Copri – Aktor Shoqeri e thjeshte

International Financial Reporting Standards Financial Statements

as at and for the year ended 31 December 2016

Contents

Statement of Financial Position

(All amounts are in ALL unless otherwise stated)

	Note	31 December 2016	31 December 2015
Assets			
Non-current assets:			
Property, plant and equipment	7	39,022,370	48,689,545
Total non-current assets		**39,022,370**	**48,689,545**
Current assets:			
Inventory	8	165,334,742	169,460,788
Trade and other receivables	9	1,472,407,833	1,718,671,545
Current income tax receivable		100,000	100,000
Deferred expenses	10	249,283,477	523,103,005
Cash and cash equivalents	11	79,791	173,963
Other assets	12	271,686,151	222,278,895
Total current assets		**2,158,891,994**	**2,633,788,196**
Total assets		**2,197,914,364**	**2,682,477,741**
Capital			
Paid in Capital	13	100	100
Accumulated deficit	13	(5,261,028,961)	(4,937,896,157)
		(5,261,028,861)	**(4,937,896,057)**
Current liabilities			
Borrowings	14	3,003,160,430	2,111,947,986
Trade and other payables	15	4,455,782,795	5,508,425,812
Total current liabilities		**7,458,943,225**	**7,620,373,798**
Total equity and liabilities		**2,197,914,364**	**2,682,477,741**

The financial statements have been approved by Management of the Company on 31 March 2016.

Mirela Papakristo
Head of Accounting

Shoqeri e Thjeshte "COPRI - AKTOR"
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Tirane, Bulevardi Deshmoret e Kombit
Twin Towers, Kati13, Ap1
Tirane - Albania

Andreas Kolios
Administrator

The Statement of Financial Position is to be read in conjunction with the notes set on pages 5 to 25, forming an integral part of the financial statements.

Statement of Profit and Loss and other Comprehensive Income

(All amounts are in ALL unless otherwise stated)

	Note	Year ended 31 December 2016	Year ended 31 December 2015
Revenue from services	16	1,639,707,026	1,274,956,949
Other revenue	17	25,742,872	11,061,237
Material costs	18	(618,506,763)	(780,246,033)
Supplies and services	19	(428,877,612)	(418,858,537)
Staff expenses	20	(232,694,503)	(194,035,998)
Rent expenses	21	(209,175,690)	(113,940,127)
Transportation expenses	22	(30,940,827)	(73,185,964)
Depreciation and amortization expense	7	(9,697,175)	(16,451,729)
Other expenses	23	(380,404,296)	(642,497,925)
Operating profit before tax		**(244,846,968)**	**(953,198,127)**
Interest expense	24	(32,612,570)	(25,478,797)
Other finance costs		(24,728,043)	(27,411,559)
Foreign exchange losses	25	(20,945,223)	(267,624,900)
Finance costs		**(78,285,836)**	**(320,515,256)**
Loss before income tax		**(323,132,804)**	**(1,273,713,383)**
Income tax expense	26	-	-
Loss for the year		**(323,132,804)**	**(1,273,713,383)**
Other comprehensive income		-	-
Total comprehensive loss for the year		**(323,132,804)**	**(1,273,713,383)**

The Statement of Profit or Loss and Other Comprehensive Income is to be read in conjunction with the notes set on pages 5 to 25, forming an integral part of the financial statements.

Statement of Changes in Equity

(All amounts are in ALL unless otherwise stated)

	Paid-in capital	Accumulated deficit	Total
Balance as of 1 January 2015	**100**	**(3,664,182,774)**	**(3,664,182,674)**
Loss for year	**-**	(1,273,713,383)	**(1,273,713,383)**
Other comprehensive income	-	-	**-**
Total comprehensive loss	**-**	**(1,273,713,383)**	**(1,273,713,383)**
Balance as of 31 December 2015	**100**	**(4,937,896,157)**	**(4,937,896,057)**
Loss for year	**-**	(323,132,804)	**(323,132,804)**
Other comprehensive income	-	-	**-**
Total comprehensive loss	-	(323,132,804)	**(323,132,804)**
Balance as of 31 December 2016	**100**	**(5,261,028,961)**	**(5,261,028,861)**

The Statement of Changes in Equity is to be read in conjunction with the notes set on pages 5 to 25, forming an integral part of the financial statements

Statement of Cash Flows

(All amounts are in ALL unless otherwise stated)

