SharrCem SH.P.K. Hani i Elezit

Special Purpose Financial Information for Group Consolidation Reporting Purposes
For the year ended 31 December 2017

with Independent auditor's report

Contents

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Independent Auditor's Report

To the Board of Directors and Shareholders of SHARRCEM SH.P.K.

Our opinion

In our opinion, the special purpose financial information of SHARRCEM SH.P.K. ("the Company") is prepared, in all material respects, in accordance with Titan Group Accounting Policies.

What we have audited

The Company's special purpose financial information comprise:

- the special purpose statement of financial position as at 31 December 2017;
- the special purpose statement of comprehensive income for the year then ended;
- the special purpose statement of changes in equity for the year then ended;
- the special purpose statement of cash flows for the year then ended; and
- the notes to the special purpose financial information, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.

Basis of accounting and restriction on distribution and use

This Independent Auditor's Report has been prepared exclusively for the Board of Directors and Shareholders of SHARRCEM SH.P.K., and is not suitable for use by any other party. No other party is entitled to rely on this report and we do not accept any responsibility or duty of care to any party other than the Board of Directors and Shareholders of SHARRCEM SH.P.K.. Any disclosure of this report to a third party shall be made only with our prior written consent and against such party's acknowledgement that we have no obligation, responsibility or duty of care towards it.

Responsibilities of management and those charged with governance for the special purpose financial information

Management is responsible for the preparation of this 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 is free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial information, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the special purpose financial information

Our objectives are to obtain reasonable assurance about whether the special purpose financial information as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these special purpose financial information.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the special purpose financial information whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the special purpose financial information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Kosovo sh.p.k.

PricewaterhouseCoopers Kosovo sh.p.k.
27 February 2018, Prishtinë, Kosovë

(All amounts expressed in EUR unless otherwise stated)

Statement of Comprehensive Income

For the year ended

	Note	2017	2016
Revenue	5	39,508,745	37,856,167
Cost of sales	6	(35,472,434)	(32,710,132)
Gross profit		**4,036,311**	**5,146,035**
Other operating income	7	58,385	24,439
Administrative expenses	8	(2,898,703)	(3,439,877)
Selling expenses	9	(426,993)	(546,992)
Other operating expenses	10	(1,140,623)	(2,192,219)
Operating loss		**(371,623)**	**(1,008,614)**
Finance income	11	324,125	89,828
Finance costs	11	(612,243)	(606,421)
Net finance costs		**(288,118)**	**(516,593)**
Loss before tax		**(659,741)**	**(1,525,207)**
Income tax expense	12	(95,212)	(482,850)
Loss for the year		**(754,953)**	**(2,008,057)**
Total comprehensive loss for the year		**(754,953)**	**(2,008,057)**

The notes on pages 7 to 32 are an integral part this special purpose financial information

(All amounts expressed in EUR unless otherwise stated)

Statement of Financial Position

	Note	31 December 2017	31 December 2016
Assets			
Property, plant and equipment	13	39,673,738	40,355,747
Intangible assets	13	251,064	272,801
Total non-current assets		**39,924,802**	**40,628,548**
Investment in subsidiaries	14	**8,041,000**	**8,041,000**
Inventories	15	5,660,235	6,308,000
Trade and other receivables	16	1,397,240	1,715,124
Advances given and prepayments		999,323	1,630,990
Prepaid taxes		-	93,600
Cash and cash equivalents	17	1,317,451	270,216
Total current assets		**9,374,249**	**10,017,930**
Total assets		**57,340,051**	**58,687,478**
Equity			
Share Capital	18	6,201,001	6,201,001
Retained Earnings		34,791,735	35,546,687
Total equity		**40,992,736**	**41,747,688**
Liabilities			
Long-term borrowings	22	5,437,500	7,518,495
Deferred tax liabilities	12	614,599	526,799
Employees' termination benefit	20	952,976	868,577
Total non-current liabilities		**7,005,075**	**8,914,871**
Short-term borrowings	22	1,079,373	-
Trade and other payables	19	7,148,195	5,807,077
Employees' termination benefit, current portion	20	409,540	1,726,321
Customer prepayments		486,611	273,000
Provisions	21	218,521	218,521
Total current liabilities		**9,342,240**	**8,024,919**
Total liabilities		**16,347,315**	**16,939,790**
Total equity and liabilities		**57,340,051**	**58,687,478**

