

Nr. 148 Prot.  
Datë: 17/02/2016



**ANTEA CEMENT Sh. A**

**SPECIAL PURPOSE FINANCIAL INFORMATION  
FOR GROUP CONSOLIDATION REPORTING  
PURPOSES**

**For the year ended 31 December 2015**

# ANTEA CEMENT SH.A.

---

## Contents

INDEPENDENT AUDITOR'S REPORT .....	
STATEMENT OF COMPREHENSIVE INCOME .....	1
STATEMENT OF FINANCIAL POSITION .....	2
STATEMENT OF CHANGES IN EQUITY.....	3
STATEMENT OF CASH FLOWS.....	4
1. CORPORATE INFORMATION .....	5
2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES .....	5
3. REVENUE AND EXPENSES .....	15
3.1) Sales.....	15
3.2) Other revenues .....	15
3.3) Cost of sales.....	16
3.4) Other operating income .....	16
3.5) Other operating expenses .....	17
3.6) Selling and marketing expenses .....	17
3.8) Employee benefits expense.....	18
3.9) Finance income/cost .....	18
4. INCOME TAX.....	18
5. PROPERTY, PLANT AND EQUIPMENT .....	20
6. INTANGIBLE ASSETS .....	21
7. INVESTMENTS IN SUBSIDIARIES .....	21
8. INVENTORIES.....	21
9. TRADE RECEIVABLES .....	22
10. OTHER RECEIVABLES.....	23
11. CASH AND CASH EQUIVALENTS.....	23
12. ISSUED CAPITAL.....	23
13. BORROWINGS .....	24
A) LONG TERM BORROWINGS .....	24
B) SHORT TERM BORROWINGS.....	25
14. TRADE PAYABLES .....	26
15. OTHER PAYABLES.....	26
16. RELATED PARTY TRANSACTIONS .....	27
17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES.....	29
18. CAPITAL MANAGEMENT .....	30
19. COMMITMENTS AND CONTINGENCIES.....	30
22. EVENTS AFTER THE BALANCE SHEET DATE.....	31

---



## **Report on special purpose financial information**

### **To the Board of Directors and Shareholders of Antea Cement sh.a.**

We have audited the accompanying special purpose financial information of Antea Cement sh.a., which comprise the statement of financial position as at 31 December 2015 and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information. The special purpose financial information have been prepared by management of Antea Cement sh.a. in accordance with Titan Group Accounting Policies.

### ***Management's responsibility for the special purpose financial information<sup>4</sup>***

Management is responsible for the preparation of these special purpose financial information in accordance with Titan Group Accounting Policies and for such internal control as management determines is necessary to enable the preparation of special purpose financial information that are free from material misstatement, whether due to fraud or error.

### ***Auditor's responsibility***

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial information. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the special purpose financial information, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the special purpose financial information 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<sup>7</sup>. 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 special purpose financial information.

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

### ***Opinion***

In our opinion, the special purpose financial information of Antea Cement sh.a. for the year ended 31 December 2015 are prepared, in all material respects, in accordance with Titan Group Accounting Policies.

---

PricewaterhouseCoopers Audit sh.p.k., Str. Ibrahim Rugova, Sky Tower, 9/1 floor, Tirana, Albania  
T: +355 (4) 2242 254, F: +355 (4) 2242 639, [www.pwc.com/al](http://www.pwc.com/al)



***Basis of accounting and restriction on distribution and use***

Without modifying our opinion, we draw attention to Note 2 to the special purpose financial information, which describes the basis of accounting. The special purpose financial information are prepared to for the purposes of providing information to the Board of Directors and Shareholders of Antea Cement sh.a.. As a result, the special purpose financial information may not be suitable for another purpose. Our report is intended solely for Antea Cement sh.a. Board of Directors and Shareholders and should not be distributed to or used by parties other than Antea Cement sh.a. Board of Directors and Shareholders.

*PricewaterhouseCoopers Audit sh.p.k*

PricewaterhouseCoopers Audit sh.p.k.

15 February 2016

Tirana, Albania

---

PricewaterhouseCoopers Audit sh.p.k., Str. Ibrahim Rugova, Sky Tower, 9/1 floor, Tirana, Albania  
T: +355 (4) 2242 254, F: +355 (4) 2242 639, [www.pwc.com/al](http://www.pwc.com/al)

Regjistruar në Qendrën Kombëtare të Regjistrimeve më 15 korrik 2009 dhe me NUIS K91915023A

## ANTEA CEMENT SH.A.

### STATEMENT OF COMPREHENSIVE INCOME

(Amounts in ALL 000 unless otherwise stated)

	Notes	Year ended 31 December 2015	Year ended 31 December 2014
Sales of products	3.1	5,524,772	6,464,923
Other revenues	3.2	304,755	481,679
Cost of Sales	3.3	(4,473,783)	(5,633,306)
<b>Gross Profit</b>		<b>1,355,744</b>	<b>1,313,296</b>
Other income	3.4	91,553	28,244
Other expenses	3.5	(59,680)	(145,436)
Selling and marketing expenses	3.6	(141,113)	(194,768)
Administrative expenses	3.7	(470,667)	(469,170)
<b>Operating Profit</b>		<b>775,837</b>	<b>532,166</b>
Finance revenue	3.9	556,184	453,736
Finance cost	3.9	(902,779)	(1,027,291)
<b>Profit / (Loss) before tax</b>		<b>429,242</b>	<b>(41,389)</b>
Income tax expense	4	(89,476)	(68,841)
<b>Profit / (Loss) for the year</b>		<b>339,766</b>	<b>(110,230)</b>
Other comprehensive income		-	-
<b>Total comprehensive income for the year</b>		<b>339,766</b>	<b>(110,230)</b>

The notes on pages 5 to 31 are an integral part of these special purpose financial information.