	Note	Year ended 31 December 2016	Year ended 31 December 2015
Net loss before income tax		***(323,132,804)***	***(1,273,713,383)***
Adjustments for:			
Depreciation and amortization	7	9,697,175	16,451,728
Losses from sale of property, plant and equipment		-	4,434,577
Interest income	24	(1,266,044)	(84,219)
Interest expense	24	33,878,614	25,563,016
Operating profit before working capital changes		**(280,823,059)**	**(1,227,348,281)**
Decrease in inventories		4,126,046	428,440,609
Decrease/(Increase) in trade and other receivables		246,263,712	(193,111,002)
Decrease in deferred expenses		273,819,528	444,142,395
Increase in other assets		(49,407,256)	(222,278,895)
Decrease in trade and other payables		(1,052,643,017)	(80,474,030)
Changes in working capital		**(577,840,987)**	**376,719,077**
Interest paid		(33,878,614)	(25,450,626)
Interest received		1,266,044	84,219
Net cash used in operating activities		**(891,276,616)**	**(875,995,611)**
Investing activities			
Purchase of property, plant and equipment	7	(30,000)	(4,152,960)
Net cash used in investing activities		**(30,000)**	**(4,152,960)**
Financing activities			
Proceeds from loans	14	891,212,444	879,604,744
Net cash from financing activities		**891,212,444**	**879,604,744**
Net decrease in cash and cash equivalents		**(94,172)**	**(543,827)**
Cash and cash equivalents at beginning of the period	**11**	**173,963**	**717,790**
Cash and cash equivalents at the end of the period	**11**	**79,791**	**173,963**

The Statement of Cash Flows is to be read in conjunction with the notes set on pages 5 to 25, forming an integral part of the financial statements.

1. General information

a) Organisation and operations

Copri – Aktor Shoqeri e thjeshte ("the Company") is a simple entity established on 10 April 2012 in accordance with the provisions of the Civil Code and is owned by Copri Construction Enterprises (51%) and Aktor Technical Societe Anonyme (49%).

The company is established and operates for the purpose of implementing and executing the specific projects contracted from the Albanian Road Authority.

1. Construction of the highway from Tirana to Krraba Tunnel referred to as "Segment1". This contract was signed in February 2012 between the Albanian Road Authority and the Company in the amount of 83,953,041 USD (excluding VAT). This project is financed by the Islamic Development Bank in the amount of 55,953,041 USD and from the Abu Dhabi Foundation in the amount of 28,000,000 USD.

2. Construction of the highway from the exit of the Krraba Tunnel to Elbasan referred to as "Segment 3". This contract was signed in February 2012 between the Albanian Road Authority ("ARA") and the Company with a value of 85,314,842 USD (excluding VAT). This project is financed by the Islamic Development Bank in the amount of 51,958,842 USD and from the Abu Dhabi Foundation in the amount of 18,360,000 USD.

The loan granted to the Albanian Government is disbursed directly to the Company since the Interim Payment Certificates ("IPC") are approved by ARA. The initial completion date for both construction contracts were 19 June 2013. Albanian Road Authority and the Ministry of Transportation and Infrastructure approved an extension until 8 August 2014 for Segment 3, which has been completed as at 31 December 2015. According to Amendment no. 10, the total new contract value has increased from USD 138,268,905 to USD 152,110,109 and according to Amendment no. 11, the parties have agreed to extend the deadline for Segment 1 from 31 May 2017 to 20 December 2017.

The legal representatives of the Company are Mr. Panteleimon Delapolou and Mr. Dimitrios Koutras, who were appointed on 26 March 2012 based on the National Registration Centre (NRC).

The registered address of the Company is Blvd. "Deshmoret e Kombit", Twin Towers, Tower 1, Floor 14, Tirana. The company is registered as a taxable entity in Albania as a taxable entity with the Tax Identification Number L01623005C.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") under the historical cost convention. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Going concern. The financial statements are prepared in accordance with the going concern concept, which assumes that the Company will continue its operations for the foreseeable future. Refer to Note 4 for uncertainties relating to events and conditions that may cast a significant doubt upon the Company's ability to continue as a going concern.

2.2 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Albanian Lek (ALL), which is the Company's functional and presentation currency.

2. Summary of significant accounting policies (continued)

2.2 Foreign currency translation (continued)

(b) *Transactions and balances*

Transactions in foreign currencies are translated to the functional currency using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the reporting date. All differences are taken to "Foreign exchange translation (losses)/gains" 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. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

The applicable rates of exchange (Lek to foreign currency unit) as issued by Bank of Albania for the principal currencies as at 31 December 2016 and 2015 were as follows:

	Average exchange rates		**Reporting date spot rates**	
	2016	**2015**	**2016**	**2015**
1 EUR	137.37	139.75	135.23	137.28
1 USD	124.13	125.98	128.17	125.79

2.3 Property, plant and equipment

Property, plant and equipment are assets held for use in the supply of services, or administrative purposes.

Recognition and measurement

Items of property and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs

The cost of replacing part of an item of property and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is recognised in profit or loss on a reducing balance basis over the estimated useful lives of each part of an item of property and equipment.

Estimated useful lives are as follows:

Furniture and fixtures	5 years
Transportation equioment	5 years
Data processing equipment	4 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are included in the Statement of Comprehensive Income, within "Other income".

2.4 Intangible assets

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2. Summary of significant accounting policies (continued)

2.4 Intangible assets (continued)

Amortisation

Amortisation is recognised in profit or loss on a reducing balance basis over the estimated useful lives of intangible assets, from the date that they are available for use.

Computer software costs recognised as assets are amortised over their estimated useful lives, which does not exceed four years.

The assets' useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with carrying amount, and are included in the Statement of Comprehensive Income.

