SharrCem SH.P.K. Hani i Elezit

SPECIAL PURPOSE FINANCIAL INFORMATION FOR GROUP CONSOLIDATION REPORTING PURPOSES

For the year ended 31 December 2015

with Independent auditor's report

Contents

Report on special purpose financial information

To the Board of Directors and Shareholders of SharrCem sh.p.k.

We have audited the accompanying special purpose financial information of SharrCem sh.p.k., 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 SharrCem sh.p.k. in accordance with Titan Group Accounting Policies.

Management's responsibility for the special purpose financial information

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. 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 SharrCem sh.p.k. for the year ended 31 December 2015 are prepared, in all material respects, in accordance with Titan Group Accounting Policies.

PricewaterhouseCoopers Kosovo, Rr.. Mujo Ulqinaku, Nr. 5, Ap. 4, Qyteza Pejton, 10 000, Prishtina, Kosova
T: +381 (0) 38722 555/+377 (0) 45322 722, F:+381 (0)38722 276, www.pwc.com/ks

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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 SharrCem sh.p.k.. As a result, the special purpose financial information may not be suitable for another purpose. Our report is intended solely for SharrCem sh.p.k. Board of Directors and Shareholders and should not be distributed to or used by parties other than SharrCem sh.p.k. Board of Directors and Shareholders.

PricewaterhouseCoopers Kosovo sh.p.k

PricewaterhouseCoopers Kosovo sh.p.k.

2 March 2016
Prishtina, Kosovo

PricewaterhouseCoopers Kosovo, Rr.. Mujo Ulqinaku, Nr. 5, Ap. 4, Qyteza Pejton, 10 000, Prishtina, Kosova
T: +381 (0) 38722 555/+377 (0) 45322 722, F:+381 (0)38722 276, www.pwc.com/ks

Statement of Comprehensive Income

In Euro	Note	Year ended 31 December 2015	Year ended 31 December 2014
Revenue	5	39,332,724	39,923,959
Cost of sales	6	(32,695,378)	(29,118,600)
Gross profit		**6,637,346**	**10,805,359**
Other operating income	7	65,131	399,706
Administrative expenses	8	(3,338,408)	(1,934,772)
Selling Expenses	9	(1,136,610)	(1,175,802)
Other operating expenses	10	(1,620,545)	(764,991)
Operating profit		**606,914**	**7,329,500**
Finance income		-	2,057
Finance cost	11	(82,671)	(52,849)
Net finance cost		**(82,671)**	**(50,792)**
Profit before tax		**524,243**	**7,278,708**
Income tax expense	12	(354,073)	(1,227,606)
Profit for the year		**170,170**	**6,051,102**
Other comprehensive income			
Total comprehensive income for the year		**170,170**	**6,051,102**

Statement of Financial Position

In Euro	***Note***	**31 December 2015**	**31 December 2014**
Assets			
Property, plant and equipment	13	40,022,628	41,586,098
Intangible assets	13	59,444	28,895
Total non-current assets		**40,082,072**	**41,614,993**
Investment in subsidiaries	14	7,891,000	-
Inventories	15	6,609,163	7,791,148
Trade and other receivables	16	2,138,465	2,091,794
Advances given and prepayments		777,208	634,784
Current tax asset		700,282	784,389
Cash and cash equivalents	17	2,059,350	2,358,838
Total current assets		**12,284,468**	**13,660,953**
Total assets		**60,257,540**	**55,275,946**
Equity			
Share Capital	18	6,201,001	6,201,001
Retained Earnings		37,724,914	43,605,847
Total equity		**43,925,915**	**49,806,848**
Liabilities			
Borrowings	22	8,716,595	-
Deferred tax liabilities	15	438,999	351,199
Employees' termination benefit	20	884,113	332,786
Other non-current liabilities		-	257,227
Total non-current liabilities		**10,039,707**	**941,212**
Trade and other payables	19	4,460,004	3,727,622
Employees' termination benefit, current portion	20	943,131	251,698
Income tax payable		-	272,690
Customer prepayments		670,262	57,355
Provisions	21	218,521	218,521
Total current liabilities		**6,291,918**	**4,527,886**
Total liabilities		**16,331,625**	**5,469,098**
Total equity and liabilities		**60,257,540**	**55,275,946**

The special purpose financial information and the notes set out on pages 7 to 36 were authorized for issue by the Board of Directors of SharrCem SH.P.K., Hani i Elezit on 29 February 2016 and were signed on their behalf by:

Emmanuel Mitsou	Nikos Moussouras	Xhemail Dernjani
Managing Director	Chief Financial Officer	Head of Finance

The notes on pages 7 to 36 are an integral part of these financial statement

Statement of changes in equity

	Share Capital	Retained Earnings	Total
Balance at 1 January 2014	**6,201,001**	**54,522,918**	**60,723,919**
Profit for the year	-	6,051,102	6,051,102
Other comprehensive income	-	-	-
Total comprehensive income		6,051,102	6,051,102
Dividends paid		(16,968,173)	(16,968,173)
Balance at 31 December 2014	**6,201,001**	**43,605,847**	**49,806,848**
Balance at 1 January 2014	**6,201,001**	**43,605,847**	**49,806,848**
Profit for the year		170,170	170,170
Other comprehensive income	-	-	-
Total comprehensive income	-	170,170	170,170
Dividends paid	-	(6,051,103)	(6,051,103)
Balance at 31 December 2015	**6,201,001**	**37,724,914**	**43,925,915**

Statement of cash flows

In Euro	*Note*	Year ended 31 December 2015	Year ended 31 December 2014
Cash flows from operating activities			
Profit before tax		524,243	7,278,708
Adjustments for:			
Depreciation and amortization		3,908,033	3,687,835
Gains from sales of property plant and equipment		(28,878)	(4,353)
Gains from inventory surplus		-	(357,686)
Finance income		(0)	(2,057)
Finance expenses	11	82,671	52,849
		4,486,069	10,655,296
Decrease /(Increase) in inventories		1,181,985	(1,606,010)
Increase in trade and other receivables		(65,271)	(409,219)
Increase in trade and other payables		2,223,591	1,073,864
Cash generated from operating activities		**7,826,374**	**9,713,931**
Interest paid		(82,671)	(52,849)
Income tax paid		(454,855)	(525,412)
Net cash from operating activities		**7,288,848**	**9,135,670**
Cash flows from investing activities			
Interest received		-	2,056
Purchase of property, plant and equipment		(2,375,111)	(3,068,936)
Proceeds from sale property, plant and equipment		28,878	4,353
Investment in subsidiaries		(7,891,000)	-
Net cash used in investing activities		**(10,237,234)**	**(3,062,527)**
Cash flows from financing activities			
Dividends paid		(6,051,102)	(16,968,174)
Loan received		8,700,000	-
Net cash from/(used in) financing activities		**2,648,898**	**(16,968,174)**
Net decrease in cash and cash equivalents		(299,488)	(10,895,031)
Cash and cash equivalents at 1 January		2,358,838	13,253,869
Cash and cash equivalents at 31 December	17	**2,059,350**	**2,358,838**

1. Corporate information

SharrCemSH.P.K ("the Company") is a limited liability company domiciled in Kosovo. The address of the Company's registered office is Adem Jashari p.n. Hani i Elezit, Kosovo.