The special purpose financial information and the notes set out on pages 7 to 32 were authorized for issue by the Board of Directors of SharrCem SH.P.K., Hani i Elezit on 2 February 2018 and were signed on their behalf by:

Glavas Thomas	Alexandros Tsomplektzoglou	Xhemail Dernjani
Managing Director	Finance Manager	Head of Finance

The notes on pages 7 to 32 are an integral part this special purpose information

(All amounts expressed in EUR unless otherwise stated)

Statement of changes in equity

For the year ended 31 December 2017

	Share Capital	Retained Earnings	Total
Balance at 1 January 2016	**6,201,001**	**37,724,914**	**43,925,915**
Loss for the year		(2,008,057)	(2,008,057)
Other comprehensive income for the year	-	-	-
Total comprehensive loss	**-**	**(2,008,057)**	**(2,008,057)**
Dividends paid	-	(170,170)	(170,170)
Balance at 31 December 2016	**6,201,001**	**35,546,687**	**41,747,688**
Balance at 1 January 2017	**6,201,001**	**35,546,687**	**41,747,688**
Loss for the year		(754,952)	(754,952)
Other comprehensive income for the year	-	-	-
Total comprehensive loss	**-**	**(754,952)**	**(754,952)**
Dividends paid	-	-	-
Balance at 31 December 2017	**6,201,001**	**34,791,735**	**40,992,736**

(All amounts expressed in EUR unless otherwise stated)

Statement of cash flows

For the year

In Euro	Note	2017	2016
Cash flows from operating activities			
Loss before tax		(659,741)	(1,525,207)
Adjustments for:			
Depreciation and amortization	13	4,688,080	4,587,757
(Gains)/Loss from sales of property plant and equipment	7	(19,322)	4,850
Allowance for receivables	10	-	30,932
Finance expenses	11	612,243	606,421
Finance income		(324,125)	(89,828)
		4,297,135	3,614,922
Decrease in inventories		647,765	301,163
Decrease in trade and other receivables		317,884	392,405
Decrease (Increase) in advances given and prepayments		631,667	(853,782)
Decrease in current tax asset		93,600	305,234
Increase (Decrease) in trade and other payables		1,341,118	1,347,073
(Decrease)/ Increase in employees' termination benefits		(1,232,382)	767,654
Increase/(Decrease) in customer prepayments		213,611	(397,262)
Cash generated from operating activities		6,310,398	5,477,411
Interest paid		(614,876)	(603,521)
Income tax paid		-7,410	(93,600)
Net cash from operating activities		5,688,112	4,780,290
Cash flows from investing activities			
Purchase of property, plant and equipment	13	(3,986,974)	(5,148,305)
Proceeds from sale property, plant and equipment		21,962	9,224
Investment in subsidiaries	14	-	(150,000)
Net cash used in investing activities		(3,965,012)	(5,289,081)
Cash flows from financing activities			
Finance Income		324,125	(80,342)
Repayment of borrowings		(999,990)	(1,200,000)
Net cash used in financing activities		(675,865)	(1,280,342)
Net increase/ (decrease) in cash and cash equivalents		1,047,235	(1,789,134)
Cash and cash equivalents at 1 January		270,216	2,059,350
Cash and cash equivalents at 31 December	17	1,317,451	270,216

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 no. 280. 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 was terminated; the New Company issued one additional share of EUR 1 to PAK in exchange for the assets from Sharr SOE; and transfered of 100% interest in New Company to the Parent as buyer of the New Company. The New Company was 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 intends 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. As of 30 May 2011 the KTA approved the reorganization plan and as of 1 June 2011 all the assets and liabilities and the business were transferred from the Branch to the Company. Prior to this, the Company didn't have 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 this 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

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

The Company's special purpose financial information has 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 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 analyzed 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)

2.3 Financial Instruments (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.

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)

2.3 Financial Instruments (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)

2.3 Financial Instruments (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 amortized 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)

2.3 Financial Instruments (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 capitalizes 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)

2.4 Intangible assets

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)

2.5 Property, plant and equipment

(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 acquire. Non-controlling interests that are not present ownership interests are measured at fair value.

