Annual Report 2015

AalborgPortlandHolding

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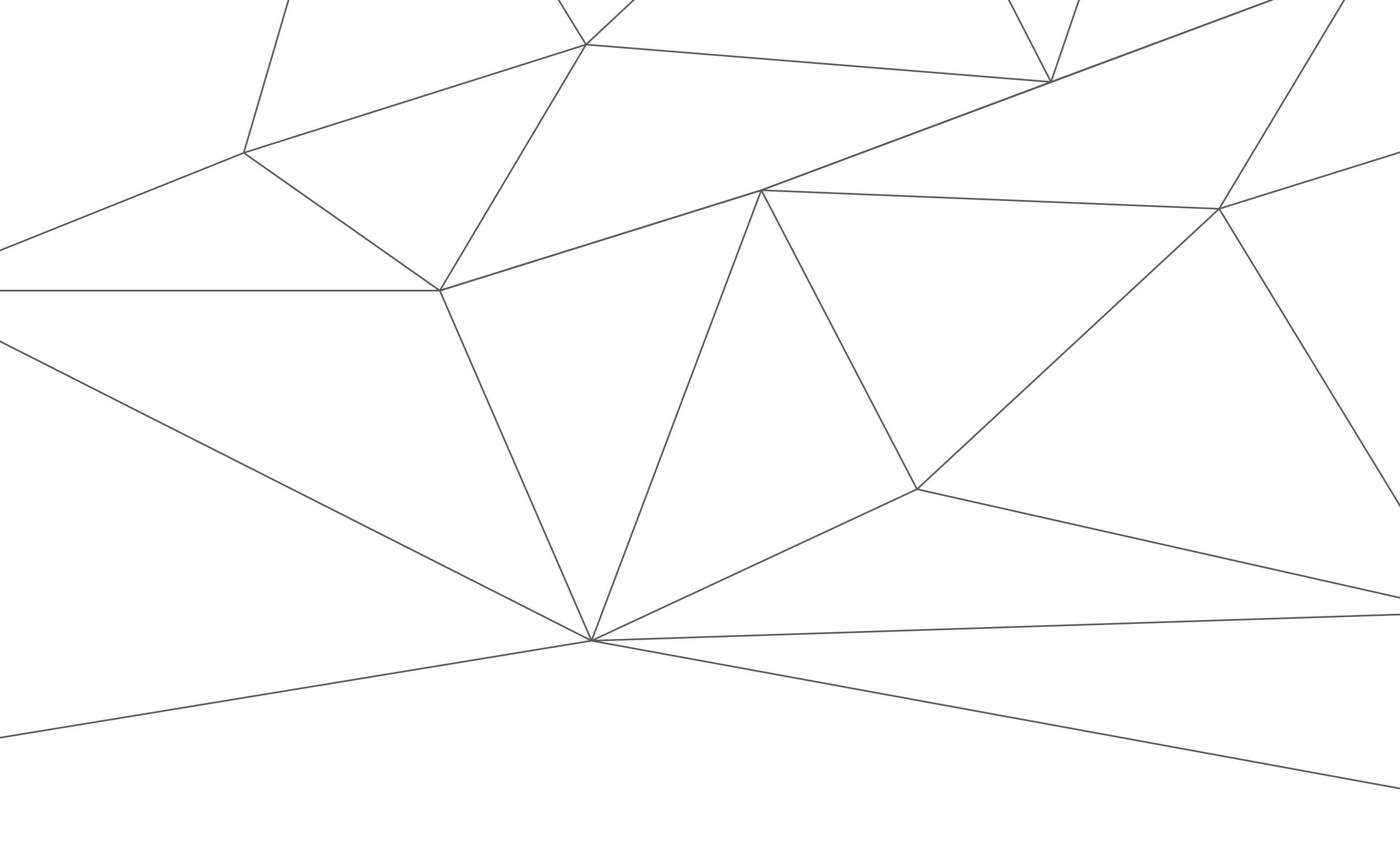


Contents

1 Management's review

Profile

Part of the Cementir Group

Aalborg Portland Holding, Denmark, with its head office in Aalborg, is part of the Cementir Group, an international supplier of cement and concrete. Besides Aalborg Portland Holding, which contains the Group's Nordic & Baltic, Overseas and Turkish activities, the Cementir Group comprises Cementir Italia. In order to strengthen the creation of value in the individual companies certain functions are coordinated within the Cementir Group.
Cementir Holding S.p.A. has its head office in Rome, is listed on the Italian Stock Exchange in Milan (code CEM) and is also part of the listed Caltagirone Group.

www.cementirholding.it

Nordic & Baltic

A leading cement producer in the Nordic region

Aalborg Portland produces grey and white cement at its plant in Aalborg.