2.5 Impairment of non-financial assets

Assets that are subject to amortisation and depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.6 Financial instruments

The Company's financial instruments during 2016 and 2015 consisted exclusively of non-derivative financial instruments: trade and other receivables, cash and cash equivalents (which include bank deposits held to maturity), borrowings and trade and other payables. The Company had no financial instruments at fair value through profit or loss or available-for-sale.

(i) Initial recognition

A financial instrument is recognised if the Company becomes a party to the contractual provisions of the instrument. Normal purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

(ii) Subsequent measurement

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 subsequently measured at their amortised cost less any impairment losses. Receivables with a short duration are not discounted.

Trade and other payables

Trade and other payables are measured subsequently at their amortised cost. Gains and losses are recognised in profit or loss when the above financial assets and liabilities are derecognised or impaired, as well as through the amortisation process.

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.

2. Summary of significant accounting policies (continued)

2.7 Impairment of financial assets

A financial asset is considered to be impaired if objective evidence indicates that one or more events subsequent to its initial recognition have had a negative effect on the estimated future cash flows of that asset.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate inherent in the asset.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the impairment loss is recognised in profit or loss.

Receivables together with the associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in profit or loss.

(i) Derecognition

Financial assets are derecognised if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Company's obligations specified in the contract expire or are discharged or cancelled.

(ii) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(iii) Fair values

The fair value of cash and cash equivalents, trade and other receivables, trade and other payables are approximately equal to their carrying value, because of their short-term maturity.

Inventories are measured at the lower of cost and net realizable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the weighted average principle and comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location.

2.8 Inventories

Inventories are stated at the lower of cost and net realizable value. The cost of inventories is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their existing location and condition. It excludes borrowing costs.
Net realizable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.9 Trade receivables

Trade receivables are amounts due from customer for goods sold in the ordinary course of business.
Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment.

2.10 Cash and cash equivalents

Cash equivalents and cash include cash in hand, bank overdrafts, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

2. Summary of significant accounting policies (continued)

2.11 Paid in capital

Ordinary shares issued are classified as paid in capital.

2.12 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer).

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.13 Borrowings

Borrowings are recognised initially at the fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the profit or loss over the period of the borrowings using the effective interest method.
Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

Borrowing costs are disclosed as an expense in the period in which they are incurred.

2.14 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income.

The Current income tax charge (15%) is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the company generate taxable income (2015: 15%).
Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets and liabilities are not discounted and are classified as non-current. The tax effect of the movements in these deductible temporary differences is assessed to be insignificant and was not reported in these financial statements.

2.15 Employee benefits

Short-term benefits

On behalf of its employees, the Company is paying pension and health insurance which are calculated on the gross salary paid, as well as Personal Income tax on salaries which are calculated on the gross salary. In addition, meal allowances, and vacation bonuses are paid in accordance with the local legislation. These expenses are recorded in the profit or loss in the period in which the salary expense is incurred.

Profit-sharing and bonuses

The Company recognises its liability and expense to provide employee rewards (bonuses) where a past practice has created a constructive obligation and a reliable estimate of the obligation can be made.

2. Summary of significant accounting policies (continued)

2.16 Provision

A provision is recognised 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.

2.17 Revenue recognition

The Company recognises revenues based on statement of work invoiced and expenses based on actual costs incurred. Revenue is shown net of value-added tax, returns, rebates and discounts.

2.18 Leases

Leases where the significant portion of risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit or loss on a straight-line basis over the period of the lease. When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognised as an expense in the period in which termination takes place.

2.19 Finance income and expenses

Finance income comprises interest income on funds invested and foreign currency gains. Interest income is recognised as it accrues in the Statement of Comprehensive Income, using the effective interest method.
Finance expenses comprise interest expense on borrowings and foreign currency losses. All borrowing costs are recognised in the Statement of Comprehensive Income using the effective interest method.
Foreign currency gains and losses are reported on a net basis.

2.20 Comparatives

Accounting policies have been consistently applied for both periods.

3. Financial risk management

3.1 Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk, credit risk and liquidity risk. The Company does not have a written risk management programme, but overall risk management in respect of these risks is carried out by the Company's finance and administration department of the parent Company.

3.1.1 Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices.

Market risk comprises three types of risk: interest rate risk, foreign currency risk and other price risk, such as risk of fluctuation of prices of securities traded on a stock exchange. Financial instruments affected by market risk include loans and borrowings and trade and other receivables.

The sensitivity analyses in the following sections relate to the position as at 31 December 2016 and 2015. The sensitivity analyses have been prepared on the basis of the assumption that the amount of the debt and the proportion of financial instruments in foreign currencies are all constant. The analyses exclude the impact of movements in market variables on the provisions.

(a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term debt obligations with floating interest rates. As these loans are short-term the Company does not consider the risk significant and has not adopted any policies to mitigate it. The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax.

	31 December 2016	31 December 2015
Interest rate increase by 1%	(310,618)	(84,054)
Interest rate increase by 5%	(1,553,095)	(420,268)
Interest rate decreases by 1%	310,618	84,054
Interest rate decreases by 5%	1,553,095	420,268

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss or equity, and the Company does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates for fixed rates instruments at the reporting date would not affect profit or loss or equity.

