are described in the following notes:

- Note 4 – Income tax expense
- Note 9 – Accounts receivable
- Note 14 – Provisions
- Note 20 – Commitments and contingencies

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 2014

3. REVENUE AND EXPENSES**3.1) Sales**

	2014 ALL'000	2013 ALL'000
Cement products	5.496.163	7.655.314
Clinker	1.064.982	67.973
Imported cement	23.763	34.688
Discounts	(119.985)	(173.198)
	6.464.923	7.584.777

The sales of products are analysed as follows in terms of domestic and foreign market as well as per type of product.

	2014 ALL'000	2013 ALL'000
<i>Gross sales</i>		
Domestic market	4.012.044	5.326.098
Foreign market	2.572.864	2.431.877
Discounts	(119.985)	(173.198)
	6.464.923	7.584.777
<i>Domestic market</i>		
Income from Imported Cement	23.763	34.688
Income from Own Cement	3.988.281	5.291.410
Discounts	(119.985)	(173.198)
	3.892.059	5.152.900
<i>Foreign market</i>		
Income from Cement	1.507.881	2.363.904
Income from Clinker	1.064.983	67.973
	2.572.864	2.431.877

3.2) Other revenues

Third party revenues are shown as follows:

	2014 ALL'000	2013 ALL'000
Third party freight	399.106	134.138
Revenue from Sold Materials	82.573	178.426
	481.679	312.564

Income from sold materials in amount of ALL 82.572 thousand (31 Dec 2013; ALL 178.426 thousand) relates to sales of pet coke to local companies in Albania.

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. REVENUE AND EXPENSES (CONTINUED)

3.3) Cost of sales

The cost of sales are analysed as follows:

	2014 ALL'000	2013 ALL'000
<i>Variable Costs</i>		
Distribution expenses	1.276.589	1.221.816
Kiln fuel	1.244.284	1.422.134
Electricity	575.712	767.923
Raw materials & Additives	368.425	497.766
Refractory	72.300	77.167
Fuel & oil	18.329	6.510
Royalty	56.944	66.824
Packing expenses	497.293	616.956
Cost of Imported Cement	22.927	31.774
Cost of Materials Sold	70.352	143.917
Other Items of Variable Cost	24.252	-
<i>Fixed Costs</i>		
Salaries and related expenses	232.641	238.251
Repair & Maintenance – spare parts	153.180	149.896
Services from Third Parties	149.279	201.200
Leasing Expenses	19.556	18.057
Plant utilities	6.803	23.241
Other fixed cost	72.921	60.915
Depreciation charges	714.465	716.687
Inventory Variation	57.054	(4.582)
	5.633.306	6.256.452

3.4) Other operating income

Other operating income are analysed as follows:

	2014 ALL'000	2013 ALL'000
Income from sold Materials	887	2.344
Surplus of inventory	2.325	5.256
Reimbursement of Excise	-	45.743
Reversal of Provision for Forestation	-	5.697
Reversal of Other Provisions	7.831	2.612
Other	17.201	584
	28.244	62.236

Reversal for other provision is related to provisions for inventory for ALL 3.625 thousand (Note 8) and ALL 4.206 thousand provision for personnel costs (Note 16), (31 December 2013; the amount of All 2.612 thousand relates to reversal of provision for un-used holidays (Note 16). Included in Other operating income the amount of ALL 7.285 relates to bonuses received from suppliers during the year whereas the remaining amount relates to reversal of accruals.

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

For the year ended 31 December 2014

3. REVENUE AND EXPENSES (CONTINUED)**3.5) Other operating expenses**

	2014	2013
	ALL'000	ALL'000
Net Book Value of Sold Assets	-	29.627
Provision for bad debts, net	127.888	206.382
Quarry Rehabilitation Expenses	-	20.751
Other Provisions	432	7.831
Losses of Inventory	15.953	6.783
Other Expenses	1.163	248
	145.436	271.622

Movements in impairment for Trade Receivables are shown in Note 9. Other provision of ALL 432 thousand relates to provision for un-used holidays (Note 16).