SharrCemSH.P.K was established as part of the privatization process of the Sharr Cement Plant, Socially Owned Enterprise ("SharrSOE"). Sharr SOE was previously operated under operating lease agreement signed between SharrBeteiligungs GmbH, Hamburg ("the Parent") through its Branch in Kosovo ("the Branch") and the United Nations Interim Administration in Kosovo ("UNMIK"). To facilitate the privatization process, the Privatization Agency of Kosovo ("PAK") incorporated a new legal entity „New Company" with share capital of EUR 1.000. PAK has honored the Lease agreement by exercising the option of the Parent to acquire the Sharr SOE assets at a fair market price.

The negotiations were closed on 9 December 2010 by signing the share purchase agreement („SPA") between the PAK and the Parent. On this date the operating lease agreement between PAK and the Parent has been terminated; the New Company has issued one additional share of EUR 1 to PAK in exchange for the assets from Sharr SOE; and transfer of 100% interest in New Company to the Parent as buyer of the New Company. The New Company has been renamed to SharrCemSH.P.K.

As of 12 May 2011 the company management has required from Kosovo Tax Authorities ("KTA") approval of the proposed reorganization plan of the Company and the Branch. As stated in the request based on the Shareholder Resolution of the Parent the management intent to carry out a complete transfer of all business activities from the Branch to the Company as of 1 June 2011. Under the process of reorganization of the business, the Branch will transfer all account balances to the Company, including but not limited, to retained earnings, receivables, payables, etc.

Regarding the fact that the Branch has a claim towards the Independent Commission for Mines and Minerals ("ICMM") and therefore it cannot be closed totally from a legal point of view, it will continue to exist as dormant one. As of 30 May 2011 the KTA has approved the reorganization plan and as of 1 June 2011 all the assets and liabilities and the business was transferred from the Branch to the Company. Prior to this the Company didn't had any business activities.

The basic operation of the Company is the production and sale of cement. The Company operates mainly in the Kosovo market.

2. Significant accounting policies

The principal accounting policies adopted in the preparation of these special purpose financial information are set out below. These policies have been applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

These Special Purpose Financial information have been prepared in accordance with Titan Group Accounting Policies ("GAP").

The Company's special purpose financial information have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

The preparation of the special purpose financial information in accordance with GAP requires management to make estimates and assumptions. Management relied on their own judgment when applying the accounting policies of the Company. The elements of the special purpose financial information whose presentation includes higher degree of judgement or subjectivity and for which the assumptions and judgments have higher influence are separately disclosed in Note 3. Where necessary, comparative figures have been adjusted to conform to the changes in presentation for the current year.

2. Significant accounting policies (Continued)

2.2 Foreign currency

The special purpose financial information are presented in Euros, which is the Company's functional currency. Transactions in foreign currencies are initially recorded in Euros using the exchange rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to Euros at the exchange rate ruling at that date. Differences arising on settlement or translation of monetary items are recognized in the profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

2.3 Financial Instruments

Financial instruments - key measurement terms. Depending on their classification financial instruments are carried at fair value or amortized cost as described below.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The best evidence of fair value is the price in an active market. An active market is one in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Fair value of financial instruments traded in an active market is measured as the product of the quoted price for the individual asset or liability and the number of instruments held by the entity. This is the case even if a market's normal daily trading volume is not sufficient to absorb the quantity held and placing orders to sell the position in a single transaction might affect the quoted price

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available. Fair value measurements are analysed by level in the fair value hierarchy as follows: (i) level one are measurements at quoted prices (unadjusted) in active markets for identical assets or liabilities, (ii) level two measurements are valuations techniques with all material inputs observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices), and (iii) level three measurements are valuations not based on solely observable market data (that is, the measurement requires significant unobservable inputs). Transfers between levels of the fair value hierarchy are deemed to have occurred at the end of the reporting period.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial instrument. An incremental cost is one that would not have been incurred if the transaction had not taken place. Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisors, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

Amortised cost is the amount at which the financial instrument was recognised at initial recognition less any principal repayments, plus accrued interest, and for financial assets less any write-down for incurred impairment losses. Accrued interest includes amortisation of transaction costs deferred at initial recognition and of any premium or discount to the maturity amount using the effective interest method. Accrued interest income and accrued interest expense, including both accrued coupon and amortised discount or premium (including fees deferred at origination, if any), are not presented separately and are included in the carrying values of the related items in the statement of financial position.

The effective interest method is a method of allocating interest income or interest expense over the relevant period, so as to achieve a constant periodic rate of interest (effective interest rate) on the carrying amount. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts (excluding future credit losses) through the expected life of the financial instrument or a shorter period, if appropriate, to the net carrying amount of the financial instrument. The effective interest rate discounts cash flows of variable interest instruments to the next interest repricing date, except for the premium or discount which reflects the credit spread over the floating rate specified in the instrument, or other variables that are not reset to market rates.

2. Significant accounting policies (Continued)

Such premiums or discounts are amortised over the whole expected life of the instrument. The present value calculation includes all fees paid or received between parties to the contract that are an integral part of the effective interest rate.

Financial assets

Classification of financial assets. Financial assets have the following categories: (a) loans and receivables; (b) available-for-sale financial assets; (c) financial assets held to maturity and (d) financial assets at fair value through profit or loss. Financial assets at fair value through profit or loss have two sub-categories: (i) assets designated as such upon initial recognition, and (ii) those classified as held for trading.
Loans and receivables are unquoted non-derivative financial assets with fixed or determinable payments other than those that the Company intends to sell in the near term. The Group's loans and receivables comprise of trade and other receivables and cash and cash equivalents in the statement of financial position.

Held-to-maturity assets include quoted non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company has both the intention and ability to hold to maturity. Management determines the classification of investment securities held to maturity at their initial recognition and reassesses the appropriateness of that classification at the end of each reporting period. The Company has no assets classified in these category.

Held-for-trading investments are financial assets which are either acquired for generating a profit from short-term fluctuations in price or trader's margin, or are securities included in a portfolio in which a pattern of short-term trading exists. The Company has no assets classified in these category.

The Group may choose to reclassify a non-derivative trading financial asset out of the fair value through profit or loss category if the asset is no longer held for the purpose of selling it in the near term. Financial assets other than loans and receivables are permitted to be reclassified out of the fair value through profit or loss category only in rare circumstances arising from a single event that is unusual and highly unlikely to reoccur in the near term. Financial assets that would meet the definition of loans and receivables may be reclassified if the Company has the intention and ability to hold these financial assets for the foreseeable future or until maturity.