(b) Foreign exchange risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company purchases raw materials from domestic suppliers in Albanian Lek (ALL) or from foreign suppliers in Euro. Sales revenues are realised in US Dollars (USD). Also, the Company enters into international transactions and is exposed to foreign exchange risk arising from local currency exposure to foreign currency fluctuations, mainly EUR and USD.

The Company's main concentration to foreign exchange risk is toward EUR and USD. It does not use derivative instruments to actively hedge foreign exchange risk exposure. The Company's exposure to foreign exchange risk is as follows:

3. Financial risk management (continued)
3.1 Financial risk factors (continued)
3.1.1 Market risk (continued)

	ALL	EUR	USD	Total
At 31 December 2016				
Financial assets				
Cash and cash equivalents	50,295	5,095	24,401	**79,791**
Trade receivables	-	12,217,293	233,666,136	**245,883,429**
Total financial assets	**50,295**	**12,222,388**	**233,690,537**	**245,963,220**
Financial liabilities				
Trade and other payables	(456,746,154)	(612,813,125)	(2,988,524,431)	(4,058,083,710)
Borrowings	(328,616,760)	(1,750,829,817)	(923,713,853)	(3,003,160,430)
Total financial liabilities	**(785,362,914)**	**(2,363,642,942)**	**(3,912,238,284)**	**(7,061,244,140)**
Interest re-pricing gap	**(785,312,619)**	**(2,351,420,554)**	**(3,678,547,747)**	**(6,815,280,920)**

	ALL	EUR	USD	Total
At 31 December 2015				
Financial assets				
Cash and cash equivalents	124,477	18,542	30,944	**173,963**
Trade receivables	-	1,059,458	659,360,481	**660,419,939**
Total financial assets	**124,477**	**1,078,000**	**659,391,425**	**660,593,902**
Financial liabilities				
Trade payables	(385,506,993)	(1,042,289,900)	(3,246,983,835)	**(4,674,780,728)**
Borrowings	(256,690,014)	(1,321,389,563)	(533,868,409)	**(2,111,947,986)**
Total financial liabilities	**(642,197,007)**	**(2,363,679,463)**	**(3,780,852,244)**	**(6,786,728,714)**
Interest re-pricing gap	**(642,072,530)**	**(2,362,601,463)**	**(3,121,460,819)**	**(6,126,134,812)**

	Average exchange rates		**Reporting date spot rates**	
	2016	**2015**	**2016**	**2015**
1 EUR	137.37	139.75	135.23	137.28
1 USD	124.13	125.98	128.17	125.79

Sensitivity analysis

Sensitivity analysis
The sensitivity analysis presented in the following tables, represent the effect of foreign currency being revaluated at 1% and 5% higher/lower in the bank's pre-tax profit for the year.

Sensitivity Analysis at 31 December 2016	**EUR**	**USD**
Lek Depreciates by 1%	23,507,402	36,786,067
Lek Depreciates by 5%	117,537,008	183,930,334
Lek Appreciates by 1%	(23,507,402)	(36,786,067)
Lek Appreciates by 5%	(117,537,008)	(183,930,334)

3. Financial risk management (continued)
3.1 Financial risk factors (continued)
3.1.1 Market risk (continued)

Sensitivity Analysis at 31 December 2016	EUR	USD
Lek Depreciates by 1%	10,412,119	25,875,924
Lek Depreciates by 5%	52,060,595	129,379,620
Lek Appreciates by 1%	(10,412,119)	(25,875,924)
Lek Appreciates by 5%	(52,060,595)	(129,379,620)

(a) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company is not exposed to price risk since it does not own financial assets at the reporting date.

3.1.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Credit risk arises from cash and cash equivalents, and deposits with banks as well as credit exposures to customers, including outstanding receivables and committed transactions in case when its main customer has no ability to meet its obligations. The maximum exposure to Credit Risk is represented by the carrying values of the related assets, as presented in the table below:

Financial assets	31 December 2016	31 December 2015
Cash and cash equivalents	79,791	173,963
Trade receivables	245,883,429	660,419,939
Total	**245,963,220**	**660,593,902**

Trade receivables balance is mainly comprised of trade receivables from Albanian Road Authority (ARA) in the amount of ALL 233,666,136 (2015: ALL 659,360,481).

3.1.3 Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to meet all obligations. The Finance department regularly monitors available cash resources and has a strong focus on its cash flow with daily updates and monthly updated forecasts.

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to meet all obligations. The Finance department regularly monitors available cash resources and has a strong focus on its cash flow with daily updates and monthly updated forecasts. The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have the most significant effect on the amounts disclosed in the financial statements is included in note 24 "Contingencies" Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that could have an impact to the carrying amount of assets and liabilities within the next financial year are addressed below.