Goodwill is measured by deducting the net assets of the acquire from the aggregate of the consideration transferred for the acquire the amount of non-controlling interest in the acquire and the fair value of an interest in the acquire 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 acquire 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 recognized 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 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 recognizes 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)

2.15 Taxes

- 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:

- 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.

a. 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.

b. 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.

c. 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.

d. 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.

e. 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 2016 and the current year 2017:

In Euro	31 December 2017	31 December 2016
Loss for the year	(754,953)	(2,008,057)
Add back		
Income tax expense	95,212	482,850)
Net finance cost	288,118	516,593
Depreciation and amortization	4,688,080	4,587,755
EBITDA	4,316,457	3,579,141

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	2017	2016
Sales of goods	41,172,397	38,444,746
Freight revenue	1,932,888	1,626,166
Sale of white cement	606,322	671,065
Sales of Pet coke	71,068	344,379
Rebates	(4,273,930)	(3,230,189)
Total sales	**39,508,745**	**37,856,167**

6. Cost of Sales

In Euro	2017	2016
Variable		
Kiln fuel	7,095,092	5,832,775
Raw Materials	3,647,778	3,507,721
Electricity power	3,343,791	3,113,084
Purchased Clinker	3,941,175	2,681,748
Refractory	781,755	485,986
Other variable costs	329,614	328,850
Grinding media	193,918	63,262
Fuel and oil	749	1,022
Total variable cost	**19,333,872**	**16,014,448**
Fixed Cost		
Salaries	2,618,385	3,068,983
Third parties services	1,628,697	1,561,638
Maintenance spare parts	465,230	741,955
Other fixed costs	296,443	301,631
Insurance and taxes	187,790	154,718
Total fixed cost	**5,196,545**	**5,828,925**
Distribution and packing Note 6a	5,368,478	5,146,885
Depreciation	4,538,881	4,459,037
Cost of Trading Goods	627,353	918,700
Inventory Increase	407,305	342,137
Cost of Goods Sold	**35,472,434**	**32,710,132**

6a. Distribution & packing expenses

In Euro	2017	2016
Packing Expenses		
Bags and wrapping materials	1,089,079	1,198,013
Pallets	596,963	741,602
Salaries & related expenses	230,455	289,196
Outsourced packing activities	215,266	235,357
Maintenance & spare parts	245,684	128,728
Electricity	142,673	131,846
Third parties labor maintenance	153,181	141,581
Consumables	17,079	33,985
Fuel and Oil	1,808	3,813
Other packing cost	-	584
Total packing cost	**2,692,188**	**2,904,705**
Distribution and Promotion Expenses	**2,676,290**	**2,242,180**
Total packing and distribution	**5,368,478**	**5,146,885**

7. Other operating income

In Euro	2017	2016
Gain/ (Loss) on disposal of property, plant and equipment	19,322	(4,850)
Scrap sales	39,063	28,331
Surplus of spare parts & packing materials	-	958
Total other operating income	**58,385**	**24,439**

8. Administrative expenses

In Euro	2017	2016
Management support services	859,966	982,908
Salaries	600,945	554,481
Corporate Social Responsibility (CSR)	258,256	490,973
Staff Benefits	305,981	343,690
Legal and other consulting services	261,222	341,797
Travelling Expenses	173,885	254,994
Other Administrative Expenses	66,900	109,901
Depreciation	128,372	100,688
Software Maintenance and IT Materials	77,681	84,922
Building Utilities	28,977	48,503
Training	41,400	40,893
Car Fuel Expenses	43,585	32,423
Social Security	26,012	31,981
Consulting	24,106	18,400
Overtime	1,415	3,323
Total administrative expenses	**2,898,703**	**3,439,877**

9. Selling expenses

In Euro	2017	2016
Salaries	208,703	222,389
Advertising & Promotion expenses	30,904	100,940
Rental & Leases	74,739	67,466
Other professional fees and related expenses	35,700	62,213
Depreciation	23,467	28,030
Staff Benefits	15,377	25,140
Car Fuel Expenses	19,507	16,131
Social security	10,412	14,927
Travelling Expenses	8,184	9,756
Total selling expenses	**426,993**	**546,992**

10. Other operating expenses

In Euro	2017	2016
Staff leaving Indemnities	663,241	2,012,877
Other operation expenses	477,382	58,582
Write off of bad debt	-	30,932
Total other operating expenses	**1,140,623**	**2,102,391**

Staff leaving indemnities in the amount of EUR 663,241 (2016: 2,012,877) are related to the updated termination benefit cost for employees that have taken any of the past post-retirement benefit plans (see Note 20).