Classification of financial liabilities. Financial liabilities have the following measurement categories: (a) held for trading which also includes financial derivatives and (b) other financial liabilities. Liabilities held for trading are carried at fair value with changes in value recognised in profit or loss for the year (as finance income or finance costs) in the period in which they arise. Other financial liabilities are carried at amortised cost. The Company's other financial liabilities comprise of trade and other payables and borrowings in the statement of financial position.

Initial recognition of financial instruments are initially recorded at fair value. All other financial instruments are initially recorded at fair value plus transaction costs. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date on which the Group commits to deliver a financial asset. All other purchases are recognised when the entity becomes a party to the contractual provisions of the instrument

2. Significant accounting policies (Continued)

Derecognition of financial assets. The Group derecognises financial assets when (a) the assets are redeemed or the rights to cash flows from the assets otherwise expire or (b) the Group has transferred the rights to the cash flows from the financial assets or entered into a qualifying pass-through arrangement whilst (i) also transferring substantially all the risks and rewards of ownership of the assets or (ii) neither transferring nor retaining substantially all the risks and rewards of ownership but not retaining control.

Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to an unrelated third party without needing to impose additional restrictions on the sale.

Offsetting financial instruments. Financial assets and liabilities are offset and the net amount reported in the statement of financial position only when there is a legally enforceable right to offset the recognised amounts, and there is an intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Such a right of set off (a) must not be contingent on a future event and (b) must be legally enforceable in all of the following circumstances: (i) in the normal course of business, (ii) in the event of default and (iii) in the event of insolvency or bankruptcy.

Available-for-sale investments. Available-for-sale investments are carried at fair value. Interest income on available-for-sale debt securities is calculated using the effective interest method and recognised in profit or loss for the year as finance income. Dividends on available-for-sale equity instruments are recognised in profit or loss for the year as finance income when the Group's right to receive payment is established and it is probable that the dividends will be collected. All other elements of changes in the fair value are recognised in other comprehensive income until the investment is derecognised or impaired at which time the cumulative gain or loss is reclassified from other comprehensive income to finance income in profit or loss for the year.

Impairment losses are recognised in profit or loss for the year when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of available-for-sale investments. A significant or prolonged decline in the fair value of an equity security below its cost is an indicator that it is impaired. The cumulative impairment loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that asset previously recognised in profit or loss – is reclassified from other comprehensive income to finance costs in profit or loss for the year.

Impairment losses on equity instruments are not reversed and any subsequent gains are recognised in other comprehensive income. If, in a subsequent period, the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through current period's profit or loss.

Held-to-maturity investments. Held-to-maturity investments are carried at amortised cost using the effective interest method, net of any provision for incurred impairment losses.

Trading investments. Trading investments are carried at fair value. Interest earned on trading investments calculated using the effective interest method is presented as finance income in profit or loss for the year. Dividends are included in finance income when the Group's right to receive the dividend payment is established and it is probable that the dividends will be collected. All other elements of the changes in the fair value and gains or losses on derecognition are recorded in profit or loss for the year as gains less losses from trading investments in the period in which they arise.

2. Significant accounting policies (Continued)

Embedded derivatives. Foreign currency forwards embedded into sales-purchase contracts are separated from the host contracts and accounted for separately unless the contract is denominated in the functional currency of any substantial party to the contract or in a currency that is commonly used in the economic environment in which the transaction takes place, such as in US Dollars and Euros for contracts within the Russian Federation.
Bifurcated derivatives are carried at fair value with gains and losses arising from changes in the fair value of derivatives included in other operating income or costs in profit or loss in the period in which they arise.

Assets purchased are recognised in the statement of financial position at the forward rate determined at the contract date.

Cash and cash equivalents. Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Cash and cash equivalents are carried at amortised cost using the effective interest method

Trade and other receivables. Trade and other receivables are recognised initially at fair value and are subsequently carried at amortised cost using the effective interest method.

Impairment of financial assets carried at amortised cost. Impairment losses are recognised in profit or loss when incurred as a result of one or more events ("loss events") that occurred after the initial recognition of the financial asset and which have an impact on the amount or timing of the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated. If the Group determines that no objective evidence exists that impairment was incurred for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics, and collectively assesses them for impairment. The primary factors that the Group considers in determining whether a financial asset is impaired are its overdue status and realisability of related collateral, if any. The following other principal criteria are also used to determine whether there is objective evidence that an impairment loss has occurred:

- any portion or instalment is overdue and the late payment cannot be attributed to a delay caused by the settlement systems;
- the counterparty experiences a significant financial difficulty as evidenced by its financial information that the Group obtains;
- the counterparty considers bankruptcy or a financial reorganisation;
- there is adverse change in the payment status of the counterparty as a result of changes in the national or local economic conditions that impact the counterparty; or
- the value of collateral, if any, significantly decreases as a result of deteriorating market conditions.

If the terms of an impaired financial asset held at amortised cost are renegotiated or otherwise modified because of financial difficulties of the counterparty, impairment is measured using the original effective interest rate before the modification of terms. The renegotiated asset is then derecognized and a new asset is recognized at its fair value only if the risks and rewards of the asset substantially changed. This is normally evidenced by a substantial difference between the present values of the original cash flows and the new expected cash flows.

Impairment losses are always recognised through an allowance account to write down the asset's carrying amount to the present value of expected cash flows (which exclude future credit losses that have not been incurred) discounted at the original effective interest rate of the asset. The calculation of the present value of the estimated future cash flows of a collateralised financial asset reflects the cash flows that may result from foreclosure less costs for obtaining and selling the collateral, whether or not foreclosure is probable.

2. Significant accounting policies (Continued)

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the previously recognised impairment loss is reversed by adjusting the allowance account through profit or loss for the year.

Uncollectible assets are written off against the related impairment loss provision after all the necessary procedures to recover the asset have been completed and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off are credited to the impairment loss account within the profit or loss for the year.

Trade and other payables. Trade payables are accrued when the counterparty performs its obligations under the contract and are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

Borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently carried at amortised cost using the effective interest method

Capitalisation of borrowing costs. General and specific borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets, if the commencement date for capitalisation is on or after 1 January 2009.

The commencement date for capitalisation is when (a) the Group incurs expenditures for the qualifying asset; (b) it incurs borrowing costs; and (c) it undertakes activities that are necessary to prepare the asset for its intended use or sale.

Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Company capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Group's average funding cost (the weighted average interest cost is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred on the specific borrowings less any investment income on the temporary investment of these borrowings are capitalised.

Financial guarantees. Financial guarantees are irrevocable contracts that require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of (i) the remaining unamortised balance of the amount at initial recognition and (ii) the best estimate of expenditure required to settle the obligation at the end of the reporting period.

2.4 Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses.