The products are sold in Denmark, USA and neighbouring countries.

Leading supplier of ready-mixed concrete in the Nordic region

Unicon is market leader in the Nordic region. Production takes place at 80 plants in Denmark, Norway and Sweden.

Quarrying and sale of aggregates (mainly granite and gravel) from 15 sites in Denmark and Sweden.

1,386,000
tonnes of grey cement

614,000
tonnes of white cement

2,172,000
m^3 of ready-mixed concrete

3,813,000
tonnes of aggregates

Grey cement

is the most important construction material for strengthening infrastructure, building homes and bridges, creating harbours and expanding airports.

White cement

is for solutions ranging from aesthetics to safety - from terrazzo or bathroom tile grouts to highway safety barriers whose whiteness ensures high visibility night and day in all weathers.

Ready-mixed concrete

is delivered to site ready for casting and is the efficient solution when high-reliability, quality concrete is needed in large volumes.

Overseas

World leading producer of white cement

Production at large plants in Denmark, USA, Egypt, Malaysia and China.

The white cement is sold to a number of markets worldwide.

1,407,000
tonnes of white cement

Turkey

Extensive activities in Turkey

Cimentas is among the largest cement groups in Turkey with production at several sites in the country.

In addition, Cimentas has 15 ready-mixed concrete plants.

Recydia AS processes and recycles waste in Turkey and UK.

4,254,000
tonnes of grey cement

1,491,000
m^3 of ready-mixed concrete

218,000
tonnes of waste

Aggregates

- a wide range of building aggregates such as sand, gravel and granite to construction industry. The products are mainly used for construction, asphalt and concrete purposes.

Waste

- supply and usage of alternative fuels in order to diversify and optimise the energy resources of the Group.

Financial highlights

	EURm					DKKm	
	2011	2012	2013	2014	2015	2014	2015
CONSOLIDATED INCOME STATEMENT							
Net sales	549.9	580.3	670.8	858.4	876.3	6,399	6,537
Earnings before depreciation/amortisation, impairment losses, provisions, interest and tax (EBITDA)	**91.0**	**111.5**	**147.4**	**192.6**	**191.3**	**1,436**	**1,427**
EBITDA ratio	*16.6%*	*19.2%*	*22.0%*	*22.4%*	*21.8%*	*22.4%*	*21.8%*
Earnings before interest and tax (EBIT)	**45.7**	**64.7**	**98.9**	**130.9**	**116.6**	**976**	**870**
EBIT ratio	*8.3%*	*11.1%*	*14.7%*	*15.3%*	*13.3%*	*15.3%*	*13.3%*
Earnings before tax (EBT)	**49.1**	**66.4**	**98.2**	**136.4**	**123.2**	**1,017**	**919**
Profit for the year	**36.3**	**55.0**	**76.2**	**109.0**	**97.9**	**812**	**730**
CASH FLOWS							
Cash flows from operating activities (CFFO)	85.9	104.4	139.1	129.3	144.5	964	1,078
Cash flows from investing activities (CFFI)*	-17.9	-114.5	-210.8	-59.5	-52.0	-444	-388
Free cash flow (FCF)	**68.0**	**-10.1**	**-71.7**	**69.8**	**92.5**	**520**	**690**
* Hereof investments in property, plant and equipment (excl. acquisition of assets from acquisition of shares in Cimentas)	-16.6	-31.0	-47.9	-59.5	-52.0	-444	-388
BALANCE SHEET							
Total assets	690.5	778.3	1,202.8	1,281.6	1,283.6	9,539	9,579
Consolidated shareholders' equity	465.7	505.7	666.4	767.4	781.0	5,712	5,828
Net interest-bearing debt (NIBD)	**5.5**	**24.2**	**141.6**	**117.0**	**68.1**	**871**	**508**
Working capital (WC)	**51.2**	**52.7**	**83.4**	**97.0**	**83.7**	**722**	**625**
FINANCIAL RATIOS							
Including non-controlling interests' share							
Return on equity	8%	11%	13%	15%	13%	15%	13%
Equity ratio	67%	65%	55%	60%	61%	60%	61%
Return on capital employed (ROCE)*	6%	10%	12%	11%	10%	11%	10%
NIBD/EBITDA factor	0.1	0.2	1.0	0.6	0.4	0.6	0.4
Number of employees at 31 December	**1,509**	**1,531**	**2,650**	**2,583**	**2,580**	**2,583**	**2,580**
Number of employees in Denmark	698	690	701	690	722	690	722

* In 2013, Cimentas is only consolidated from 1 October 2013.