11. Finance income and finance costs

In Euro	2017	2016
Interest expense and bank charges	612,243	606,421
Total finance cost	**612,243**	**606,421**

In Euro	2017	2016
Dividends income from Cement Plus	324,125	89,828
Total investment income	**324,125**	**89,828**

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.

In Euro	2017	2016
Current income tax	7,412	395,050
Deferred Income tax	87,800	87,800
Income Tax expenses	95,212	482,850

The income tax rate applicable to the Company's 2017 and 2016 income is 10%. A reconciliation between the expected and the actual taxation charge is provided below.

In Euro	2016	2016
Loss Before Tax	(659,741)	(1,525,207)
Tax at nominal tax rate 10%	(65,974)	(152,520)
Tax adjustments for:		
Tax effect of nondeductible expenses	153,774	240,319
Write off tax receivable	7,412	395,051
	95,212	482,850

Deferred tax Liability

Recognized deferred tax liability

	As at 1 January	Recognized in profit or loss	As at 31 December
2017			
Accelerated depreciation of property, plant and equipment for tax purposes	526,799	87,800	614,599
	526,799	87,800	614,599
2016			
Accelerated depreciation of property, plant and equipment for tax purposes	438,999	87,800	526,799
	438,999	87,800	526,799

The Company's books and records for the fiscal years 2011 - 2017 have not been audited by the tax authorities. Currently an income tax inspection is being carried out by tax authorities of Kosovo for the years 2015 and 2016. 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 the tax audit cannot, at this stage, be determined with any reasonable accuracy.

13. Property, plant, equipment & intangibles

Euro	Quarries	Building and Installation	Machinery and Equipment	Furniture, fixtures and vehicles	Intangible	Construction in progress	Total
Cost							
At 1 January 2016	9,537,213	12,898,787	51,958,665	1,537,666	86,594	2,027,814	78,046,739
Additions	1,473,145	-	-	-	-	3,675,160	5,148,305
Transfer	-	607,530	668,109	184,657	260,050	(1,720,346)	-
Disposals	-	-	-	(120,770)	-	-	(120,770)
At 31 December 2016	**11,010,358**	**13,506,317**	**52,626,774**	**1,601,553**	**346,644**	**3,982,628**	**83,074,274**
At 1 January 2017	11,010,358	13,506,317	52,621,571	1,606,756	346,644	3,982,628	83,074,274
Additions	122,777	-	-	-	-	4,041,986	4,164,763
Transfer	-	2,234,004	3,561,854	86,239	55,104	(5,937,201)	-
Adjustment	-	-	-	-	-	(177,788)	(177,788)
Disposals	-	-	-	(69,925)	-	-	(69,925)
At 31 December 2017	**11,133,135**	**15,740,321**	**56,183,425**	**1,623,070**	**401,748**	**1,909,625**	**86,991,324**
Depreciation							
At 1 January 2016	1,934,783	8,687,418	26,092,039	1,223,277	27,148	-	37,964,665
Charge for the period	1,146,183	312,272	2,926,516	156,091	46,695	-	4,587,757
Disposals	-	-	-	(106,696)	-	-	(106,696)
At 31 December 2016	**3,080,966**	**8,999,690**	**29,018,555**	**1,272,672**	**73,843**	**-**	**42,445,726**
At 1 January 2017	3,080,966	8,999,690	29,018,555	1,272,672	73,843	-	42,445,726
Charge for the period	981,688	378,388	3,116,263	134,900	76,841	-	4,688,080
Disposals	-	-	-	(67,285)	-	-	(67,285)
At 31 December 2017	**4,062,654**	**9,378,078**	**32,134,818**	**1,340,287**	**150,684**	**-**	**47,066,521**
Carrying amount							
At 31 December 2016	**7,929,392**	**4,506,627**	**23,608,219**	**328,881**	**272,801**	**3,982,628**	**40,628,548**
At 31 December 2017	**7,070,480**	**6,362,243**	**24,048,607**	**282,783**	**251,064**	**1,909,625**	**39,924,802**

13. Property, plant, equipment & intangibles (Continued)

The property, plant and equipment that was obtained at 9 December 2010 (the date of purchase of the Company's shares as part of the privatization process (see Note 1) are stated at fair value. Valuation of the plant and machines was performed by the Titan Cement Company S.A technical department, since it relates to specific valuation which is known to the Titan Group from its previous similar transactions. The fair value was determined using references of the newly constructed factory in the Titan Group. The valuation of the land was performed by the independent valuators, based on the market value. The fair value of property, plant and equipment determined as at 9 December 2010 was EUR 29,885,092. The difference between the fair value of the assets acquired and the nominal value of the shares issued net of applicable deferred tax was credited to retained earnings in equity.