The useful lives of intangible assets are assessed to be finite, as follows:

- Computer software up to 5 years

Intangible assets with finite lives are amortized over the useful economic and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year end. Change in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and treated as changes in accounting estimates.

2. Significant accounting policies (Continued)

The amortization expense on intangible asset with finite lives is recognized in profit or loss in the expense category consistent with the function of the intangible.

Gains or losses arising from de- recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the income statement when the asset is de-recognized.

2.5 Property, plant and equipment

(i) Recognition and measurement

Property, plant and equipment are stated as follows:

- Those assets acquired at 9 December 2010, the date of purchase of the Company's shares as part of the privatization process (see Note 1), were recognized at fair value with corresponding increase in equity (retained earnings). This has been done in accordance with the exceptions allowed by IFRS 1 *First-Time adoption of International Financial Reporting Standards.*
- Those assets acquired after 9 December 2010 are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, except for land (excluding quarries), which is shown at cost less impairment.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other cost directly attributable to bring the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalized borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment, and are recognized net within other income/other expenses in income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Costs of minor repairs and day-to-day maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired.

At the end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell

2. Significant accounting policies (Continued)

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, the component is depreciated separately. Depreciation is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment, with the exception of quarries.

Land on which the quarries are located is depreciated on a depletion basis. The depletion is recorded as the material extraction process advances based on the unite-of-production method. Other land is not depreciated.

Depreciation rates based on the estimated useful lives for the current and comparative periods are as follows:

- Buildings up to 20 years
- Quarries based on unit of production method
- Machinery & Equipment up to 15 years
- Office equipment, vehicles and furniture up to 5 years

The assets' methods of depreciation, useful lives and residual values are reviewed at each financial year end and adjusted prospectively, if appropriate.

2.6 Inventories

Inventories are valued at the lower of cost and net realizable value. The cost of inventories is based on a weighted average cost formula, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition.

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

2.7 Investment in Subsidiary

The acquisition method of accounting is used to account for the acquisition of subsidiaries Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest.

The Group measures non-controlling interest that represents present ownership interest and entitles the holder to a proportionate share of net assets in the event of liquidation on a transaction by transaction basis, either at: (a) fair value, or (b) the non-controlling interest's proportionate share of net assets of the acquiree. Non-controlling interests that are not present ownership interests are measured at fair value.

Goodwill is measured by deducting the net assets of the acquiree from the aggregate of the consideration transferred for the acquiree, the amount of non-controlling interest in the acquiree and the fair value of an interest in the acquiree held immediately before the acquisition date. Any negative amount ("negative goodwill" or a "bargain purchase") is recognised in profit or loss, after management reassesses whether it identified all the assets acquired and all the liabilities and contingent liabilities assumed and reviews the appropriateness of their measurement.

The consideration transferred for the acquiree is measured at the fair value of the assets given up, equity instruments issued and liabilities incurred or assumed, including the fair value of assets or liabilities from contingent consideration arrangements, but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs related to the acquisition of and incurred for issuing equity instruments are deducted from equity; transaction costs incurred for issuing debt as part of the business combination are deducted from the carrying amount of the debt and all other transaction costs associated with the acquisition are expensed.

2. **Significant accounting policies (Continued)**

2.8 Advances given and prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss for the year

2.9 Cash and cash equivalents

Cash and cash equivalents include cash in hand and cash held with banks.

2.10 Employee benefits

(i) Defined contribution plans

The Company contributes to its employees' post retirement plans as prescribed by the national legislation. Contributions, based on salaries, are made to the national organizations responsible for the payment of pensions. There is no additional liability in respect of these plans. Obligations for contributions to defined contribution pension plans are recognized as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

(ii) Short-term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognized for the amount expected to be paid under short-term cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(iii) Employees' termination benefits

Termination benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits when it is demonstrably committed to either terminate the employment of current employees according to a detailed formal plan without possibility of withdrawal or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. At initial recognition and subsequent re-measurement, termination benefits are be measured in accordance with the nature of the employee benefit i.e.:

- Termination benefits expected to be settled within the twelve months period after the end of the reporting period in which the termination benefit is recognised are recognized at undiscounted amount;
- Termination benefits expected to be settled after the twelve months after the end of the reporting period, are discounted to the present value of the termination benefit using a discount rate that reflects the current market rates appropriate to the timing and the amount of the termination benefit payments.

2.11 Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognized as finance cost. The provisions comprise of provision for site restoration. Provisions are not recognized for future operating losses. In accordance with applicable legal requirements, a provision for site restoration in respect of exploitation of land, and the related expense, is recognized when the land is explored below the specified quota.

2. Significant accounting policies (Continued)

2.12 Customer Prepayments

The Company offers discounts to its customers based on the volume of sales .The company recognize discounts and customer prepayments at the time when customers are eligible for discounts based on their contracts with the Company.

2.13 Revenue

(i) Goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates. Revenue is recognized when persuasive evidence exists, usually in the form of an executed sales agreement, that the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

If it is probable that discounts will be granted and the amount can be measured reliably, then the discount is recognized as a reduction of revenue as the sales are recognized.

Transfer of risks and rewards occurs when the cement is received by the customer.

(ii) Rendering services

Fees from services provided are recognized over the period in which the services are rendered and accepted by the buyer.

2.14 Finance income and finance costs

Finance income is comprised of interest income on funds invested. Interest income is recognized as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and impairment losses recognized on financial assets.

Borrowing costs that are not directly attributable to the acquisition construction or production of a qualifying asset are recognized in profit or loss using the effective interest method.

Foreign currency gains and losses are reported on a net basis as either finance income or finance cost depending on whether foreign currency movements are in a net gain or net loss position.

2.15 Taxes

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognized in profit or loss except to the extent that it relates to a business combination, or items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax payable also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognized in respect of temporary differences at the reporting date between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

2. Significant accounting policies (Continued)

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry-forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry-forward of unused tax credits and unused tax losses can be utilized except:

(m) Taxes (continued)

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Sales tax

Revenues, expenses and assets are recognized net of the amount of sales tax, except:

- Where the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables that are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

3. Significant accounting judgments, estimates and assumptions

The preparation of 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 accompanying disclosure of contingent liabilities at the end of the reporting period. 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.

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 discussed below. The Company based its assumptions and estimates on the 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.

Restoration costs

The Company is generally 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.

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 Note 3 (e) and Note 3 (d).

Quarry Reserves

The Company reviews its Quarry reserves at each reporting date to assess the quantity of reserves which impact the calculation of the cost per ton and depletion charges. In particular, judgment by management is required in the estimation of the amount of quantity of reserves .Such estimates are based on assumptions about a number of factors and actual results may differ from estimated amount of reserves.

Impairment losses on trade receivables

The Company reviews its trade receivables from customers at each reporting date to assess whether an allowance for impairment should be recorded in the Statement of Comprehensive Income. In particular, judgment by management is required in the estimation of the amount and timing of future cash flows when determining the level of allowance required. Such estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowances.