The financial ratios have been computed in accordance with the Guidelines issued by the Danish Society in 2015. Cf. definitions in accounting policies note 32, page 51.

AROS Art Museum Aarhus - Denmark | Photographer Adam Mørk

Management's review for 2015

Challenging market conditions impacted financial performance in 2015

The Group's business units around the world encountered large differences in growth and sales opportunities. Improved market conditions in the Nordic region, but difficult conditions in Turkey, impacted net sales and earnings for the year.

In 2015, earnings realised by the Aalborg Portland Holding Group did not quite meet expectations.

In the Nordic region, the Group registered increased sales volumes in Denmark and Sweden, while sales in Norway decreased due to the continuing economic downturn. The production of cement and ready-mixed concrete in Denmark is, however, still significantly lower than previously and macroeconomic growth remains modest. The export of white cement from Aalborg to nearby markets and to USA increased over 2015.

During recent years, the Aalborg Portland Holding Group has invested considerably in emerging markets, and net sales and earnings from these areas are contributing significantly to its earnings, and thereby also to the total earnings of the Cementir Group. In 2015, growth was recorded in Malaysia after the completion of plant expansion, and stable development was seen in Egypt and China. However, net sales and earnings in Turkey were negatively impacted by the political uncertainty and the devaluation of the Turkish lira.

The Group realised total net sales of EUR 876m in 2015, against EUR 858m the previous year, corresponding to an increase of EUR 18m or 2%.

Operating profit before depreciation and amortisation (EBITDA) was EUR 191m, slightly below 2014 when EBITDA was EUR 193m. The Group's EBITDA ratio decreased to 21.8% from 22.4% the previous year.

Earnings before tax were EUR 123m compared with EUR 136m in 2014, a decrease of EUR 13m. The result included an accounting write-down of assets in Turkey amounting to EUR 10.1m.

A strong balance sheet and improved cash flow from operations

A healthy economy and strong financial base provide opportunities for long term value adding investments. Constant focus on high operating efficiency and low working capital led to a positive operational cash flow of EUR 145m against EUR 129m in 2014, an increase of EUR 15m or 12%. This was able to fund the year's investments of EUR 52m in improvements, energy savings and environmental projects.

After investments the Group had a free cash flow of EUR 93m. Of this amount, EUR 46m was used to acquire a further 12.8% interest in Cimentas and EUR 49m was used to reduce the interest bearing debt to EUR 68m (2014: EUR 117m), which at 0.4 x EBITDA is low compared with the size of the company.

At year-end, equity was EUR 781m and the equity ratio was 61%. Return on equity was 13%, while return on capital employed (ROCE) was 10% against 11% the previous year.

New Group structure

At end June 2015 the Group was restructured through a legal spin-off of the cement operations from the parent company, Aalborg Portland A/S.

In the new structure the activities relating to cement production in Aalborg have been transferred to a new subsidiary, Aalborg Portland A/S, which includes the sales subsidiaries in Iceland, Poland and Russia.

The parent company subsequently became purely a holding company and was renamed Aalborg Portland Holding A/S. Besides its shareholdings in i.a. Unicon A/S (Denmark), Cimentas A.S. (Turkey) and the enterprises in Egypt, Malaysia, China and USA, the holding company owns all of the shares in the new Aalborg Portland A/S.

With this change, a simpler and clearer operational and financial structure has been created.

The change of structure has not affected the consolidated financial figures or the comparative figures for last year.

Innovation

Innovation is a cornerstone of the Aalborg Portland Holding Group's strategy and business model, and in 2015 again led to notable results, including significant reduction in consumption of energy and natural resources.

Aalborg Portland conducts ongoing research into new cements which emit less CO_2 in manufacture. The Group wishes to continue and potentially strengthen these activities, but in a climate where conditions are conducive to the necessary long-term investments.