3.6) Selling and marketing expenses

	2014	2013
	ALL'000	ALL'000
Sales commissions fees	107.261	435.865
Salaries and related expenses	43.360	42.546
Utilities	26.340	29.925
Other expenses	17.807	2.223
	194.768	510.559

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

The administrative expenses in the Statement of Comprehensive Income are analysed as follows:

	2014	2013
	ALL'000	ALL'000
Consultancy fees	100.846	143.844
Salaries and related expenses	80.095	76.596
Supplies	79.714	79.189
Depreciation	66.456	62.321
Other Expenses	58.889	20.183
Insurance & Taxes	33.445	20.911
Repairs & Maintenance	18.459	17.496
Utilities	18.315	34.325
Travel-entertainment	5.337	18.074
Amortization	4.408	4.391
Audit Fees	3.206	7.049
	469.170	484.379

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2014

3. REVENUE AND EXPENSES (CONTINUED)

3.8) Employee benefits expense

The employee benefits included under cost of sales, selling and marketing and administrative expenses are summarized further as follows:

	2014 ALL'000	2013 ALL'000
Gross Salaries	245.563	237.983
Other Related Expenses	110.533	119.410
	356.096	357.393
<i>Allocated to:</i>		
Cost of Sales (note 3.3)	232.641	238.251
Selling and Marketing Expenses (note 3.6)	43.360	42.546
Administrative Expenses (note 3.7)	80.095	76.596
	356.096	357.393

3.9) Finance income/cost

Finance income and costs is related is related to profit and losses realized during the period from exchange rate differences. In addition finance cost includes bank charges, and interest expenses related to outstanding borrowings.

	2014 ALL'000	2013 ALL'000
Finance Income		
Interest Income	18.211	7.606
Foreign Exchange Gain	435.525	389.932
Finance Income	453.736	397.538
Finance Cost		
Interest Expenses	639.159	680.148
Other Financial Cost	15.288	-
Bank Charges	9.270	13.355
Foreign Exchange Losses	363.574	476.277
Finance Cost	1.027.291	1.169.780

4. INCOME TAX

The income tax expense comprises of:

	2014 ALL'000	2013 ALL'000
Current income tax charge	-	-
Deferred Tax (Charge)/ benefit	(68.841)	(393.014)
	(68.841)	(393.014)

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

For the year ended 31 December 2014

4. INCOME TAX (CONTINUED)

Below it is presented a reconciliation of accounting profit/(loss) before income tax and the taxable profit/(Loss).

Reconciliation between accounting profit before income tax and taxable profit/(loss).

	2014 ALL'000	2013 ALL'000
Accounting loss before income tax	(41,389)	(335,677)
<i>Add Back:</i>		
Expenses not deductible for tax purposes	146,254	92,301
Impairment of Bad debts	127,888	206,382
<i>Less:</i>		
Tax Depreciations	(557,560)	(803,181)
Non Taxable Income	(12,231)	(8,309)
(Deductible Losses)	(337,038)	(848,484)
Current Income Tax at 15%/10%	-	-

DEFERRED TAX

Deferred income tax at 31 December 2014 and 31 December 2013 relates to the following:

	Statement of Financial Position		Statement of Comprehensive Income	
	2014 ALL'000	2013 ALL'000	2014 ALL'000	2013 ALL'000
<i>Deferred tax assets</i>				
Restoration Provision	-	-	-	(570)
Other Provisions	1.173	2.398	(1.225)	1.398
Impairment of Receivables	86.165	66.982	19.183	42.966
	87.338	69.380	17.958	43.794
<i>Deferred tax liabilities</i>				
Accelerated depreciation/amortization for tax purposes	(1.145.783)	(1.058.984)	(86.799)	(436.808)
	(1.145.783)	(1.058.984)	(86.799)	(436.808)
Deferred income tax incomes (losses)	1.058.445	989.604	(68.841)	(393.014)

ANTECEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2014

5. PROPERTY, PLANT AND EQUIPMENT

	Land and improvements		Buildings		Plant and machinery		Vehicles		Furniture and fittings		Electronic Equipment		Assets under construction		Total	
	ALL'000	ALL'000	ALL'000	ALL'000	ALL'000	ALL'000	ALL'000	ALL'000	ALL'000	ALL'000	ALL'000	ALL'000	ALL'000	ALL'000	ALL'000	ALL'000
At 31 December 2012	2,699.674	1,649.849	18,876.668	20,972	24,983	174,086	221,122	23,667.354								
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								
Additions	-	-	7,100	-	-	1,784	184,749	193,633								
Transfers	-	-	33,895	-	-	-	(44,868)	(10,973)								
Disposals	-	-	-	-	-	-	-	-								
At 31 December 2014	2,699.674	1,660.094	18,941.955	20,972	25,053	179,111	480,714	24,007.573								
Depreciation and impairment:																
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								
Depreciation charge for the year	63.956	41.152	649.119	3,536	4,314	18,844	-	780.921								
Disposals	-	-	(10,973)	-	-	-	-	(10,973)								
Transfers	-	-	-	-	-	-	-	-								
At 31 December 2014	278.443	182.809	2,956.236	17,052	22,240	87,803	-	3,544.583								
Net book value																
At 31 December 2014	2,421.231	1,477.285	15,985.719	3,920	2,813	91,308	480,714	20,462.990								
At 31 December 2013	2,485.187	1,518.437	16,582.870	7,456	7,127	108,368	340,833	21,050.278								

Included in "Assets under constructions" there are strategic spare parts amounting to ALL 254,023 thousand (2013; ALL 221,542 thousand).