Contingent liabilities

The existence of contingent liabilities requires from management making assumptions and estimates continuously related to the possibility that future events may or may not occur as well as the effects that those events may have on the activities of the Company.

4. 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:

In Euro	31 December 2015	31 December 2014
EBITDA	**4,514,946**	**11,017,335**

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

5. Revenue

In Euro	Year ended 31 December 2015	31 December 2014
Sales of goods & services	42,216,826	35,156,217
Sale of trading goods (white cement)	521,637	257,548
Freight revenue	1,412,573	1,070,693
Sales of trading goods (Petkoke)	2,503,560	4,034,770
Rebates	(7,321,872)	(595,269)
	39,332,724	**39,923,959**

6. Cost of Sales

In Euro	Year ended 31 December 2015	Year ended 31 December 2014
Variable		
Kiln fuel	6,388,976	7,117,153
Raw Materials	3,168,349	2,898,790
Electricity power	2,814,925	2,725,110
Purchased Clinker	1,176,249	-
Refractory	447,293	362,533
Other variable costs	290,296	312,882
Grinding media	43,669	64,828
Fuel and oil	2,172	37,953
Total variable cost	**14,331,929**	**13,519,249**
Fixed Cost		-
Salaries	3,363,866	3,628,796
Third parties services	1,315,001	976,611
Maintenance spare parts	844,023	661,722
Other fixed costs	358,190	353,974
Insurance and taxes	177,669	156,901
Total fixed cost	**6,058,749**	**5,778,004**
Inventory Increase / (Decrease)	**1,718,677**	**(1,270,971)**
Packing and Distribution	**4,144,889**	**3,921,894**
Depreciation	**3,817,842**	**3,623,985**
Cost of Trading Goods	**2,623,292**	**3,546,439**
Cost of Goods Sold	**32,695,378**	**29,118,600**

6a. Distribution & Packing expenses

In Euro	Year ended 31 December 2015	Year ended 31 December 2014
Packing Expenses		
Bags and wrapping materials	1,110,267	1,070,899
Pallets	712,561	833,646
Salaries & related expenses	296,746	324,725
Outsourced packing activities	235,689	184,614
Maintenance & spare parts	163,147	115,893
Electricity	122,161	118,414
Third parties labor maintenance	42,650	3,270
Consumables	20,071	20,742
Fuel & Oil	14,003	5,344
Total packing cost	**2,717,295**	**2,677,547**
Distribution & Promotion Expenses	**1,427,594**	**1,244,347**
Total packing and distribution	**4,144,889**	**3,921,894**

7. Other operating income

In Euro	Year ended 31 December 2015	Year ended 31 December 2014
Gain on disposal of property, plant and equipment	28,878	4,353
Scrap sales	20,954	37,667
Surplus of spare parts & packing materials	15,299	357,686
	65,131	**399,706**

During the physical count of the spare parts which took place in October 2015, it was identified a surplus of several items at a total value of EUR 15,229 (31 December 2014: EUR 357,686) as it was evaluated by a designated committee.

8. Administrative expenses

In Euro	Year ended 31 December 2015	Year ended 31 December 2014
Management support services	1,151,648	-
Salaries	515,062	515,722
Corporate Social Responsibility (CSR)	417,537	315,503
Legal and other consulting services	383,322	392,117
Staff Benefits	317,674	136,701
Travelling Expenses	133,462	205,679
Other Administrative Expenses	91,609	118,707
Software Maintenance and IT Materials	77,391	40,061
Depreciation	63,548	44,749
Building Utilities	54,151	57,213
Training	48,282	24,441
Social Security	26,411	23,145
Car Fuel Expenses	25,891	36,358
Audit Fees	25,288	21,490
Overtime	7,132	2,886
	3,338,408	**1,934,772**

9. Selling expenses

In Euro	Year ended 31 December 2015	Year ended 31 December 2014
Promotion expenses	611,846	603,056
Salaries	205,693	148,405
Advertising and Sponsorship	166,475	157,533
Rental & Leases	47,292	133,808
Depreciation	26,643	19,102
Car Fuel Expenses	25,978	23,320
Staff Benefits	18,152	32,161
Travelling Expenses	13,911	18,055
Social security	11,247	8,706
Other professional Fees & Related expenses	9,212	30,580
Overtime	162	1,076
	1,136,610	**1,175,802**

10. Other operating expenses

In Euro	Year ended 31 December 2015	Year ended 31 December 2014
Staff leaving Indemnities	1,563,476	763,167
Write off of bad debt	52,234	1,824
Other operation expenses	4,835	-
	1,620,545	**764,991**

Staff leaving indemnities (including VELP) in amount of EUR 1,563,476 are related to the updated termination benefit cost for 82 employees left in 2014 plus the estimate for 60 employees who will join the voluntary scheme for early retirement proposed by the Company (see Note 21).

11. Finance income and finance costs

In Euro	Year ended 31 December 2015	Year ended 31 December 2014
Interest income	-	2,315
Realized exchanges (losses)/gains	-	(258)
Finance income	-	2,057
Interest expense and bank charges	(82,671)	(52,849)
Finance costs	(82,671)	(52,849)
Net finance income/(loss) recognized in profit or loss	(82,671)	(50,792)

12. Income tax expense

Income tax in Kosovo is assessed at the rate of 10% of taxable income. The following is a reconciliation of income taxes calculated at the applicable tax rate to income tax expenses.

	Year ended 31 December 2015	Year ended 31 December 2014
Current income Tax	266,273	1,139,806
Deferred Income tax	87,800	87,800
Income Tax expenses	**354,073**	**1,227,606**

In Euros	**2015**	**2014**
Profit Before Tax	**524,243**	**7,278,707**
Tax at nominal tax rate 10%	52,424	727,871
Tax adjustments for		
Tax effect of non deductible expenses	205,609	158,031
Write off tax receivable	96,040	341,704
Tax at effective tax rate of 51% (2014: 17%)	**354,073**	**1,227,606**

Deferred Tax

Deferred tax Liability

Recognized deferred tax liability

	As at 1 January	**Recognized in profit or loss**	**As at 31 December**
2015			
Accelerated depreciation of property, plant and equipment for tax purposes	351,199	87,800	438,999
	351,199	**87,800**	**438,999**
2014			
Accelerated depreciation of property, plant and equipment for tax purposes	263,399	87,800	351,199
	263,399	**87,800**	**351,199**

The Company's books and records for the fiscal years 2011, 2012, 2013, 2014 and 2015 have not been audited by the tax authorities. Therefore, the Company's tax liabilities may not be considered finalized i.e. a provision for additional taxes and penalties, if any, that may be levied in event of a tax audit cannot, at this stage, be determined with any reasonable accura