# ANTEA CEMENT SH.A.

## STATEMENT OF FINANCIAL POSITION

(Amounts in ALL 000 unless otherwise stated)

	Notes	31 December 2015	31 December 2014
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	19,924,143	20,462,990
Intangible assets	6	9,491	31,600
Investment in subsidiaries	7	1,217,991	1,077,921
		<b>21,151,625</b>	<b>21,572,511</b>
<b>Current assets</b>			
Inventories	8	1,848,164	1,432,953
Trade receivables	9	969,478	756,225
Other receivables	10	181,990	234,048
Receivables from related parties	16b	275,775	320,417
Cash and cash equivalents	11	825,474	353,048
		<b>4,100,881</b>	<b>3,096,691</b>
<b>TOTAL ASSETS</b>		<b>25,252,506</b>	<b>24,669,202</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>			
Share capital	12	10,686,510	10,686,510
Accumulated deficit		(4,914,056)	(5,253,822)
		<b>5,772,454</b>	<b>5,432,688</b>
<b>Non-current liabilities</b>			
Interest-bearing loans and borrowings	13a	16,471,949	15,418,349
Deferred tax liabilities	4	1,147,921	1,058,445
		<b>17,619,870</b>	<b>16,476,794</b>
<b>Current liabilities</b>			
Trade payables	14	662,020	403,239
Other payables	15	139,478	98,507
Interest-bearing loans and borrowings	13b	940,788	2,184,952
Payables to related parties	16d	117,896	73,022
		<b>1,860,182</b>	<b>2,759,720</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>25,252,506</b>	<b>24,669,202</b>

These special purpose financial information have been approved by the management for the company on 28 January 2016 and signed on its behalf by:

Adamantios Frantzis

Chief Executive Officer



Adrian Qirjako

Finance Director

The notes on pages 5 to 31 are an integral part of these special purpose financial information.

## ANTEA CEMENT SH.A.

---

### STATEMENT OF CHANGES IN EQUITY

(Amounts in ALL 000 unless otherwise stated)

	Share capital	Retained earnings	Total
<b>At 1 January 2014</b>	<b>10,686,510</b>	<b>(5,143,592)</b>	<b>5,542,918</b>
Net loss for the year	-	(110,230)	(110,230)
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(110,230)</b>	<b>(110,230)</b>
<b>At 31 December 2014</b>	<b>10,686,510</b>	<b>(5,253,822)</b>	<b>5,432,688</b>
Net profit for the year	-	339,766	339,766
Other comprehensive income	-	-	-
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>339,766</b>	<b>339,766</b>
<b>At 31 December 2015</b>	<b>10,686,510</b>	<b>(4,914,056)</b>	<b>5,772,454</b>

The notes on pages 5 to 31 are an integral part of these special purpose financial information.

# ANTEA CEMENT SH.A.

## STATEMENT OF CASH FLOWS

(Amounts in ALL 000 unless otherwise stated)

	Notes	Year ended 31 December 2015	Year ended 31 December 2014
<b>Profit / (Loss) before tax</b>		<b>429,242</b>	<b>(41,389)</b>
<b>Cash flows from operating activities</b>			
<b>Non cash adjustments</b>			
Depreciation and impairment of property, plant and equipment	5	779,140	780,921
Amortization of intangible assets	6	2,824	4,408
Movement in allowance for accounts receivable	9	-	127,888
Movements in other provisions	8,15	13,273	(7,399)
Interest income	3.9	(1,728)	(18,211)
Interest expense	3.9	574,987	639,159
Net foreign exchange gains		(245,073)	(71,951)
Losses from disposal of property, plant and equipment		27,936	-
<b>Working capital adjustment:</b>			
(Increase)/Decrease in inventories		(415,211)	49,794
(Increase)/Decrease in trade and other receivables		(121,281)	2,071,167
Increase/(Decrease) in trade and other payables		331,996	(193,435)
Interest paid		(226,185)	(540,223)
Interest received		1,728	18,221
<b>Net cash flows generated from operations</b>		<b>1,151,648</b>	<b>2,818,940</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(248,944)	(193,633)
Increase in investment in subsidiaries		(140,070)	(139,952)
<b>Net cash flows generated used in investing activities</b>		<b>(389,014)</b>	<b>(333,585)</b>
<b>Cash flows from financing activities</b>			
Proceeds of borrowings		1,342,585	111,143
Repayment of borrowings		(1,579,355)	(3,139,741)
Payment of loan fees		(40,578)	(1,397)
<b>Net cash flows used in financing activities</b>		<b>(277,348)</b>	<b>(3,029,995)</b>
Net increase/(decrease) in cash and cash equivalents		485,286	(544,640)
Cash and cash equivalents at 1 January		353,048	854,822
Effect of exchange rate differences		(12,860)	42,866
<b>Cash and cash equivalents at 31 December</b>	<b>11</b>	<b>825,474</b>	<b>353,048</b>

The notes on pages 5 to 31 are an integral part of these special purpose financial information



# **ANTEA CEMENT SH.A.**

## **NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION**

*(Amounts in ALL 000 unless otherwise stated)*

### **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 80% shareholding in the Company, and IFC has 20% shareholding in the company.

The Company's ultimate parent is Titan Cement Company S.A. - Greece.

The number of employees as at 31 December 2015 is 192; (31 December 2014: 193).

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of the special purpose financial information are in accordance with Titan Group accounting and reporting requirements and are set out below.