3. Financial risk management (continued)
3.1 Financial risk factors (continued)
3.1.1 Liquidity risk (continued)

31 December 2016	***Less than 3 months***	***Total***
Cash and cash equivalents	79,791	79,791
Trade receivables	245,883,429	245,883,429
Total	**245,963,220**	**245,963,220**
Trade and other payables	(4,058,083,710)	(4,058,083,710)
Borrowings	(3,003,160,430)	(3,003,160,430)
Total	**(7,061,244,140)**	**(7,061,244,140)**
Net liquidity gap	**(6,815,280,920)**	**(6,815,280,920)**

31 December 2015	***Less than 3 months***	***Total***
Cash and cash equivalents	173,963	**173,963**
Trade receivables	660,419,939	**660,419,939**
Total	**660,593,902**	**660,593,902**
Trade payables	(4,674,780,728)	**(4,674,780,728)**
Borrowings	(2,111,947,986)	**(2,111,947,986)**
Total	**(6,786,728,714)**	**(6,786,728,714)**
Net liquidity gap	**(6,126,134,812)**	**(6,126,134,812)**

4. Critical accounting estimates and judgements

The Company makes estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the reporting date. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements can have a significant effect on the amounts recognised in the financial statements and estimates can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year. The main 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 listed below.

Going Concern

Management prepared these financial statements on a going concern basis. In making this judgment management considered the Company's business plans, its current intentions, the support of the Parent company of the operations in Albania and access to financial resources, and analysed the impact of the situation in the operations of the Company. The Company incurred a net loss of ALL 323,132,804 during the year ended 31 December2016, leading to an accumulated loss in the amount of ALL 5,261,028,961 as at 31 December 2016 (2015: ALL 4,937,896,157). Furthermore, the contracts with the Albanian Road Authority referring to Segment 1 were expected to expire on 31 December 2015, extended until 31 May 2017.

Nonetheless, during 2017 the Albanian Road Authority has approved an additional amount of workings in the amount of USD 13,841,303, increasing the value of the total contract amount to USD 152,110,209 through contract amendment no.10 and has agreed to extend the deadline from end of May 2017 until 20 December 2017, the latter one being the anticipated final term for the completion of works due to the additional time required for Project's Completion, through contract amendment no.11.

As such, management believes the going concern assumption it is appropriate as it is taking all necessary measures to support the sustainability and development of the Company's business in the current circumstances.

Fair values

The fair value of cash and cash equivalents, trade and other receivables, trade and other payables and borrowings are approximately equal to their carrying value, because of their short-term maturity.

5. Adoption of new or revised standards and interpretations

The following amended standards became effective from 1 January 2016, but did not have any material impact on the Group.

- IFRS 14, Regulatory Deferral Accounts (issued in January 2014 and effective for annual periods beginning on or after 1 January 2016).
- Accounting for Acquisitions of Interests in Joint Operations – Amendments to IFRS 11 (issued on 6 May 2014 and effective for the periods beginning on or after 1 January 2016).
- Clarification of Acceptable Methods of Depreciation and Amortisation – Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016).
- Agriculture: Bearer plants – Amendments to IAS 16 and IAS 41 (issued on 30 June 2014 and effective for annual periods beginning 1 January 2016).
- Equity Method in Separate Financial Statements – Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning 1 January 2016).
- Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016).
- Disclosure Initiative Amendments to IAS 1 (issued in December 2014 and effective for annual periods on or after 1 January 2016).

- Investment Entities: Applying the Consolidation Exception Amendment to IFRS 10, IFRS 12 and IAS 28 (issued in December 2014 and effective for annual periods on or after 1 January 2016).

6. New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2017 or later, and which the Company has not early adopted.

IFRS 9 "Financial Instruments" (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The amendments did not have any material impact on the Company's financial statements.

IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2018). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed. The Company is currently assessing the impact of the new standard on its financial statements.

Amendments to IFRS 15, Revenue from Contracts with Customers (issued on 12 April 2016 and effective for annual periods beginning on or after 1 January 2018). The amendments do not change the underlying principles of the Standard but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation (the promise to transfer a good or a service to a customer) in a contract; how to determine whether a company is a principal (the provider of a good or service) or an agent (responsible for arranging for the good or service to be provided); and how to determine whether the revenue from granting a licence should be recognised at a point in time or over time. In addition to the clarifications, the amendments include two additional reliefs to reduce cost and complexity for a company when it first applies the new Standard. The Company is currently assessing the impact of the new standard on its financial statements.

6. New Accounting Pronouncements

IFRS 16, Leases (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Company is currently assessing the impact of the new standard on its financial statements.

Disclosure Initiative – Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017). The amended IAS 7 will require disclosure of a reconciliation of movements in liabilities arising from financing activities. The Company will present this disclosure in its 2017 financial statements.

The following other new pronouncements are not expected to have any material impact on the Group when adopted:

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- Recognition of Deferred Tax Assets for Unrealised Losses – Amendments to IAS 12 (issued on 19 January 2016 and effective for annual periods beginning on or after 1 January 2017).
- Amendments to IFRS 2, Share-based Payment (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018).
- Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - Amendments to IFRS 4 (issued on 12 September 2016 and effective, depending on the approach, for annual periods beginning on or after 1 January 2018 for entities that choose to apply temporary exemption option, or when the entity first applies IFRS 9 for entities that choose to apply the overlay approach).
- Annual Improvements to IFRSs 2014-2016 cycle (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2017 for amendments to IFRS 12, and on or after 1 January 2018 for amendments to IFRS 1 and IAS 28).
- IFRIC 22 - Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).
- Transfers of Investment Property - Amendments to IAS 40 (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018).