13. Property, plant, equipment and intangibles

In Euro	Quarries	Building and Installation	Machinery and Equipment.	Furniture, fixtures and vehicles	Intangible	Under construction	Total
Cost							
At 1 January 2014	**8,126,305**	**11,701,867**	**50,708,803**	**1,671,073**	**29,751**	**746,177**	**72,983,976**
Additions	1,255,127	-	-	-	-	1,813,810	3,068,937
Transfer	-	269,132	486,945	178,313	15,284	(949,674)	-
Disposals	-	-	-	(56,256)	-	-	(56,256)
At 31 December 2014	**9,381,432**	**11,970,999**	**51,195,748**	**1,793,130**	**45,035**	**1,610,313**	**75,996,657**
At 1 January 2015	9,381,432	11,970,999	51,195,748	1,793,130	45,035	1,610,313	75,996,657
Additions	155,781	-	-	-	-	1,602,002	1,757,783
Transfer	-	927,788	762,917	(547,762)	41,559	(1,184,502)	-
Disposals	-	-	-	292,298	-	-	292,298
At 31 December 2015	**9,537,213**	**12,898,787**	**51,958,665**	**1,537,666**	**86,594**	**2,027,813**	**78,046,738**
Depreciation							
At 1 January 2014	829,724	8,156,771	20,440,113	1,313,136	10,341	-	30,750,085
Charge for the period	512,577	250,714	2,786,799	131,947	5,798	-	3,687,835
Disposals	-	-	-	(56,256)	-	-	(56,256)
At 31 December 2014	**1,342,301**	**8,407,485**	**23,226,912**	**1,388,827**	**16,139**	**-**	**34,381,664**
At 1 January 2015	1,342,301	8,407,485	23,226,912	1,388,827	16,139	-	34,381,664
Charge for the period	592,482	279,933	2,865,127	155,626	11,009	-	3,904,177
Disposals				(321,176)		-	(321,176)
At 31 December 2015	**1,934,783**	**8,687,418**	**26,092,039**	**1,223,277**	**27,148**	**-**	**37,964,666**
Carrying amount							
At 31 December 2014	**8,039,131**	**3,563,514**	**27,968,836**	**404,303**	**28,896**	**1,610,313**	**41,614,993**
At 31 December 2015	**7,602,430**	**4,211,369**	**25,866,626**	**314,389**	**59,446**	**2,027,813**	**40,082,072**

13. Property, plant, equipment& Intangibles

Security

The Company has no liens or encumbrances on its assets nor has any asset been pledged as collateral.

Intangibles

This related to computer software licenses.

14. Investment in subsidiaries

On 07.12.2015 the Company invested in subsidiaries as follows:

No	Company	Shareholder	Purchasing price	Number of Shares	Value of each share	Participation in Capital/Euro	Participation in Capital/Percentage
1	Cement Plus	Sharrcem	2,982,000	17,029.5	100	1,702,950	65%
2	Millco	Sharrcem	3,500,000	1	3,500,000	3,500,000	100%
3	RudMak	Sharrcem	1,409,000	1	805,200	805,200	100%
			7,891,000				

Cement Plus owns a cement terminal established and operating in Lipjan, Kosovo – a commercially strategic position: one kilometer from the under construction Skopje-Prishtina motorway, at 15km from Prishtina, the largest cement consumption location in the country. The terminal can handle both bagged and bulk cement.

Millco owns a horizontal mill for pet coke grinding. Sharrcem will be able to independently run its cement production line, improve substantially its operational efficiency and achieve significant savings in the cost of its kiln fuel which are estimated in the range of 12 euro/ ton of pet coke (+/- 20%).

Rudmak owns a property for marl extraction in Blace, at a distance of 2km from the plant, with a valid exploitation license. These reserves would suffice, in average terms, for 14 to 18 months of supply to the plant. The results of the geological surveys show that Blace marl reserve is a continuation of Company's active Dimce quarry.

15. Inventories

In Euro	31 December 2015	31 December 2014
Raw materials, consumables and spare parts	4,078,591	3,541,899
Work in progress	1,494,387	3,306,615
Finished goods	1,036,185	942,634
	6,609,163	**7,791,148**

16. Trade and other receivables

In Euro	31 December 2015	31 December 2014
Trade receivables	1,651,256	1,807,809
Receivables from related parties	2,124	7,300
Total trade receivables	1,653,380	-
Allowances for trade receivables	(52,234)	-
Trade receivables net	**1,601,146**	**1,815,109**
Other receivables	297,774	172,918
VAT receivables	239,545	103,767
	2,138,465	**2,091,794**

Included in other receivable is restricted cash for guarantee issued in favor of the custom house for an amount of EUR 115,725 as at 31 December 2015 (31 December 2015:EUR 164,998) .

Movements in the allowance for trade receivables is as follows:

In Euro	2015	2014
Opening balance 1 January	-	-
Charge for the year	52,234	-
Closing balance as at 31 December	**52,234**	-

16. Trade and other receivables (continued)

The ageing analysis of the receivables is as follows:

In Euro	31 December 2015	31 December 2014
Neither Past due nor impaired	636,424	659,495
Past due but not impaired		
Up to 30 days	712,932	569,295
From 30 to 60 days	103,079	394,671
From 60 to 90 days	2,061	28,340
From 90 to 120 days	5,845	5,376
From 120 to365 days	140,704	157,932
Above 365 days	52,334	-
Impaired allowances	(52,334)	-
	1,653,380	**1,815,109**

17. Cash and cash equivalents

In Euro	31 December 2015	31 December 2014
Bank balances	2,059,110	2,358,611
Cash on hand	240	227
	2,059,350	**2,358,838**

18. Capital and reserves

Owner's capital

Sharr Beteiligungs GmbH, Hamburg is the sole owner of the Company. Owner's capital in the amount of EUR 6,201,001 is fully paid. The stake holders are entitled to receive dividends as declared from time to time. All stakes rank equally with regard to the Company's residual asset.

Dividends

During 2015, the Company declared and distributed dividend in amount of EUR 6,051,103 (2014: EUR 16,968,173).

19. Trade and other payables

In Euro	31 December 2015	31 December 2014
Trade payables	2,323,172	1,732,565
Liabilities to related parties	1,783,510	1,648,544
Other	353,322	346,513
	4,460,004	**3,727,622**

The trade payables are non-interest bearing and are normally settled between 30 and 60 days terms. Other payables are consisted mainly salary payables. The Company exposure to liquidity risk related to trade

20. Employees' termination benefit

During December 2015 the Company updated termination benefit cost for 82 employees left in 2014 plus the estimate for 60 employees who will join the voluntary scheme for early retirement proposed by the Company (see Note 13).