#### **a. Basis of preparation**

The special purpose financial information 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 special purpose financial information have been prepared in accordance to the Titan Group Accounting policies..

The special purpose financial information are the stand alone special purpose financial information of the Company. The Company has two fully owned subsidiaries, Albacemento Sh.p.k. and Cementi Antea SRL.

The Company has prepared these separate special purpose financial information for the purpose of inclusion in the consolidated financial information of Titan Cement Company S.A.

Titan Cement Company S.A (the Group) which is the ultimate controlling party of the Company produces and publishes consolidated financial information in accordance with IFRS in which the Company and its subsidiaries are included. In the consolidated financial information, subsidiary undertakings – which are those companies in which the group, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations – have been fully consolidated. The consolidated financial information can be obtained from [www.titan.gr](http://www.titan.gr).

#### **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.

# **ANTEA CEMENT SH.A.**

## **NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION**

*(Amounts in ALL 000 unless otherwise stated)*

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

#### **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:

Land Improvements	10 to 40 years
Buildings and improvements	10 to 40 years
Plant and machinery	5 to 40 years
Motor vehicles	5 to 15 years
Office furniture, computers	2 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. Spare Parts are recognized as part of Property plant and equipment if the follow criteria's are met: the spare parts are expected to be used for more than one period, their cost can be measured reliably, It is probable that future economic benefits associated with the item will flow to the entity, and the unit value of the qualifying strategic spare part equals and exceeds the equivalent of Euro 35 thousand.

# **ANTEA CEMENT SH.A.**

## **NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION**

*(Amounts in ALL 000 unless otherwise stated)*

### **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 recognized 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 SPECIAL PURPOSE FINANCIAL INFORMATION**

*(Amounts in ALL 000 unless otherwise stated)*

### **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 an 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 SPECIAL PURPOSE FINANCIAL INFORMATION**

*(Amounts in ALL 000 unless otherwise stated)*

### **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 15% (2014 15%) 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 special purpose financial information.

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 2015 and 31 December 2014.

# **ANTEA CEMENT SH.A.**

## **NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION**

*(Amounts in ALL 000 unless otherwise stated)*

### **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 special purpose financial information. 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 special purpose financial information 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 special purpose financial information 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 2015 the best estimate of the allowance for impairment of receivables is ALL 574,434 thousand (2014: ALL 574,434 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 SPECIAL PURPOSE FINANCIAL INFORMATION**

*(Amounts in ALL 000 unless otherwise stated)*

### **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.

##### **Environmental restoration costs**

The Company is required to perform restoration works consisting in re-forestation on quarries and processing sites on yearly basis based on a specific schedule. These works are fulfilled each year and the respective costs are recognized in the financial results of the company

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 special purpose financial information are described in the following notes:

- Note 4 – Income tax expense
- Note 9 – Accounts receivable
- Note 15 – Other Payables
- Note 19 – Commitments and contingencies

# **ANTEA CEMENT SH.A.**

## **NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION**

*(Amounts in ALL 000 unless otherwise stated)*

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

#### **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 special purpose financial information.

#### **th. Adoption of New or Revised Standards and Interpretation**

The accounting policies adopted in the preparation of the special purpose financial information are consistent with those followed in the preparation of the Company's special purpose financial information for the year ended 31 December 2014, except for the adoption of new standards and interpretations effective as of 1 January 2015.

The following amended standards became effective for the Company from 1 January 2015, but did not have any material impact on the Company.

- Amendments to IAS 19 – “Defined benefit plans: Employee contributions” (issued in November 2013 and effective for annual periods beginning 1 July 2014)
- Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014).
- Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014).

#### **u. New Accounting Pronouncements**

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2016 or later, and which the Company has not early adopted. The following new pronouncements are not expected to have any material impact on the Company when adopted:

- IFRS 9 “Financial Instruments: Classification and Measurement” (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018)
- IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018).
- IFRS 14, Regulatory deferral accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016).
- Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016).
- Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016).
- Agriculture: Bearer plants - Amendments to IAS 16 and IAS 41 (issued on 30 June 2014 and effective for annual periods beginning 1 January 2016).
- Equity Method in Separate Special purpose financial information - Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning 1 January 2016).



## **ANTEA CEMENT SH.A.**

### **NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION**

---

*(Amounts in ALL 000 unless otherwise stated)*

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

##### **u. New Accounting Pronouncements (continued)**

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016).
- Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016). Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016).
- Investment Entities: Applying the Consolidation Exception Amendment to IFRS 10, IFRS 12 and IAS 28 (issued in December 2014 and effective for annual periods on or after 1 January 2016).

# ANTEA CEMENT SH.A.

## NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION

(Amounts in ALL 000 unless otherwise stated)

### 3. REVENUE AND EXPENSES

#### 3.1) Sales

	Year ended 31 December 2015	Year ended 31 December 2014
Cement products		
Clinker	5,035,778	5,496,163
Imported cement	631,543	1,064,982
Discounts	21,092	23,763
	(163,641)	(119,985)
	<b>5,524,772</b>	<b>6,464,923</b>

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

	Year ended 31 December 2015	Year ended 31 December 2014
<i>Gross sales</i>		
Domestic market	4,165,752	4,012,044
Foreign market	1,522,661	2,572,864
Discounts	(163,641)	(119,985)
	<b>5,524,772</b>	<b>6,464,923</b>
<i>Domestic market</i>		
Income from Imported cement	21,092	23,763
Income from own cement	4,144,660	3,988,281
Discounts	(163,641)	(119,985)
	<b>4,002,111</b>	<b>3,892,059</b>
<i>Foreign market</i>		
Income from cement	891,118	1,507,881
Income from clinker	631,543	1,064,983
	<b>1,522,661</b>	<b>2,572,864</b>

#### 3.2) Other revenues

Third party revenues are shown as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
Third party freight	291,641	399,106
Sales of pet coke	13,114	82,573
	<b>304,755</b>	<b>481,679</b>

Income from sold materials in amount of ALL 13,114 thousand (31 Dec 2014; ALL 82,573 thousand) relates to sales of pet coke to local companies in Albania.