Security

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

Intangibles

This balance relates to computer software licenses.

14. Investment in subsidiaries

The Company has invested in subsidiaries as follows:

In Euro	31 December 2017	31 December 2016
Cement Plus for Building Materials LLC	2,982,000	2,982,000
Millcco Dooel	3,500,000	3,500,000
Rudmak Pcm Dooel	1,559,000	1,559,000
Total Investment in subsidiaries	**8,041,000**	**8,041,000**

Cement Plus for Building Materials LLC 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.
Rudmak Pcm Dooel 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 the Company's active Dimce quarry.
Millco Dooel owns a horizontal mill for pet coke grinding. This enables Sharrcem Shpk to independently run its cement production line, improve substantially its operational efficiency and achieve significant savings in the cost of its kiln fuel.

The table below summarises the movements in the carrying amount of the Company's investments in subsidiary.

In Euro	2017	2016
Carrying amount at 1 January	8,041,000	7,891,000
Increase of investment in subsidiaries	-	150,000
Dividends recognised from subsidiaries	324,125	89,828
Dividends paid subsidiaries	(324,125)	(89,828)
Carrying amount at 31 December	**8,041,000**	**8,041,000**

14. Investment in subsidiaries (continued)

The Company's interests in its subsidiaries were as follows:

	31 December 2017		31 December 2016	
Name	% ownership interest held (% of voting rights if different)	Place of business (country of incorporation if different)	% ownership interest held (% of voting rights if different)	Place of business (country of incorporation if different)
Subsidiaries				
Cement Plus for Building Materials LLC	65%	Kosovo	65%	Kosovo
Rudmak Dooel	100%	F.Y.R.M	100%	F.Y.R.M
Millco PCM Dooel	100%	F.Y.R.M	100%	F.Y.R.M
Esha Materials Dooel	100%	F.Y.R.M	100%	F.Y.R.M
Esha Materials LLC	100%	Kosovo	100%	Kosovo

During the year ended 31 December 2016 the Rudmak Dooel established two new subsidiaries Esha Materials Dooel and Esha Materials LLC.

15. Inventories

In Euro	31 December 2017	31 December 2016
Raw materials, consumables and spare parts	3,879,106	4,119,566
Work in progress	1,042,887	1,200,405
Finished goods	738,242	988,029
Total inventories	**5,660,235**	**6,308,000**

16. Trade and other receivables

In Euro	31 December 2017	31 December 2016
Trade receivables	447,179	746,879
Receivables from related parties	2,814	1,080
Total trade receivables	**449,993**	**747,959**
Allowances for trade receivables	(83,166)	(83,166)
Trade receivables net	**366,827**	**664,793**
Other receivables	892,610	751,607
VAT receivables	137,803	298,724
Total trade and other receivables	**1,397,240**	**1,715,124**

Included in other receivable is restricted cash for guarantee issued in favor of the custom house in an amount of EUR 130,089 as at 31 December 2017 (31 December 2016: EUR 101,519).

Movements in the allowance for trade receivables is as follows:

In Euro	2017	2016
Opening balance 1 January	83,166	52,234
Charge for the year (Note 10)	-	30,932
Closing balance as at 31 December	**83,166**	**83,166**

16. Trade and other receivables (continued)

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

	31 December 2017	31 December 2016
Neither Past due nor impaired	252,483	452,406
Past due but not impaired		
Up to 30 days	90,355	184,845
From 30 to 60 days	20,975	12,154
From 60 to 90 days	-	11,915
From 90 to 120 days	-	620
From 120 to 365 days	-	3,887
Above 365 days	83,366	82,132
Allowance for impairment	(83,166)	(83,166)
Total trade receivables	**364,013**	**664,793**

17. Cash and cash equivalents

In Euro	31 December 2017	31 December 2016
Bank balances	1,315,747	269,893
Cash on hand	1,704	323
Total cash and cash equivalents	**1,317,451**	**270,216**

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.