A number of projects are currently in progress, including:

- Further development of the "Cement of the Future", with reduced CO_2 emission.
- Preparations for construction of the planned wind farm at the Aalborg cement plant with a view to predominantly using renewable energy.
- Further investments in Denmark to increase the use of alternative fuels to 60% through replacement of fossil fuels.

Danish cement technology leads the world due to productive cooperation between research and manufacture. To maintain this leadership position it is imperative that cement continues to be made in Denmark so that the technology development and active production can take place side by side and in dialogue with customers.

Social responsibility

The Group has a long tradition for socially and environmentally responsible behaviour in the countries in which it operates. The Group is committed to make a strong contribution to realising society's climate goals and therefore invests significantly in continued environmental improvements.

In 2015, as in previous years, the Group's company in Aalborg achieved a number of environmental goals through innovation and production management. By way of example, CO_2, SO_2 and NOx emissions were further reduced, underlining the Group's environmental stance and leadership.

Furthermore, cement production in Aalborg takes place in symbiosis with city and society. For example, heat from production provides district heating for 21,000 households in Aalborg, and more than 400,000 tonnes of industrial and household wastes are recycled in cement production in resource-efficient partnerships.

As required by Danish legislation, the Group's cement plant in Aalborg (Aalborg Portland A/S) publishes a detailed annual environmental report. Besides setting out policies and results achieved, the report describes the company's environmental, energy and health & safety management systems and its certifications.

Aalborg Portland Holding's Statutory Report on Corporate Social Responsibility, cf. Section 99(a) of the Danish Financial Statements Act, can be found in "Environmental Report 2015" from Cementir Holding, the owner of Aalborg Portland Holding. The report is expected to be available in April 2016 at www.cementirholding.it/environment-report.php.

Aalborg Portland Holding has not prepared a separate policy on human rights.

In accordance with Danish regulations governing the gender composition of management in large companies, cf. Section 139(a) of the Danish Companies Act and Section 99(b) of the Danish Financial Statements Act, the Group's policy on gender equality is being extended to recruitment and promotion, the decisive consideration being to find the best qualified people for all company positions. This focus on increasing the number of female managers provides for a balanced gender composition. Furthermore, it has been an aim of the Board of the Group's parent company to have at least one female AGM-elected member before the end of 2017. This goal was achieved in 2015, and the target is maintained for the next three years.

Nordic & Baltic

The Nordic & Baltic region achieved an increase in net sales of 6%, primarily in Denmark and Sweden and within the export of white cement.

In Norway, building activity remained at a high level due to a large number of infrastructure projects, but sales fell due to continuing economic downturn, i.a. influenced by the low oil prices. At the same time net sales and earnings were negatively impacted by 7% on translation into EUR due to the weakening of the Norwegian krone.

In September, the Danish government announced a budget proposal which promised a phase-out of the NOx tax in 2016. However, in the budget agreed for 2016 the tax has not been phased out entirely, but reduced from DKK 25 to DKK 5 per kg with effect from 1 July 2016. At the same time the basic allowance in the calculation of NOx tax has been removed. The reduction in tax is obviously a step in the right direction but the production of cement in Denmark is still burdened by an annual NOx levy of approximately DKK 10-15m. Added to this there remains a significant burden in the form of a PSO charge equal to DKK 40m annually. These special Danish levies thus continue to pose a considerable disadvantage for Aalborg Portland in competition with other European companies not subject to these levies.

In 2015, close cooperation and coordination was begun with Quercia Ltd., the Group's company in UK, in particular concerning a substantial supply of alternative fuels for cement production in Aalborg. This partnership will help the Group achieve the target of increasing its alternative fuel share to 60% and thereby further reducing consumption of fossil fuels.

Furthermore, the year was positively influenced by efficiency improvement projects in production and distribution as well as by slightly lower energy costs. Total earnings for the region were satisfactory and higher than in 2014.

The growth in income was also largely a consequence of the emphasis placed by management on operational excellence and on cost optimisation in business processes. Through consistent and structured processes, ongoing improvements in performance are being achieved throughout the organisation.