## ANTEA CEMENT SH.A.

### NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION

(Amounts in ALL 000 unless otherwise stated)

#### 3. REVENUE AND EXPENSES (CONTINUED)

##### 3.3) Cost of sales

The cost of sales are analysed as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
<i>Variable Costs</i>		
Distribution expenses	758,580	1,276,589
Kiln fuel	991,195	1,244,284
Electricity	493,874	575,712
Raw materials and additives	308,138	368,425
Refractory	87,379	72,300
Fuel and oil	13,423	18,329
Royalty	48,237	56,944
Packing expenses	379,429	497,293
Cost of imported cement	18,834	22,927
Cost of materials sold	9,441	70,352
Other Items of variable cost	17,135	24,252
<i>Fixed Costs</i>		
Salaries and related expenses	231,970	232,641
Repair and maintenance – spare parts	130,701	153,180
Services from third parties	156,823	149,279
Leasing expenses	20,298	19,556
Plant utilities	6,728	6,803
Other fixed cost	64,846	72,921
Depreciation charges	718,118	714,465
Inventory variation	18,634	57,054
	<b>4,473,783</b>	<b>5,633,306</b>

##### 3.4) Other operating income

Other operating income are analysed as follows:

	Year ended 31 December 2015	Year ended 31 December 2014
Income from sold materials	48	887
Surplus of inventory	7,059	2,325
Income from Sales of PPE	2,374	-
Reimbursement of excise	75,422	-
Reversal of other provisions	-	7,831
Other	6,650	17,201
	<b>91,553</b>	<b>28,244</b>

No provisions have been reversed during the year (31 December 2014: 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 15)). Other operating income the amount of ALL 3,228 thousand relates to bonuses received from suppliers during the year (31 December 2015: ALL 7,285 thousand) whereas the remaining amount relates to reversal of accruals.

## ANTEA CEMENT SH.A.

### NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION

(Amounts in ALL 000 unless otherwise stated)

#### 3. REVENUE AND EXPENSES (CONTINUED)

##### 3.5) Other operating expenses

	Year ended 31 December 2015	Year ended 31 December 2014
Loss from disposal of fixed assets	27,936	-
Impairment charge from allowance of trade receivables	-	127,888
Other provisions	13,273	432
Losses of inventory	17,963	15,953
Other expenses	508	1,163
	<b>59,680</b>	<b>145,436</b>

Movements in impairment for Trade Receivables are shown in Note 9. Other provision of ALL 13,273 thousand includes ALL 734 thousands provision for un-used holidays (Note 15), ALL 4,644 thousand provision for personnel costs (Note 15), ALL 3,777 thousand for operational risks (Note 15) and ALL 4,118 thousand provision for inventory in transit (Note 8), (31 Dec 2014 ALL 432 thousand relates to provision for un-used holidays).

##### 3.6) Selling and marketing expenses

	Year ended 31 December 2015	Year ended 31 December 2014
Sales commissions fees	42,524	107,261
Salaries and related expenses	45,654	43,360
Utilities	24,052	26,340
Other expenses	28,883	17,807
	<b>141,113</b>	<b>194,768</b>

Sales Commission fees relate to commissions paid 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:

	Year ended 31 December 2015	Year ended 31 December 2014
Salaries and related expenses	83,228	80,095
Consultancy fees	142,535	100,846
Utilities	20,839	18,315
Travel and entertainment	4,525	5,337
Audit fees	3,041	3,206
Repairs and maintenance	20,138	18,459
Insurance and taxes	32,825	33,445
Supplies	79,030	79,714
Depreciation	61,022	66,456
Amortization	2,824	4,408
Other expenses	20,660	58,889
	<b>470,667</b>	<b>469,170</b>

## ANTEA CEMENT SH.A.

### NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION

(Amounts in ALL 000 unless otherwise stated)

#### 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:

	Year ended 31 December 2015	Year ended 31 December 2014
Gross salaries	256,541	245,563
Other related expenses	104,311	110,533
	<b>360,852</b>	<b>356,096</b>
<i>Allocated to:</i>		
Cost of sales (note 3.3)	231,970	232,641
Selling and marketing expenses (note 3.6)	45,654	43,360
Administrative expenses (note 3.7)	83,228	80,095
	<b>360,852</b>	<b>356,096</b>

##### 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, commissions and fees as well as interest expenses related to outstanding borrowings.

	Year ended 31 December 2015	Year ended 31 December 2014
<b>Finance Income</b>		
Interest income	1,728	18,211
Foreign exchange gain	554,456	435,525
<b>Finance Income</b>	<b>556,184</b>	<b>453,736</b>
<b>Finance Cost</b>		
Interest expenses	574,987	639,159
Other financial cost	-	15,288
Bank charges	18,411	9,270
Foreign exchange losses	309,381	363,574
<b>Finance Cost</b>	<b>902,779</b>	<b>1,027,291</b>

#### 4. INCOME TAX

The income tax expense comprises of:

	Year ended 31 December 2015	Year ended 31 December 2014
Current income tax charge	-	-
Deferred tax expense	(89,476)	(68,841)
	<b>(89,476)</b>	<b>(68,841)</b>

**ANTEA CEMENT SH.A.****NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION***(Amounts in ALL 000 unless otherwise stated)***4. INCOME TAX (CONTINUED)**