During 2017, the Company made no distribution of dividends (2016: EUR 170,170).

19. Trade and other payables

In Euro	31 December 2017	31 December 2016
Trade payables	2,312,449	3,486,892
Liabilities to related parties	4,527,563	2,025,250
Other	308,183	294,935
Total trade and other payables	**7,148,195**	**5,807,077**

The trade payables are non-interest of bearing and are normally settled between 30 and 60 days' terms. Other payables consist mainly salaries payables.

20. Employees' termination benefit

During the year ended 31 December 2017 additional 4 employees (31 December 2016:68) accepted an offer for voluntary redundancy in exchange for benefits. Benefits provided from the Company include an exit package and medical health insurance.

The discount rate used to calculate the present value of employee termination benefit is 8.8% (31 December 2016:15.4%).

In Euro	31 December 2017	31 December 2016
Payable within one year	409,540	1,726,321
From one year to five years	952,976	868,577
Total Employee termination benefit	**1,362,516**	**2,594,898**

In Euro	2017	2016
Carrying amount as at 1 January	2,594,898	1,827,244
Additions charged to profit or loss (Note 10)	663,241	2,012,877
Paid during the year	(1,895,623)	(1,245,223)
Closing balance as at 31 December	**1,362,516**	**2,594,898**

21. Provisions

The provisions in amount of EUR 218,521 as at 31 December 2017 (31 December 2016: 218,521) are calculated in accordance with the Law on Environment protection and decision of the Ministry of Environment to cover the future cost for quarry rehabilitation The rehabilitation cost has been estimated and discounted at the company's WACC for a period of eight years.

22. Borrowings

On 17 December 2015 the Company signed a loan agreement with Sharr Beteiligungs GmbH for an available loan of EUR 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.

In Euro	31 December 2017	31 December 2016
Borrowings	6,500,000	7,500,000
Accrued interest	16,873	19,495
Total Borrowings	**6,516,873**	**7,519,495**

23. Balance and transactions with related parties

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

Related parties transactions *In Euro*	**31 December 2017**	**31 December 2016**
Sales and services provided to related parties		
Direct Parent:		
Sharr Beitaligungs GMBH	15,000	-
Entities under common control:	-	1,778
USJE Cementarnica A.D. - cost of traded goods	2,814	1,080
	17,814	**2,858**
Purchase of goods and services from related parties		
Ultimate Parent:		
Titan Cement S.A.	1,468,709	1,446,324
Direct Parent:		
Sharr Beteiligungs GmbH	724,321	592,965
Entities under common control:		
Usje Cementarnica A.D. - pet coke, clinker, white cement, freight, silos, materials and services	10,460,838	6,474,100
Antea Cement SHA - purchase of clinker	195,124	718,828
	12,848,992	**9,232,216**
Trade and other receivables		
Entities under common control:		
Usje Cementarnica A.D. - cost of traded goods	2,814	1,080
	2,814	**1,080**
Borrowings		
Direct Parent:		
Sharr Beteiligungs GmbH	6,516,862	7,519,495
	6,516,862	**7,519,495**
Trade and other payables		
Ultimate Parent:		
Titan Cement S.A.	356,045	268,408
Direct Parent:		
Sharr Beteiligungs GmbH	-	60,648
Entities under common control:		
Antea	166,288	1,804
Usje Cementarnica A.D	4,005,230	1,694,390
	4,527,563	**2,025,250**

24. Contingencies and commitments

Legal proceedings. From time to time and in the normal course of business, claims against the Company may be received. On the basis of its own estimates and both internal and external professional advice, management is of the opinion that no material losses will be incurred in respect of claims in excess of provisions that have been made in these financial statements.

24. Contingencies and commitments (continued)

Tax contingencies. Kosovo tax and customs legislation, which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Company. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged by tax authorities. Kosovo tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax incompliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for six calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

During 2016 the Company wrote off tax receivable in amount of EUR 395,051 after reassessment of receivable from the tax authorities. Additionally, during 2016 prepayments for income tax in amount of EUR 305,230 were transferred to compensate liability for value added tax.

25. Financial Risk Management

The risk management function within the Company is carried out in respect of financial risks, operational risks and legal risks. 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. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures, in order to minimise operational and legal risks.