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

For the year ended 31 December 2014

6. INTANGIBLE ASSETS

	Computer software	Intangible CIP	Total
Cost:			
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
Additions	-	-	-
At 31 December 2014	28.897	19.873	48.770
Amortization:			
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
Amortization charge for the year	4.408	-	4.408
At 31 December 2014	17.170	-	17.170
Net book value:			
At 31 December 2013	16.135	19.873	36.008
At 31 December 2014	11.727	19.873	31.600

7. INVESTMENTS IN SUBSIDIARIES

	2014 ALL'000	2013 ALL'000
ALBACEMENTO shpk CEMENTI ANTEA SRL	756.766 321.155	756.766 181.205
	1.077.921	937.971

Albacemento is a fully 100% owned subsidiary of the company. Albacemento owns a cement terminal in Tirana which is leased to Antea Cement.

Cementi Antea SRL – Italy is a fully 100% owned subsidiary of the company. Its main activity is Cement Trading through a rented terminal in Ortona, Italy.

8. INVENTORIES

	2014 ALL'000	2013 ALL'000
Raw materials (cost)	360.341	399.818
Spare Parts (at cost)	676.729	646.309
Packing materials (at cost)	84.786	76.682
Semi-finished goods (at cost)	120.635	152.823
Finished goods (at cost)	91.451	116.317
Goods for resale (at cost)	12.754	6.878
Other materials (at cost)	86.257	83.920
Provision for damaged goods	-	(3.625)
	1.432.953	1.479.122

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

For the year ended 31 December 2014

8. INVENTORIES (CONTINUED)

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

	2014 ALL'000	2013 ALL'000
Balance at 1 January	(3.625)	-
Charged During the Year (Note 3.5)	-	(3.625)
Reversal During the Year (Note 3.4)	3.625	-
Balance at 31 December	-	(3.625)

9. TRADE RECEIVABLES

	2014 ALL'000	2013 ALL'000
Trade receivables, gross	1.330.659	1.400.103
Less: Provision for impairment	(574.434)	(446.546)
Trade Receivables, net	756.225	953.557

Movements in impairment for trade receivables are as follows:

	2014 ALL'000	2013 ALL'000
Balance at 1 January	446.546	240.164
Impairment Charge for the Year (Note 3.5)	127.888	206.382
Write off of Receivables	-	-
Balance at 31 December	574.434	446.546

As at 31 December 2014, the aging analysis of trade receivables is as follows:

	Total	Neither past due or impaired	Past due but not impaired					>360 days
			< 30 days	30-60 days	60-90 days	90-180 days	>180 days	
2014	756.225	131.854	196.069	61.829	46.249	67.557	70.496	182.171
2013	953.557	277.856	111.326	96.669	58.887	144.716	166.937	97.166

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

For the year ended 31 December 2014

10. OTHER RECEIVABLES

	2014 ALL'000	2013 ALL'000
VAT receivables	140.624	2.044.271
Sundry debtors	29.306	9.406
Prepayments for supplies	1.240	4.967
Deferred expenses	62.878	68.462
	234.048	2.127.106

Included in VAT receivables as at 31 December 2014 there is an amount of ALL 140.624 thousand related to current VAT accumulated from trading activities, (31 December 2013: included in VAT receivable there was an amount of ALL 1.735.527 thousand of approved VAT for reimbursement derived from investment activities), during 2014 a further amount of ALL 241.355 was approved for reimbursement. During 2014 the cash reimbursed by tax authorities amounted to ALL 1.956.959 thousand (31 December 2013: ALL 210.000 Thousand) and further VAT was compensated with liabilities due to be paid for personal income tax, social/health compensation, royalty and withholding taxes amounting to ALL 19.694 thousand (31 December 2013: ALL 131.579 thousand)

11. CASH AND CASH EQUIVALENTS

	2014 ALL'000	2013 ALL'000
Cash in hand Denominated in ALL	228	436
Cash in hand Denominated in Foreign Currency	654	1.176
Cash at Bank Denominated in ALL	166.073	275.055
Cash at Bank Denominated in Foreign Currency	186.093	578.155
	353.048	854.822

12. ISSUED CAPITAL

<i>Authorized, issued and fully paid</i>	<i>Number of shares</i>	<i>2014 % Holding</i>	<i>Face Value in ALL' 000</i>	<i>Number of shares</i>	<i>2013 % Holdin g</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

ANTEA CEMENT SH.A.

NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2014

13. BORROWINGS

A) LONG TERM BORROWINGS

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

	2014 ALL'000	2013 ALL'000
Alvacim ltd	7.394.088	7.329.040
EBRD	2.464.696	2.443.013
IFC	2.464.696	2.443.013
Euro Bank EFG	-	280.400
Societe General - Paris	-	1.958.315
Societe General - Albania	277.449	459.525
BKT	1.054.500	1.850.000
Raiffeisen Bank	1.762.920	2.124.000
	15.418.349	18.887.306

In Addition to the Loan Facilities from commercial banks, the company has received loans from ALVACIM, EBRD & IFC on December 2008. The due date is March 2021. The interest chargeable for each loan disbursement is current EURIBOR + spread.

During 2014 the company performed the following repayments:

- Eurobank EFG on the amount Euro 3.500 thousand or the equivalent of ALL 488.182 thousand,
- Repayment of Societe Generale –Paris on the amount of Euro 18.499 thousand or the equivalent of ALL 2.590.867 thousand, (2013: The amount of Euro 3.055 thousand or the equivalent of ALL 428.900 thousand was paid)
- Repayment of Societe Generale –Albania on the amount of ALL 60.692 thousand (2013: The amount of ALL 25.942 thousand was paid).

On 07 October 2014 the Company concluded a 5 year term loan facility with Alpha Bank Albania for ALL 698.350 thousand. The loan has not been drawn yet as at 31 December 2014 and has an availability period of 6 months from the signing date. The loan bears interest of Tbills + a Margin. The loan is secured against Corporate Guarantee from Titan Cement SA.

On 07 October 2014 the company concluded a one year revolving loan facility with Alpha Bank Albania for ALL 558.680 thousand. The amount of loan facility utilized until 31 December 2014 amounted to ALL 111.139 thousand. The loan bears interest of Tbills + a Margin. The loan is secured against Corporate Guarantee from Titan Cement SA.

According to the Loan Facility Agreement the Company on 15th of March Capitalized the accrued interest on Long term loans from ALVACIM, EBRD and IFC amounting to Euro 811 thousand or the equivalent of ALL 113.745 thousand (2013: the amount of capitalized interest covering both the interest period ended on 15 March 2013 and 15 September 2013 amounted to Euro 1.656 thousand or the equivalent of ALL 231.765 thousand) whereas on 15th of September the amount of Euro 1.637 thousand or the equivalent of ALL 229.476 thousand was paid to ALVACIM, EBRD and IFC.

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

For the year ended 31 December 2014

13. BORROWINGS (CONTINUED)**A) LONG TERM BORROWINGS (CONTINUED)**

The maturities of the Long Term Loans are as follows:

	2014 ALL'000	2013 ALL'000
After one year but not more than two years	3.094.869	3.262.869
After two year but not more than five years		3.409.370
More than five years	12.323.480	12.215.067
	15.418.349	18.887.306

B) SHORT TERM BORROWINGS

	2014 ALL'000	2013 ALL'000
Alvacim Accrued Interest	37.075	39.729
EBRD Accrued Interest	12.358	13.243
IFC Accrued Interest	12.358	13.243
Societe Generale Principal	649.502	1.285.143
Societe Generale Accrued Interest	1.219	9.166
Banka Popullore Principal	182.076	60.692
Banka Popullore Accrued Interest	14.166	15.775
BKT Short Term Principal	795.500	-
BKT Accrued Interest	7.708	10.350
Raiffeisen Short Term Principal	361.080	-
Raiffeisen Bank Accrued Interest	410	-
Euro Bank EFG Principal	-	210.300
Alpha Bank Revolving Loan	111.140	-
Alpha Bank Accrued Fees	360	-
	2.184.952	1.657.641

14. RE-FORESTATION PROVISION

Movements in provision for forestation are shown as follows:

	2014 ALL'000	2013 ALL'000
At 1 January	-	5.697
Increase in Provison during the year	-	-
Utilised Provision	-	(5.697)
	-	-

According to the law 9793 dated 23 July 2007 the Company had an obligation to plant 250 ha or 500.000 trees as a compensation for the areas in which the Company had de-forested for building the plant and two quarries. This obligation was fulfilled within a period of 5 years during 2010-2013.