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

	Year Ended 31 Dec 2015	Year Ended 31 Dec 2014
Accounting profit / (loss) before income tax	429,242	(41,389)
<i>Add Back:</i>		
Expenses not deductible for tax purposes	130,397	146,254
Impairment of Bad debts	-	127,888
<i>Less:</i>		
Tax depreciations	(384,894)	(557,560)
Non-taxable income	3,932	(12,231)
Utilization of losses carried forward	(178,677)	-
<b>Taxable profit / (deductible losses)</b>	<b>-</b>	<b>(337,038)</b>
<b>Current income tax at 15%</b>	<b>-</b>	<b>-</b>

Deferred income tax at 31 December 2015 and 31 December 2014 relates to the following:

	Statement of Financial Position		Statement of Comprehensive Income	
	31 Dec 2015	31 Dec 2014	2015	2014
<b><i>Deferred tax assets</i></b>				
Other provisions	1,278	1,173	105	(1,225)
Impairment of receivables	54,329	86,165	(31,386)	19,183
	<b>55,607</b>	<b>87,338</b>	<b>(31,731)</b>	<b>17,958</b>
<b><i>Deferred tax liabilities</i></b>				
Accelerated depreciation/amortization for tax purposes	(1,203,528)	(1,145,783)	(57,745)	(86,799)
	<b>(1,203,528)</b>	<b>(1,145,783)</b>	<b>(57,745)</b>	<b>(86,799)</b>
<b>Deferred income tax incomes (losses)</b>	<b>(1,147,921)</b>	<b>(1,058,445)</b>	<b>(89,476)</b>	<b>(68,841)</b>

**ANTEA CEMENT SH.A.**

**NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION**

*(Amounts in ALL 000 unless otherwise stated)*

**5. PROPERTY, PLANT AND EQUIPMENT**

Cost	Land and				Furniture			Assets		Total
	improvements	Buildings	Plant and machinery	Vehicles	Furniture and Fittings	Electronic Equipment	under construction			
<b>At 31 December 2013</b>	<b>2,699,674</b>	<b>1,660,094</b>	<b>18,900,960</b>	<b>20,972</b>	<b>25,053</b>	<b>177,327</b>	<b>340,833</b>	<b>23,824,913</b>		
Additions	-	-	7,100	-	-	1,784	184,749	193,633		
Transfers	-	-	33,895	-	-	-	(44,868)	(10,973)		
Disposals	-	-	-	-	-	-	-	-		
<b>At 31 December 2014</b>	<b>2,699,674</b>	<b>1,660,094</b>	<b>18,941,955</b>	<b>20,972</b>	<b>25,053</b>	<b>179,111</b>	<b>480,714</b>	<b>24,007,573</b>		
Additions	-	-	68	-	380	3,857	244,639	248,944		
Transfers	38,991	7,671	279,882	-	-	-	(326,544)	-		
Disposals	-	-	-	-	-	(93)	(8,638)	(8,731)		
<b>At 31 December 2015</b>	<b>2,738,665</b>	<b>1,667,765</b>	<b>19,221,905</b>	<b>20,972</b>	<b>25,433</b>	<b>182,875</b>	<b>390,171</b>	<b>24,247,786</b>		
<b>Depreciation and impairment:</b>										
<b>At 31 December 2013</b>	<b>214,487</b>	<b>141,657</b>	<b>2,318,090</b>	<b>13,516</b>	<b>17,926</b>	<b>68,959</b>	-	<b>2,774,635</b>		
Depreciation charge	63,956	41,152	649,119	3,536	4,314	18,844	-	780,921		
Disposals	-	-	-	-	-	-	-	-		
Transfers	-	-	(10,973)	-	-	-	-	(10,973)		
<b>At 31 December 2014</b>	<b>278,443</b>	<b>182,809</b>	<b>2,956,236</b>	<b>17,052</b>	<b>22,240</b>	<b>87,803</b>	-	<b>3,544,583</b>		
Depreciation charge	63,903	41,184	651,947	1,474	2,200	18,432	-	779,140		
Disposals	-	-	-	-	-	(80)	-	(80)		
Transfers	-	-	-	-	-	-	-	-		
<b>At 31 December 2015</b>	<b>342,346</b>	<b>223,993</b>	<b>3,608,183</b>	<b>18,526</b>	<b>24,440</b>	<b>106,155</b>	-	<b>4,323,643</b>		
<b>Net book value</b>										
<b>At 31 December 2015</b>	<b>2,396,319</b>	<b>1,443,772</b>	<b>15,613,722</b>	<b>2,446</b>	<b>993</b>	<b>76,720</b>	<b>390,171</b>	<b>19,924,143</b>		
<b>At 31 December 2014</b>	<b>2,421,231</b>	<b>1,477,285</b>	<b>15,985,719</b>	<b>3,920</b>	<b>2,813</b>	<b>91,308</b>	<b>480,714</b>	<b>20,462,990</b>		

Included in "Assets under constructions" are strategic spare parts amounting to ALL 317,458 thousand (2014; ALL 254,023 thousand).