Unless otherwise described above, the new standards and interpretations are not expected to affect significantly the Company's financial statements.

7. Property, plant and equipment

Property, plant and equipment for the year ending 31 December 2016 and 2015 are as follows:

	Land and Buildings	Transportation equipment	Mechanical equipment	Furniture & other equipment	Total
Cost					
At 1 January 2015	**2,943,989**	**5,737,920**	**65,572,623**	**26,569,287**	**100,823,819**
Additions	-	-	4,152,960	-	**4,152,960**
Disposal	-	(4,703,760)	-	-	**(4,703,760)**
At 31 December 2015	**2,943,989**	**1,034,160**	**69,725,583**	**26,569,287**	**100,273,019**
Additions	**-**	-	-	**30,000**	**30,000**
At 31 December 2016	**2,943,989**	**1,034,160**	**69,725,583**	**26,599,287**	**100,303,019**
Accumulated depreciation					
At 1 January 2015	**(309,180)**	**(191,264)**	**(23,878,410)**	**(10,909,684)**	**(35,288,538)**
Charge for the year	(131,741)	(275,720)	(12,491,803)	(3,552,464)	**(16,451,728)**
Disposal	-	156,792	-	-	**156,792**
At 31 December 2015	**(440,921)**	**(310,192)**	**(36,370,213)**	**(14,462,148)**	**(51,583,474)**
Charge for the year	(125,153)	(144,794)	(6,671,074)	(2,756,154)	**(9,697,175)**
At 31 December 2016	**(566,074)**	**(454,986)**	**(43,041,287)**	**(17,218,302)**	**(61,280,649)**
Net carrying value					
At 31 December 2015	**2,503,068**	**723,968**	**33,355,370**	**12,107,139**	**48,689,545**
At 31 December 2016	**2,377,915**	**579,174**	**26,684,296**	**9,380,985**	**39,022,370**

8. Inventories

Inventories for the years ended 31 December 2016 and 2015 are analysed as follows:

	31 December 2016	31 December 2015
Raw materials	162,925,521	164,958,988
Inventory	2,409,221	4,501,800
Total	**165,334,742**	**169,460,788**

9. Trade and other receivables

Trade and other receivables for the years ended 31 December 2016 and 2015 are analysed as follows:

	31 December 2016	31 December 2015
Albanian Road Authority	233,666,136	659,360,481
Receivables from related parties	6,708,280	1,059,458
Receivables from other third parties	5,509,013	-
VAT receivable	1,036,935,873	1,028,890,245
Other receivables	22,708,511	2,767,293
Prepayments	166,880,020	26,594,068
Total	**1,472,407,833**	**1,718,671,545**

Receivables from related parties are analysed as follows:

	31 December 2016	31 December 2015
Aktor branch Albania	168,628	1,059,458
Aktor ATE Greece	6,539,652	-
Total	**6,708,280**	**1,059,458**

10. Deferred expenses

Deferred expense for the years ended 31 December 2016 and 2015 are as follows:

	31 December 2016	31 December 2015
Deferred expenses from consultancy	236,768,678	492,414,947
Deferred expenses from rent	1,102,362	413,510
Deferred expenses natural disasters	1,360,000	1,360,000
Deferred expenses transportation	10,052,437	28,914,548
Total	**249,283,477**	**523,103,005**

11. Cash and cash equivalents

Cash and cash equivalents for the years ended 31 December 2016 and 2015 are as follows:

	31 December 2016	31 December 2015
Cash on hand	72,482	69,928
Cash at bank	7,309	104,035
Total	**79,791**	**173,963**

12. Other assets

Other assets are composed of cash held by the entity blocked by the Albanian tax Authorities due to the open litigation case with the Albanian tax Authorities in the amount of ALL 271,686,151.

13. Paid in Capital

Copri – Aktor Shoqeri e thjeshte ("the Company") is a simple entity established on 10 April 2012 in accordance with the provisions of the Civil Code and is owned by Copri Construction Enterprises (51%) and Aktor Technical Societe Anonyme (49%). As at 31.12.2015, according to the National Registration Centre, the paid in capital is in the amount of ALL 100 in accordance with article 70 of Law no.9901/2007 "On entrepreneur and commercial companies".