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

For the year ended 31 December 2014

15. TRADE PAYABLES

	2014 ALL'000	2013 ALL'000
Trade creditors third Parties	380.400	494.333
Accruals for Supplies	22.839	31.835
	403.239	526.168

16. OTHER PAYABLES

	2014 ALL'000	2013 ALL'000
Client's Advance Payments	79.549	31.201
Social security	4.160	4.180
Payroll taxes	1.992	2.340
Other Taxes	3.214	12.136
Due to Employees	1.772	6.414
Other Provisions	7.820	11.594
Other Payables	-	34
	98.507	67.899

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:

	2014 ALL'000	2013 ALL'000
Balance at 1 January	11.594	10.000
Provision for Un-Used Days of Vacations (Note 3.5)	432	(2.612)
Provision for Additional Personnel Costs (Note 3.5)	(4.207)	4.206
Balance at 31 December	7.819	11.594

17. RELATED PARTY TRANSACTIONS

The following tables provide the total amount of transactions that have been entered into with the related parties for the relevant financial year.

a) Sales of goods and services

	2014 ALL'000	2013 ALL'000
TCK Montenegro (Sales of Cement)	156.610	97.670
Cementi Antea srl (Sales of Cement)	206.071	385.089
SharrCem – (Sales of Materials)	13.702	508
Titan Cement Company sa (Miscellaneous)	3.165	-
Beni Suef (Sales of Clinker)	-	92.987
	379.548	576.254

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

For the year ended 31 December 2014

17. RELATED PARTY TRANSACTIONS (CONTINUED)

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

b) Receivables from related parties

	2014 ALL'000	2013 ALL'000
Albacemento Shpk	-	9.825
TCK Montenegro	23.951	23.403
Beni Suef	-	(507)
Cementi Antea	296.466	371.490
	320.417	404.211

c) Purchases of goods and services

	2014 ALL'000	2013 ALL'000
Titan Cement Company (Purchase of Cement)	27.035	26.274
Titan Cement Company (Services)	130.145	187.581
Alba Cemento – (Rents)	25.184	30.310
Albacem – (Rents)	64.638	84.222
Zlatna Panega (Purchase of Cement)	553	-
Interbeton (Purchase of Equipments)	2.521	-
Beni Suef (Miscellaneous)	54	-
Sharrcem (Services)	-	265.728
	250.130	594.115

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

d) Payables to related parties

	2014 ALL'000	2013 ALL'000
Titan Cement Company SA	35.532	84.631
Cementi Antea Srl	-	2.687
Albacemento shpk	5.118	-
Albacem	32.372	84.221
Sharrcem	-	-
	73.022	171.539

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

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2014

17. RELATED PARTY TRANSACTIONS (CONTINUED)

e) Loans from related parties/shareholders

Borrowings with related parties and the respective interest expenses is shown as follows:

Long-term Borrowings

	2014 ALL'000	2013 ALL'000
Alvacim Ltd (note 13,A)	7.394.088	7.329.040
EBRD (note 13,A)	2.464.696	2.443.013
IFC (note 13,A)	2.464.696	2.443.013
	12.323.480	12.215.066

Short-term Borrowings

	2014 ALL'000	2013 ALL'000
Alvacim accrued interest (note 13,B)	37.075	39.729
EBRD Accrued interest (note 13,B)	12.358	13.243
IFC Accrued interest (note 13,B)	12.358	13.243
	61.791	66.215

Interest Expense

	2014 ALL'000	2013 ALL'000
Alvacim interest expense	203.092	137.251
EBRD interest expense	67.697	45.750
IFC interest expense	67.697	45.750
	338.486	228.751

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.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2014

18. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

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 2014 and 2013, based on contractual undiscounted payments.

Year ended 31 December 2014 (in 000 ALL)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Long Term Borrowings	-	-	-	3.094.869	12.323.480	15.418.349
Short Term Borrowings	-	85.653	2.099.299	-	-	2.184.952
Trade and other Payables	-	258.646	316.122	-	-	574.768

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

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 guarantees 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.

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

For the year ended 31 December 2014

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 2013 and the current year 2014.

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

	2014 ALL'000	2013 ALL'000
Within one Year	111.323	116.718
After one but not more than five years	35.163	308.290
More than five years	67.267	77.998
	213.753	503.006

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 2014 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 2014 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 May 2013 and the amounts of VAT receivable outstanding as of that date has been fully reimbursed to the company in April 2014.

21. EBITDA

	2014 ALL'000	2013 ALL'000
Profit from operating activities	532.166	436.565
Depreciation-Amortization	785.329	783.399
	1.317.495	1.219.964

22. EVENTS AFTER THE BALANCE SHEET DATE

No any significant events have been identified after the balance sheet date that may require adjustment or disclosure in the financial statements.