## ANTEA CEMENT SH.A.

### NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION

(Amounts in ALL 000 unless otherwise stated)

#### 6. INTANGIBLE ASSETS

	Computer software	Intangible CIP	Total
<b>Cost:</b>			
<b>At 31 December 2013</b>	<b>28,897</b>	<b>19,873</b>	<b>48,770</b>
Additions	-	-	-
<b>At 31 December 2014</b>	<b>28,897</b>	<b>19,873</b>	<b>48,770</b>
Additions	-	-	-
Disposals	-	(19,285)	(19,285)
<b>At 31 December 2015</b>	<b>28,897</b>	<b>588</b>	<b>29,485</b>
<b>Amortization:</b>			
<b>At 31 December 2013</b>	<b>12,762</b>	-	<b>12,762</b>
Amortization charge for the year	4,408	-	4,408
<b>At 31 December 2014</b>	<b>17,170</b>	-	<b>17,170</b>
Amortization charge for the year	2,824	-	2,824
<b>At 31 December 2015</b>	<b>19,994</b>	-	<b>19,994</b>
<b>Net book value:</b>			
<b>At 31 December 2014</b>	<b>11,727</b>	<b>19,873</b>	<b>31,600</b>
<b>At 31 December 2015</b>	<b>8,903</b>	<b>588</b>	<b>9,491</b>

#### 7. INVESTMENTS IN SUBSIDIARIES

	31 December 2015	31 December 2014
ALBACEMENTO shpk	756,766	756,766
CEMENTI ANTEA SRL	461,225	321,155
	<b>1,217,991</b>	<b>1,077,921</b>

Albacemento is a fully 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. During 2015 the Company increased its share capital in its subsidiary in Italy, Cementi Antea srl for an amount of ALL 140,070 thousand.

#### 8. INVENTORIES

	31 December 2015	31 December 2014
Raw materials	493,132	360,341
Spare parts	748,080	676,729
Packing materials	76,752	84,786
Semi-finished goods	115,961	120,635
Finished goods	77,491	91,451
Goods for resale	980	12,754
Other materials	87,243	86,257
Goods in transit	252,643	-
Provision for inventories	(4,118)	-
	<b>1,848,164</b>	<b>1,432,953</b>



## ANTEA CEMENT SH.A.

### NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION

(Amounts in ALL 000 unless otherwise stated)

#### 8. INVENTORIES (CONTINUED)

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

	31 December 2015	31 December 2014
Balance at 1 January	-	(3,625)
Charged during the year (Note 3.5)	(4,118)	-
Reversal during the year (Note 3.4)	-	3,625
<b>Balance at 31 December</b>	<b>(4,118)</b>	<b>-</b>

#### 9. TRADE RECEIVABLES

As at 31 December 2015, trade receivables are composed of the following:

	31 December 2015	31 December 2014
Trade receivables, gross	1,543,912	1,330,659
Less: Allowance for uncollectible receivables	(574,434)	(574,434)
<b>Trade Receivables, net</b>	<b>969,478</b>	<b>756,225</b>

Movements in impairment for trade receivables are as follows:

	31 December 2015	31 December 2014
Balance at 1 January	574,434	446,546
Impairment Charge for the year (Note 3.5)	-	127,888
<b>Balance at 31 December</b>	<b>574,434</b>	<b>574,434</b>

As at 31 December 2015, the aging analysis of trade receivables is as follows:

	31 December 2015	31 December 2014
<b>Neither past due nor impaired</b>	<b>212,850</b>	<b>131,854</b>
<b>Past due but not impaired</b>	<b>151,263</b>	<b>371,704</b>
up to 30 days	49,472	196,069
from 30 to 60 days	32,039	61,829
from 61 to 90 days	16,202	46,249
from 91 to 180 days	53,550	67,557
<b>Past due and impaired</b>	<b>1,179,799</b>	<b>827,101</b>
from 181 days to 360 days	422,341	123,004
above 361 days	757,458	704,097
<b>Trade receivables before allowances on doubtful receivables</b>	<b>1,543,912</b>	<b>1,330,659</b>
Allowance for doubtful receivables	(574,434)	(574,434)
<b>Net Trade receivables</b>	<b>969,478</b>	<b>756,225</b>

## ANTEA CEMENT SH.A.

### NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION

(Amounts in ALL 000 unless otherwise stated)

#### 10. OTHER RECEIVABLES

Other receivables are analysed as follows:

	31 December 2015	31 December 2014
VAT receivables	41,384	140,624
Sundry debtors	8,116	14,175
Prepayments for supplies	14,628	16,371
Deferred expenses	63,828	62,878
Other taxes prepaid	54,034	-
	<b>181,990</b>	<b>234,048</b>

Deferred Expenses represent consumables and/or prepaid expenses which are deferred for a period of time and are expensed based on their respective consumption rate.

#### 11. CASH AND CASH EQUIVALENTS

Cash and cash equivalent are analysed as follows:

	31 December 2015	31 December 2014
Cash on hand in domestic currency	73	228
Cash on hand in foreign currency	295	654
Cash at bank in domestic currency	80,255	166,073
Cash at bank in foreign currency	744,851	186,093
	<b>825,474</b>	<b>353,048</b>

#### 12. SHARE CAPITAL

Authorized, issued and fully paid	31 December 2015			31 December 2014		
	Number of shares	% Holding	Face Value in ALL' 000	Number of shares	% Holdin g	Face Value in ALL' 000
ALVACIM ltd –ordinary shares of ALL 2,000 each	4,274,604	80%	8,549,208	3,205,953	60%	6,411,906
EBRD-ordinary shares of ALL 2,000 each	-	-	-	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
	<b>5,343,255</b>	<b>100%</b>	<b>10,686,510</b>	<b>5,343,255</b>	<b>100%</b>	<b>10,686,510</b>

On 2 February 2015 Alvacim Ltd acquired the European Bank for Reconstruction and Development's (EBRD) 20% stake in the company thus increasing its participation to 80%

## ANTEA CEMENT SH.A.

### NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION

(Amounts in ALL 000 unless otherwise stated)