14. Borrowings

Borrowings for the years ended 31 December 2016 and 31 December 2015 are as follows:

	31 December 2016	31 December 2015
Borrowings from banks	600,540,913	152,870,007
Borrowings from related parties	2,402,619,517	1,959,077,979
Total	**3,003,160,430**	**2,111,947,986**

15. Trade and other payables

Trade payables for the year ended 31 December 2016 and 2015 are as follows:

	31 December 2016	31 December 2015
Trade payables	2,117,088,698	2,904,490,962
Trade payables to related parties (Note 29)	1,940,995,012	1,770,289,766
Other payables to related parties (Note 29)	1,663,005	100,632,000
Other payables to third parties	343,332,233	729,883,028
Payables to employees	42,777,046	2,864,288
Tax duties	9,926,801	265,768
Total	**4,455,782,795**	**5,508,425,812**

16. Revenue from services

Revenue from services in the statement of comprehensive income for the year ended 31 December 2016 and 2015 are as follows:

	Year ended 31 December 2016	Year ended 31 December 2015
Revenue from performance of services	1,639,707,026	1,274,956,949
Total	**1,639,707,026**	**1,274,956,949**

17. Other revenue

Other revenue for the year ended 31 December 2016 and 2015 is analysed as follows:

	Year ended 31 December 2016	Year ended 31 December 2015
Revenue from sale of goods	6,848,006	1,083,537
Revenue from rent of machinery	17,764,396	9,566,958
Other revenue	1,130,470	410,742
Total	**25,742,872**	**11,061,237**

18. Material costs

Material costs for the years ended 31 December 2016 and 2015 are analysed as follows:

	Year ended 31 December 2016	Year ended 31 December 2015
Raw materials	616,918,815	776,837,258
Assisting materials	1,587,948	3,408,775
Total	**618,506,763**	**780,246,033**

19. Supplies and services

Supplies and services costs for the years ended 31 December 2016 and 2015 are analysed as follows:

	Year ended 31 December 2016	Year ended 31 December 2015
General services	254,828,469	400,191,786
Designing expenses	103,003,342	13,040,419
Consultancy services	71,045,801	5,626,332
Total	**428,877,612**	**418,858,537**

20. Staff expenses

Staff expenses for the years ended 31 December 2016 and 2015 are as follows:

	Year ended 31 December 2016	Year ended 31 December 2015
Salary expenses	216,314,861	182,371,876
Social and health insurance expenses	16,379,642	11,664,122
Total	**232,694,503**	**194,035,998**

21. Rent expenses

Rent expense for the years ended 31 December 2016 and 2015 is as follows:

	Year ended 31 December 2015	Year ended 31 December 2015
Machinery	193,475,412	87,736,321
Cars	12,937,409	22,692,029
Offices	1,941,918	2,514,668
Land	820,951	997,109
Total	**209,175,690**	**113,940,127**

22. Transportation expenses

Transportation expenses for the years ended 31 December 2016 and 2015 are as follows:

	Year ended 31 December 2016	Year ended 31 December 2015
Transportation of materials	28,111,714	68,174,964
Transportation of employees	2,829,113	5,011,000
Total	**30,940,827**	**73,185,964**

23. Other expenses

Other expenses for the years ended 31 December 2016 and 2015 are as follows:

	Year ended 31 December 2016	Year ended 31 December 2015
External staff costs	54,072,906	39,744,556
Maintenance and repair costs	18,505,711	27,820,904
Fines and penalties	15,209,816	19,272,371
Staff accommodation costs	13,335,338	14,960,119
Other staff expenses	160,000	24,000,000
Loss from sale of property, plant and equipment	-	4,546,968
Postal and telephone expenses	6,584,519	5,185,258
Other expenses	272,536,006	506,967,750
Total	**380,404,296**	**642,497,926**

Other expenses are composed of the annual expenses regarding consultancy, transportation, rent, spare parts which are treated as un-deducible expenses for income tax purposes.

24. Financing costs, net

Financing costs, net for the years ended 31 December 2016 and 2015 are as follows:

	Year ended 31 December 2016	Year ended 31 December 2015
Interest expense	(33,878,614)	(25,563,016)
Interest income	1,266,044	84,219
Total	**(32,612,570)**	**(25,478,797)**

25. Foreign exchange gains less losses

Foreign exchange losses reflected in the statements of comprehensive income are analysed as follows:

	Year ended 31 December 2016	Year ended 31 December 2015
Foreign exchange transactions loss	(65,385,020)	(297,265,037)
Foreign exchange translation gains	44,439,797	29,640,137
Total foreign exchange losses	**(20,945,223)**	**(267,624,900)**

26. Income tax expense

The income tax rate applicable to the Company's income in 2016 is 15% (2015: 15%).

The following is a reconciliation of income taxes calculated at the applicable tax rate to income tax expense:

	Year ended 31 December 2016	Year ended 31 December 2015
Loss before income tax	**(323,132,804)**	**(1,273,713,383)**
Theoretical tax (credit)/charge at statutory rate of 15%	(48,469,921)	(191,057,007)
Tax effect of items which are not deductible or assessable for taxation purposes:		
- Expenses non-deductible for income tax purposes	41,775,243	80,638,355
Unrecognized tax loss carry forwards for the year	6,694,678	110,418,652
Income tax expense	-	-

26. Income tax expense (continued)

Deferred tax assets relating to unused tax loss carry-forwards and to deductible temporary differences are recognised if it is probable that they can be offset against future taxable profits or existing temporary differences.