In Euro	Nominal Value	Present value of Principal
Payable within one year	943,131	943,131
From one year to five years	1,387,613	884,113
Total as at 31 December 2015	**2,230,774**	**1,827,244**

In Euro	Nominal Value	Present value of Principal
Payable within one year	251,698	251,698
From one year to five years	524,439	332,786
Total as at 31 December 2014	**776,137**	**584,484**

21. Provisions

In Euro	
Site restoration	218,521
Transfer from the Branch	-
Provision used during the period	-
Release of provision	-
As of 31 December 2014	**218,521**
As of 1 January 2015	218,521
Provision used during the period	-
Release of provision	-
As of 31 December 2015	**218,521**

Site restoration/exploration

In accordance with the Law on Environment protection and decision of the Ministry of Environment and Spatial Planning the Company is obliged to cover the exploration area below quota 372.
The company has created the reserve of EUR 218,521 as of 31 December 2015 (2014: EUR 218,521) to cover the future cost for quarry rehabilitation.

22. Loan and borrowings

On 17th December 2015 the Company signed loan agreement with Sharr Beteiligungs GmbH for an available loan in the amount of 8,700,000 € in order to finance investment in its acquired subsidiaries.

The loan shall be repaid in 8 equal 6 month instalments and the first one will be paid in 18 months after the date of the agreement.

The interest rate is determined to be the aggregate of 7% per annum and EURIBOR for the relevant period.

The company has unused facilities as at 31 December 2015 with NLB Bank and Pro Credit Bank as below:

- amount of EUR 1,000,000 with maturity 1 year and annual interest 8% and maturity until 24 November 2016
- amount of EUR 750,000 overdraft and EUR 450,000 Credit line with Pro Credit bank
-

23. Commitments and contingencies

i) Bank guarantees

The Company has undertaken the commitment to proceed with two major investments:

- Gear box of cement mill amount of 436,000 euro and
- Automatization of the warehouse for the handling of raw material amount 923,810 euro

The total amount of 1,359,810 obviously represents the commitment of the company for appropriation of the operating assets during 2016.

23. Commitments and contingencies (Continued)

ii) Bank guarantees

Bank guarantee from NLB Pristina provided for the import of raw materials of the amount of EUR 115,725 that expires on 31 December 2015.

iii) Tax claim contingency

As stated in the Note 1 the reorganization plan of the Branch and the Company was approved by the KTA. As agreed with the KTA, the income tax for 2011 for the Branch and the Company will be paid and calculated by the Company, i.e. for the tax authorities will exist only one company. The Company has calculated and paid income tax, taking into consideration its own results and the five months results of the Branch.

Furthermore, since the Company now is liable for the income tax of both companies, it is also responsible for the on-going appeal within the Independent Review Board on the final tax report received by the Branch. Namely, in 2010 the Branch's books and records for the period from 1 January 2005 to 31 December 2009 have been audited by the tax authorities.

The tax authorities issued a final report on the tax audit by which the Branch had to pay additional tax on income in the amount of EUR 1,344,931 (including the EUR 363,699 penalty for late payment). On 23 December 2010 the Branch filed an appeal to the commission, within the tax authorities, against their final decision. After the hearing session held by the commission, within the tax authorities, the appeal of the Branch was rejected.

The rejected appeal was analyzed by the tax experts engaged by the Branch and according to their opinion the tax authorities have no right to charge the Branch the additional tax on income, since the calculation of additional charge and refusal of the appeal derives from retrospective application (for the period 1 January 2005 – 31 January 2009) of the provisions of the Law No.03/L-162, ratified by the President of the Assembly of Republic of Kosovo on 29 December 2009 and published as effective from 1 January 2010, according to which the retrospective application of the Law is prohibited.

In 2011 the Branch paid the additional income tax excluding penalty of EUR 363.699 stated in the final report, using the Decision of the Government to release the Branch from the penalties with one single payment of all obligations that the Branch had toward the tax administration taken from this audit. This is valid for all tax periods as foreseen with the decision of the Government No. 06/126 dated 26 May 2010.

Using the right for reduction of penalties the management appealed to the Independent Review Board on the final tax report. On 03 January 2014, the Independent Review Board issued the decision, based on which the claim of the Company is approved and the Tax Administration (TAK) decision is ruled out and the case was returned for review. The Independent Review Board concluded that: (1) TAK has committed a legal violation by re-auditing the tax period of 2005 with no approval from the General Director of TAK, as a result, the 2005 tax period should be returned to the pre-audit situation; (2) TAK has committed a legal violation by applying provisions of legislation not in force at that time, thus, interest expenses for the year 2006, 2007 and 2008 are not recognized as deductible expenses on the accrual basis merely, due to them, not having been paid. Consequently IRB requested that TAK re-assesses the source documents of the loan and if documents are in order then interest expenses for the years 2006, 2007 and 2008 be recognized as deductible expenses and (3) requested that TAK verifies the figures presented by the Company in relation to the payment of the withholding tax of EUR 349.954 in March 2009 with the underlying legal documentation (loan agreement etc).

TAK's re-audit started as a result of the request in point 2 and was in line with points 1 and 2, but not in line with point 3 due to decision of TAK to charge withholding tax on interest for every year (2006, 2007 and 2008) even though interest was not paid in those respective years, whereas according to the Law, withholding tax for interests should be paid only when interest is paid to the lender.

23. Commitments and contingencies (Continued)

On 14 November 2014, Decision of the Appeals Department of TAK was issued after the appeal filed on 8 September 2014 regarding the re-audit report which was issued by TAK on 8 August 2014. On 25 November 2014, the Company requested from TAK to waive the penalties in amount of EUR 127.887.

On 16 December 2014, the Company appealed to the Fiscal Department of Basic Court, with respect to the Decision from the Appeals Department of TAK which was issued on 14 November 2014. According to the court appeal, the Company requests reimbursement of Euro 605.648 from TAK.

On 12th of February, 2015 Sharr Beteiligungs GmbH Shpk has received the decision issued from Taxpayer Advocate that Approves SHARRCEM's request to erase the penalties in the amount of Euro 136,474.

In addition to this, the decision of the Appeals Department of TAK dated 14th November 2014 stipulates that the penalties in the amount of EUR 74,061 have been erased. The two amounts of penalties mentioned above have already been refunded from TAK to Sharrcem.

The remaining receivable amount of euro 395,113 is under court procedure. Management has been advised by its legal and tax advisors that, it is virtually certain to expect that the case will be closed with positive outcome for the Company. The Company has reassessed the income tax receivable as at 31 December 2014 by providing an impairment amount for an amount of EUR 341,704 in 2014 and EUR 96,040 in the first half of 2015. During 2015, the Company has been reimbursed by the tax authorities for an amount of EUR 200,000. Consequently, for the existing tax receivables of euro 395 thousand (being amount requested for reimbursement by TAK according to the court appeal) there is no objective evidence of impairment of same amount included in the Company's special purpose financial information as of 31 December 2015 and no provision has been recorded.

iiii) Overdraft facilities

The Company has available overdraft facilities as follows:

- 1,200,000 EUR with Procredit Bank J.S.C, up to September 17th 2016, and applicable interest rate of 7.3%.
- 1,000,000 EUR with NLB Bank, up to September 24th 2016, and applicable interest rate of 8.5%.