#### 13. BORROWINGS

##### A) LONG TERM BORROWINGS

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

	31 December 2015	31 December 2014
Alvacim ltd	9,920,850	7,394,088
EBRD	-	2,464,696
IFC	2,480,212	2,464,696
Societe General - Albania	846,483	277,449
BKT	1,406,250	1,054,500
Raiffeisen Bank	1,212,008	1,762,920
Alpha Bank	632,880	-
Deferred Fees	(26,734)	-
	<b>16,471,949</b>	<b>15,418,349</b>

During 2015 the company performed the following repayments:

- Following the acquisition of the EBRD's Share in the company, Alvacim ltd re-financed the shareholder loan provided by EBRD under the same terms and conditions.
- During 2015 the company fully repaid Societe Generale –Paris for the amount of Euro 4,653 thousand or the equivalent of ALL 646,953 thousand, (2014: The amount of Euro 18.499 thousand or the equivalent of ALL 2,590,867 thousand was paid)
- During 2015 the company repaid Raiffeisen Bank Albania for the amount of ALL 471,263 thousand.
- During 2015 the company repaid BKT for the amount of ALL 350.000 thousand.
- The company during 2015, based on its needs has utilized the revolving facility provided by Alpha Bank as at year end the company has fully settled all this amounts including the utilized amount from 2014 of ALL 111,139 thousand. As at 31 December 2014 the line is fully un-utilized.

On 31 July 2015 the company agreed with BKT to extend the maturity of the Term Loan until 2020.

On 31 July 2015 the company agreed with Societe General to extend the maturity of the Term Loan until 2019 as well as extend the amount of the facility with an additional amount of ALL 644,236 thousand which was utilized during the year.

Further on 14 December 2015 the company signed a one year credit facility agreement with Societe General Bank Albania for the amount of Euro one Million. The facility is to be used exclusively for supporting the issuing of Bank Guarantees. The facility is secured against Corporate Guarantee from Titan Cement SA.

On 06 October 2015 the company agreed with Raiffeisen Bank to extend the maturity of the Term Loan until 2019.

# ANTEA CEMENT SH.A.

## NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION

(Amounts in ALL 000 unless otherwise stated)

### 13. BORROWINGS (CONTINUED)

#### A) LONG TERM BORROWINGS (CONTINUED)

On 07 October 2014 the Company concluded a 5 year term loan facility with Alpha Bank Albania for ALL 698.350 thousand. The loan was fully utilized fully during 2015. 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. On 07 October 2015 the facility was renewed for another year. The amount of loan facility utilized as at 31 December 2015 is nil (31 December 2014 utilization of facility amounted to ALL 111.139 thousand).

According to the Loan Facility Agreement the Company on 15<sup>th</sup> of March and 15<sup>th</sup> September 2015 deferred the accrued interest on Long term loans from ALVACIM, and IFC amounting to Euro 2,397 thousand or the equivalent of ALL 334,853 thousand (2014: the amount of deferred interest for the interest period ended on 15 March 2014 amounted to Euro 811 thousand or the equivalent of ALL 113,745 thousand, whereas on 15<sup>th</sup> of September the amount of Euro 1,637 thousand or the equivalent of ALL 229,476 thousand was paid to ALVACIM, EBRD and IFC) .

The maturities of the Long Term Loans are as follows:

	31 December 2015	31 December 2014
After one year but not more than two years	1,162,467	3,094,869
After two year but not more than five years	2,908,420	-
More than five years	12,401,062	12,323,480
	<b>16,471,949</b>	<b>15,418,349</b>

#### B) SHORT TERM BORROWINGS

	31 December 2015	31 December 2014
Alvacim accrued interest	45,322	37,075
EBRD accrued interest	-	12,358
IFC accrued interest	11,456	12,358
Societe Generale Paris principal	-	649,502
Societe Generale Paris accrued interest	-	1,219
Societe General AL principal	257,278	182,076
Societe General AL accrued interest	20,463	14,166
BKT Principal	93,750	795,500
BKT Acc. Interest	14,750	7,708
Raiffeisen Bank principal	440,730	361,080
Raiffeisen Bank accrued interest	-	410
Alpha Bank Revolving Loan Principal	-	111,140
Alpha Bank Term Loan Principal	65,470	-
Alpha Bank accrued interest	1,525	360
Deferred fees	(9,956)	-
	<b>940,788</b>	<b>2,184,952</b>

## ANTEA CEMENT SH.A.

### NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION

(Amounts in ALL 000 unless otherwise stated)

#### 14. TRADE PAYABLES

Trade Payables are analysed as follows:

	31 December 2015	31 December 2014
Trade creditors third parties	648,753	380,400
Accruals for supplies	13,267	22,839
	<b>662,020</b>	<b>403,239</b>

#### 15. OTHER PAYABLES

Other payables are analysed as follows;

	31 December 2015 ALL'000	31 December 2014 ALL'000
Customer's advance payments	104,012	79,549
Social security	4,265	4,160
Payroll taxes	2,223	1,992
Other taxes	10,247	3,214
Due to employees	1,662	1,772
Other provisions	16,975	7,820
Other payables	94	-
	<b>139,478</b>	<b>98,507</b>

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:

	31 December 2015	31 December 2014
Balance at 1 January	7,820	11,594
Provision for Un-used days of vacations (Note 3.5)	734	432
Provision for additional personnel costs (Note 3.5)	4,644	(4,206)
Provision for operational risk	3,777	-
<b>Balance at 31 December</b>	<b>16,975</b>	<b>7,820</b>

## ANTEA CEMENT SH.A.

### NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION

(Amounts in ALL 000 unless otherwise stated)