No deferred tax asset has been recognised in respect of these temporary differences as the Company considers that it is not probable that enough taxable profits will be generated in the next three years such that deferred tax assets could be considered recoverable because taxable losses expire in three years. As at the reporting date, 2013 tax losses expire in 2016, 2013 tax losses expire in 2017, 2015 tax losses carried forward expire in 2018.

	Tax losses in ALL
2013 tax losses expiring in 2016	(1,463,044,873)
2014 tax losses expiring in 2017	(2,132,395,998)
2015 tax losses expiring in 2018	(1,273,713,383)
2016 tax losses expiring in 2019	(332,132,803
Total	(4,869,154,254)

27. Contingencies

(a) Taxation

The company has 4 pending litigations against the Regional Tax Directorate of Large Taxpayers and Tax Appeal Directorate. These cases are related to the challenge of the tax audit findings performed by the Albanian Tax Authorities (Authority) based on tax audit reports with prot. Nr.5002/13 dated 17 September 2015, tax audit report with prot. Nr. 12979 dated 14 October 2015 and the final tax audit report with prot. Nr. 5002/14 dated 17 September 2015.The object was the control of the self-declarations performed by the entity and the tax liabilities of the entity during the period from January 2013 until May 2015. The outcome of the Authorities tax audit resulted in additional tax liabilities for the entity in the amount of 3,566,365,399 ALL. The liability is detailed as follows:

1. Revaluation of income tax losses due to the differences identified between the initial fiscal invoices and the final invoices approved by the Albanian Road Authority (“ARA”) resulting in a loss reduction by ALL 2,642,680,713 for the fiscal years ended 31 December 2013 and 31 December 2014. .
2. Additional income tax liability in the amount of 23,552,773 ALL and fine in the amount of 5,158,057 for the fiscal year ended 31 December 2013.
3. Reduction of VAT receivable and penalties in the amount of ALL 587,582,375 and ALL 297,481,807 respectively for the fiscal years ended 31 December 2013, 31 December 2014 and period ended 31 May 2015.
4. Fine related to CIT in the amount of ALL 6,766,361 for the period ended 31 May 2015.

Management of the Company has started court procedures toward the Regional Tax Directorate of the Big Tax Payers Unit. Management intends to vigorously defend the Company's positions and interpretations that were challenged by the tax authorities. On the basis of its own estimates and both internal and external professional and legal advice, management is of the opinion that no material losses will be incurred in respect of claims, and accordingly no provision has been booked in the financial statements.

28. Commitments

Letters of guarantee

On 30 September 2015, Societe Generale Albania has issued a letter of guarantee of USD 1,771,000 in the name of Albanian Road Authority, which is going to be used in case the Company is in breach of the construction contract. This letter of guarantee is valid until 20 February 2018.
On 24 April 2016, National Bank of Greece has issued a letter of guarantee of ALL 67,500,000 in the name of General Tax Directory, which is going to be used in the context of the Appeal of the tax audit report nr. 5002/14 dated 17 September 2015. This letter of guarantee is valid until 24 October 2017.

29. Related parties

As at 31 December 2016 and 2015, the following transactions were carried out with related parties:

31 December 2016	**Aktor branch Albania**	**Aktor S.A**	**Aktor Doo Belgrade**	**Total**
Trade and other receivables	168,628	-	6,539,652	**6,708,280**
Trade and other payables	(1,942,658,017)	-	-	**(1,942,658,017)**
Short-term borrowings	-	(1,077,576,124)	-	**(1,077,576,124)**
Total	**(1,942,489,389)**	**(1,077,576,124)**	**6,539,652**	**(3,013,525,861)**

31 December 2015	**Aktor branch Albania**	**Aktor S.A**	**Aktor ADT Skopje**	**Total**
Trade and other receivables	-	-	1,059,458	**1,059,458**
Trade and other payables	(1,870,921,766)	-	-	**(1,870,921,766)**
Short-term borrowings	(1,300,150,041)	(658,927,938)	**-**	**(1,959,077,979)**
Total	**(3,171,071,807)**	**(658,927,938)**	**1,059,458**	**(3,829,940,287)**

The short-term borrowings are issued through a number of contracts with 1 year maturity at a fixed interest rate of 2%, which are renewed every year.

29. Related parties

31 December 2016	**Aktor Shoqëri Anonime Teknike**
Revenue	
Other operating income	143,931
Total	**143.931**
Purchases	
Cost of sales	189,658,665
Financial expense	25,310,007
Total	**214,968,672**

31 December 2015	
Sales	
Other operating income	1,083,537
Total	**1,083,537**
Purchases	
Cost of sales	173,585,601
Operating expenses	75,163,811
Financial expenses	25,480,230
Total	**274,229,642**

30. Events after the reporting period

Nonetheless, during 2017 the Albanian Road Authority has approved an additional amount of workings in the amount of USD 13,841,303, increasing the value of the total contract amount to USD 152,110,209 through contract amendment no.10 and has agreed to extend the deadline from end of May 2017 until 20 December 2017, the latter one being the anticipated final term for the completion of works due to the additional time required for Project's Completion, through contract amendment no.11.

There are no significant events after the reporting period which would require adjustments or disclosures in these financial statements.