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 Company'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 2017**	**31 December 2016**
Trade and other receivables	366,827	664,793
Cash and cash equivalent	1,315,747	269,893
Total maximum exposure to credit risk	**1,682,574**	**934,686**

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 Companies 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.
As at 31 December 2017 amount of receivables covered with bank guarantee amounts EUR 340,939 (31 December 2016: EUR 372, 942). 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 note 18. The Company's bank deposits are held only with reputable banks, thus credit risk is not considered significant.

25. Financial Risk Management (Continued)

Market risk. The Company takes on exposure to market risks. Market risks arise from open positions in (a) foreign currencies and (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. The Company operates nationally, in the territory of the Republic of Kosovo and is not significantly exposed to foreign exchange risk as all transactions during 2017 and 2016 are denominated in Euro.
As a whole, the Company is not exposed to currency risk because:

- revenue is earned in Euro;
- purchases of main assets and materials used in the Company's investment activities are denominated in Euro;
- financial assets are denominated in Euro

Interest rate risk. The Company 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 Company's exposure to interest rate risks.

	31 December 2017	31 December 2016
Financial Assets		
Non-interest bearing		
Trade receivables	366,827	664,793
Cash and cash equivalents	1,315,747	269,893
	1,682,574	**934,686**
Financial Liabilities		
Non-interest bearing		
Trade and other payables	7,148,195	5,807,077
Interest bearing borrowings		
Borrowings with interest	6,500,000	7,500,000
	13,648,195	**13,307,077**

The Company 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 Company's business

25. Financial Risk Management (Continued)

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 management 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 2017 and 31 December 2016 by their remaining contractual maturity. The following table shows the discounted cash flows on the Company's financial assets and liabilities on the basis of their earliest possible contractual maturity or expected cash flow as at 31 December 2017 and 31 December 2016 as the impact of discounting is not significant due to their short term maturity.

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 2017	**6 months or less**	**More than 6 months**	**Total**
Trade payables	6,840,012	-	6,840,012
Borrowings	-	6,500,000	6,500,000
Total financial liabilities	**6,840,012**	**6,500,000**	**13,340,012**

31 December 2016	**6 months or less**	**More than 6 months**	**Total**
Financial liabilities			
Trade payables	5,512,142	-	5,512,142
Borrowings	-	7,500,000	7,500,000
Total financial liabilities	**5,512,142**	**7,500,000**	**13,012,142**

26. Management of capital

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. Company is not subject to externally imposed capital requirements.

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 2017 and the current year 2016.

The Company monitors its economic performance using earnings before interest, tax, depreciation and amortization (EBITDA). EBITDA for the years ending 31 December 2017 and 2016 is as follows:

In Euro	**2017**	**2016**
Loss before tax	(659,741)	(1,525,207)
Net finance cost	288,118	516,593
Depreciation and amortization expense	4,688,080	4,587,757
EBITDA	**4,316,457**	**3,579,143**

27. Fair value disclosure

The fair values of current assets and current liabilities approximate their carrying value due to their short-term nature. The fair value of non-current interest bearing loans and borrowings also approximate their carrying value due to variable interest rate on the loans. Set out as a comparison by class of the carrying amounts and fair value of the Company's financial instruments that are carried in the financial statements.

	Carrying value			Fair value
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Financial Assets				
Trade receivables	366,827	664,793	366,827	664,793
Cash and cash equivalents	1,315,747	269,893	1,135,747	269,893
	1,682,574	934,686	1,682,574	934,686
Financial Liabilities				
Trade and other payables	6,840,012	5,512,142	6,840,012	5,512,142
Borrowings with interest	6,500,000	7,500,000	6,500,000	7,500,000
	13,340,012	13,012,142	13,340,012	13,012,142

The fair value of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.
The following methods and assumptions were used to estimate the fair values:

- Cash and short-term deposits, trade receivables, trade payables, and other current liabilities approximate their carrying amounts due to the short-term maturities of these instruments.
- Loans and borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, and individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken to account for the expected losses of these receivables. As at 31 December 2017 and 31 December 2016, the carrying amounts of such receivables / borrowings, net of allowances, are not materially different from their calculated fair values.

Fair Value Hierarchy

Management has estimated that the fair value of the Company financial assets and liabilities approximates its carrying value and no valuation techniques are applied in order to determine the fair value of Company's financial instruments. Such estimates would fall under Level 3 hierarchy since there are no significant observable inputs involved.

28. Events after the reporting period

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