As of 31 December 2015, no proceeds have been drawn from the overdraft facilities.

24. Related parties

Parent and ultimate controlling party

The Company is controlled by Sharr Beteiligungs GmbH, Hamburg, Germany, the parent company. The ultimate parent of the Company is Titan Cement Company S.A., Greece. The Company has a related party relationship with individuals with authority over and responsibility for the Company, entities related to the abovementioned entities. The following transactions were carried out with related parties at mutually agreed terms:

24. Related parties (continued)

Related parties transactions

In Euro	31 December 2015	31 December 2014
Sales and services provided to related parties		
Ultimate Parent:		
Titan Cement S.A. - reinvoiced services (accomodation and legal)	-	7,195
Direct Parent:		
Sharr Beitaligungs GMBH	7,017	4,010
Entities under common control:		
Usje Cementarnica A.D. - cost of traded goods	11,549	-
	18,566	**11,205**
Purchase of goods and services from related parties		
Ultimate Parent:		
Titan Cement S.A.	1,327,338	26,080
Direct Parent:		
Sharr Beteiligungs GmbH	101,414	76,375
Entities under common control:		
Usje Cementarnica A.D. - pet coke, clinker, white cement, freight, silos, materials and services	16,424,799	8,573,258
Antea Cement SHA - purchase of spare parts	-	98,457
Kosovo Construction Materials - use of land	-	4,474
Interbeton - purchase of PPE	-	12,380
	17,853,551	**8,791,024**
Trade and other receivables		
Ultimate Parent:		
Titan Cement S.A. -		3,290
Direct Parent:		
Sharr Beitaligungs GMBH - sale of vehicle		4,010
Entities under common control:		
Usje Cementarnica A.D. - cost of traded goods	2,124	
	2,124	**7,300**
Trade and other payables and borrowings		
Ultimate Parent:		
Titan Cement S.A.	403,008	13,222
Direct Parent:		
Sharr Beteiligungs GmbH	8,728,565	19,446
Entities under common control:		
Usje Cementarnica A.D. - pet coke, clinker, white cement, freight, silos, materials and services	1,368,532	1,611,403
Kosovo Construction Materials	-	4,474
	10,500,105	**1,648,544**

25. Financial Risk Management

Financial risk comprises market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits

Credit risk. The Company takes on exposure to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Exposure to credit risk arises as a result of the Group's sales of products on credit terms and other transactions with counterparties giving rise to financial assets.

The Company's maximum exposure to credit risk is reflected in the carrying amounts of financial assets in the statement of financial position is as follows:

In Euro	**31 December 2015**	**31 December 2014**
Trade and other receivables	2,138,465	2,091,794
Cash and cash equivalent	2,059,350	2,358,838
	4,197,815	**4,450,632**

The maximum exposure to credit risk for trade receivables and receivables from related parties at the reporting date by geographic region was:

In Euro	**31 December 2015**	**31 December 2014**
Domestic	1,651,256	1,807,809
Related party	2,124	7,300
	1,653,380	**1,815,109**

The credit risk is mitigated by collateral and other credit enhancements. The Company structures the levels of credit risk it undertakes by placing limits on the amount of risk accepted in relation to counterparties or groups of counterparties. Limits on the level of credit risk are approved regularly by management. Such risks are monitored on a revolving basis and are subject to an annual, or more frequent, review.

Customers that fail to meet the benchmark for creditworthiness of Company may buy goods from Company on a prepayment basis or by providing a bank guarantee issued by one of the three biggest Kosovo's banks. In general the Company does not require collateral in respect of trade receivables.

The Company management reviews ageing analysis of outstanding trade receivables and follows up on past due balances. Management therefore considers it appropriate to provide ageing and other information about credit risk as disclosed in 16.

The Companies' bank deposits are held only with reputable banks thus the credit risk is not considered significant.

25. Financial Risk Management (continued)

Market risk. The Group takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies, (b) interest bearing assets and liabilities all of which are exposed to general and specific market movements. Management sets limits on the value of risk that may be accepted, which is monitored on a daily basis. However, the use of this approach does not prevent losses outside of these limits in the event of more significant market movements.

Sensitivities to market risks included below are based on a change in a factor while holding all other factors constant. In practice this is unlikely to occur and changes in some of the factors may be correlated – for example, changes in interest rate and changes in foreign currency rates.

Currency risk. In respect of currency risk, management sets limits on the level of exposure by currency and in total. The positions are monitored monthly.

Interest rate risk. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on its financial position and cash flows. The table below summarises the Group's exposure to interest rate risks.

	31 December 2015	31 December 2014
Financial Assets		
Non-interest bearing		
Trade receivables	2,138,465	2,091,794
Cash and cash equivalents	2,059,350	2,358,838
Financial Liabilities	**4,197,815**	**4,450,632**
Non-interest bearing		
Trade and other payables	4,460,004	3,727,622
Interest bearing borrowings		
Borrowings with interest	8,716,595	-
	13,176,599	**3,727,622**

The Group does not have formal policies and procedures in place for the management of interest rate risks as management considers this risk as insignificant to the Group's business

Liquidity risk. Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company is exposed to daily calls on its available cash resources. Liquidity risk is managed by of the Company. Management monitors monthly rolling forecasts of the Company's cash flows.

The liquidity position is monitored and regular liquidity stress testing under a variety of scenarios covering both normal and more severe market conditions is performed by the Treasury Department.

The table below shows liabilities at 31 December 2015 and 31 December 2014 by their remaining contractual maturity. The amounts disclosed in the maturity table are the contractual undiscounted cash flows, including gross finance lease obligations (before deducting future finance charges), gross loan commitments and financial guarantees. Such undiscounted cash flows differ from the amount included in the statement of financial position because the statement of financial position amount is based on discounted cash flows. Financial derivatives are included at the contractual amounts to be paid or received, unless the Group expects to close the derivative position before its maturity date in which case the derivatives are included based on the expected cash flows. For the purposes of the maturity analysis, embedded derivatives are not separated from hybrid (combined) financial instruments.

25. Financial Risk Management (continued)

When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing at the end of the reporting period. Foreign currency payments are translated using the spot exchange rate at the end of the reporting period.

31 December 2015	**6 months or less**	**More than 6 months**	**Total**
Trade payables	4,460,004		
Borrowings		8,716,595	8,716,595
Total financial liabilities	**4,460,004**	**8,716,595**	**13,176,599**

31 December 2014	**6 months or less**	**More than 6 months**	**Total**
Financial liabilities			
Trade payables	3,727,622	-	3,727,622
Borrowings			
Total financial liabilities	**3,727,622**	**-**	**3,727,622**

26. Subsequent events

There were no events after the reporting that would require either adjustments or disclosures in the special purpose financial information.