#### 16. RELATED PARTY TRANSACTIONS

Parties are generally considered to be related if the parties are under common control, or one party has the ability to control the other party or can exercise significant influence over the other party in making financial or operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. 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

	Year ended 31 December 2015	Year ended 31 December 2014
TCK Montenegro/(Sales of Cement)	156,419	156,610
Cementi Antea srl/(Sales of Cement)	292,377	206,071
Titan Cementara Kosjeric/(Cost Recharge)	27	-
SharrCem/(Sales of Materials)	-	13,702
Alba Cemento Shpk (Sales of Materials)	2,374	-
Titan Cement Company sa (Sales of Service/Cost Recharge)	405	3,165
	<b>451,602</b>	<b>379,548</b>

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

##### b) Receivables from related parties

	31 December 2015	31 December 2014
TCK Montenegro	25,384	23,951
Cementi Antea	250,391	296,466
	<b>275,775</b>	<b>320,417</b>

##### c) Purchases of goods and services

	Year ended 31 December 2015	Year ended 31 December 2014
Titan Cement S.A – Goods	6,986	27,035
Titan Cement S.A - Services	208,954	130,145
Alba Cemento Shpk – Rent	25,143	25,184
Albacem – Rent & Equipments	46,367	64,638
Zlatna Panega - Goods	-	553
Interbeton - Equipments	-	2,521
Beni Suf - Other	-	54
Titan Cementara Kosjeric – Recharge of Costs	549	-
GAEA - Services	3,061	-
	<b>291,060</b>	<b>250,130</b>

## ANTEA CEMENT SH.A.

### NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION

(Amounts in ALL 000 unless otherwise stated)

#### 16. RELATED PARTY TRANSACTIONS (CONTINUED)

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

##### d) Payables to related parties

	31 December 2015	31 December 2014
Titan Cement S.A.	38,955	35,532
GAEA	1,812	-
Albacemento shpk	22,129	5,118
Albacem	54,452	32,372
Titan Cementara Kosjeric	548	-
	<b>117,896</b>	<b>73,022</b>

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

Except for Short-term employee benefits to key management personnel amounting to ALL 37,980 thousand (31 Dec 2014 ALL 30,087 thousand), no other compensation to key management were given by the company.

##### e) Loans from related parties/shareholders

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

##### Long-term Borrowings

	31 December 2015	31 December 2014
Alvacim Ltd (note 13,A)	9,920,850	7,394,088
EBRD (note 13,A)	-	2,464,696
IFC (note 13,A)	2,480,212	2,464,696
	<b>12,401,062</b>	<b>12,323,480</b>

##### Short-term Borrowings

	31 December 2015	31 December 2014
Alvacim accrued interest (note 13,B)	45,322	37,075
EBRD Accrued interest (note 13,B)	-	12,358
IFC Accrued interest (note 13,B)	11,456	12,358
	<b>56,778</b>	<b>61,791</b>

##### Interest Expense

	31 December 2015	31 December 2014
Alvacim interest expense	261,735	203,092
EBRD interest expense	3,811	67,697
IFC interest expense	66,513	67,697
	<b>332,059</b>	<b>338,486</b>

# ANTEA CEMENT SH.A.

## NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION

(Amounts in ALL 000 unless otherwise stated)

### 17. FINANCIAL RISK MANAGEMENT

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 2015 and 2014, based on contractual undiscounted payments.

#### Year ended 31 December 2015 (in 000 ALL)

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
Long Term Borrowings	-	-	-	5,269,212	12,444,518	17,713,730
Short Term Borrowings	-	443,954	939,911	-	-	1,383,865
Trade and other Payables	-	800,058	119,336	-	-	919,394

#### 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	-	-	-	4,233,406	12,580,223	16,813,629
Short Term Borrowings	-	212,017	2,506,809	-	-	2,718,826
Trade and other Payables	-	258,646	316,122	-	-	574,768



# ANTEA CEMENT SH.A.

## NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION

(Amounts in ALL 000 unless otherwise stated)

### 17. FINANCIAL RISK MANAGEMENT

#### 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.

### 18. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares, following shareholders' approval. No changes were made in the objectives, policies or processes during the year ended 31 December 2014 and the current year 2015.

The company monitors its equity capital using earnings before interest, tax, depreciation and amortization (EBITDA) for the period to be as follows:

	31 December 2015	31 December 2014
Profit from operating activities	775,837	532,166
Depreciation and amortization	781,964	785,329
	<b>1,557,801</b>	<b>1,317,495</b>

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

### 19. COMMITMENTS AND CONTINGENCIES

#### a) Commitments

	31 December 2015	31 December 2014
Within one year	16,402	111,323
After one but not more than five years	30,561	35,163
More than five years	65,894	67,267
	<b>112,857</b>	<b>213,753</b>

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.

## **ANTEA CEMENT SH.A.**

### **NOTES TO THE SPECIAL PURPOSE FINANCIAL INFORMATION**

---

*(Amounts in ALL 000 unless otherwise stated)*

#### **19. COMMITMENTS AND CONTINGENCIES (CONTINUED)**

##### **b) Taxation**

The Company's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognized based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period.

##### **c) Litigations**

During 2015, the Company was involved in litigation proceedings with a third party in relation to the costs of the construction of an entry road utilised by the Company in 2010. The case was lodged in front of the District Court of Kruja which ruled to partially accept the claim. The total amount of liabilities to be paid by the Company amounted to ALL 68,000 thousand. Management intends to vigorously defend the Company's position and has applied to Tirana Court of Appeal. On the basis of its own estimates and both external legal advice, management is of the opinion that no material losses will be incurred in respect of claims, and accordingly no provision has been booked in these special purpose financial information.

#### **20. 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 special purpose financial information.