At the same time the Group continues to develop a robust competitiveness through employee training and by strengthening its results oriented corporate culture. Efforts have also been concentrated on maintaining a strong market position and - supported by the business units' close relations with customers – on keeping constant focus on customer needs and product development. This focus is reflected in the Group's vision: "We make it easy to build with ambition" which forms the basis for the company's mission to supply quality cement, concrete and aggregates and to provide value to customers through innovative and sustainable products and services.

In 2015 it was decided to invest in a terminal facility in France, which when completed in 4th quarter 2016 will increase the sales of white cement in the French market.

Overseas

Through its white cement facilities in the Nordic and Overseas regions the Aalborg Portland Holding Group is the global leading supplier of white cement.

In 2015 the company in *Malaysia* has optimised its production after a factory expansion in autumn 2014 that almost doubled capacity. The increased capacity has consolidated the company's position as the largest producer and exporter of white cement in south-east Asia and Australia. Net sales and earnings increased in 2015 and continued positive development is expected in 2016.

The plant in *China*, the largest white cement factory in Asia, recorded modest increase in net sales and earnings after several years of considerable growth.

The plant in *Egypt*, the world's largest producer of white cement, achieved higher net sales, but slightly lower earnings. However, this result was satisfactory considering the political instability in the country. A major investment in a new coal mill is expected to contribute positively to the company's earnings in 2016.

Turkey

Being one of the largest cement groups in Turkey, Cimentas has four production plants, two strategically sited in western Turkey in Izmir and Edirne, and a further two factories of Kars and Elazig in the eastern part of the country. Combined capacity in 2015 was 5.4m tonnes and sales of grey cement and clinker amounted to 4.3m tonnes.

Cimentas additionally has 15 ready-mixed concrete plants, product sales in 2015 being 1.5m m^3. Moreover the company has municipal and industrial waste management operations and renewable energy activities in UK and Turkey.

Sales of cement decreased in 2015, mainly due to the political uncertainty, especially up to the election in November when several infrastructure and public construction projects were postponed. Net sales and earnings were also negatively affected by a devaluation of the Turkish lira (TRY) of approx. 4%.

Expectations to 2016

The global economy is expected to show signs of improvement, but of a lower order than previously expected and with major uncertainty and variances between markets. Furthermore, high volatility in the foreign exchange market is expected, which may significantly impact the Group's net sales and earnings.

In the *Nordic & Baltic* region a slight increase in building and construction activity is expected in

Denmark, which remains the Group's largest single market. The market is positively affected by a small number of large commercial and infrastructure projects, while activities in other segments remain historically low. Activities in Sweden are expected to grow based on a strong economy. In Norway, low oil prices contributed to a negative development in 2015, however, still high construction activities are expected.

The *Overseas* business area as a whole is expected to show improved net sales and earnings. This particularly applies to the markets and plants in Asia, including the factory in Malaysia, and increased earnings in Egypt.

In *Turkey* the difficult market conditions are expected to continue, but modest growth in net sales is expected within cement and ready-mixed concrete as well as improved earnings in waste management. However, devaluation pressure on the Turkish lira is expected to continue.

Despite continued low growth in a number of important markets, 2016 earnings for the Aalborg Portland Holding Group as a whole are expected to be on par with or slightly above 2015.

Oslo Opera House Oslo - Norway | Headquarters of the National Opera and Ballet Company | www.operaen.no/en/

Financial review

Profit and loss

Group net sales in 2015 amounted to EUR 876.3m (2014: EUR 858.4m), an increase of 2%. The growth is primarily related to Overseas and Nordic & Baltic activities, which increased by 11% and 6% respectively, whereas net sales in Cimentas decreased by 8%. Furthermore, net sales were negatively influenced by the lower exchange rates on a number of currencies, including NOK, SEK and TRY. Volume sales of cement were 7.7m tonnes or 3% lower than 2014. Sales of white cement amounted to 2m tonnes, an increase of 8%, which included positive double-digit growth in Malaysia and Aalborg and lower, but positive development in Egypt and China. Sales of grey cement amounted to 5.7m tonnes or 7% below the year before. Sales of cement in Turkey decreased by 10%, whereas sales in Denmark increased by 7%.

Volume sales of ready-mixed concrete were 3.7m m^3, which was 6% above the year before. Progress was seen in Denmark and Sweden, while sales in Norway decreased. Sales of aggregates (granite and gravel) were 3.8m tonnes, 17% higher than the previous year.

Operating profit before depreciation and amortisation (EBITDA ratio) was EUR 191.3m (EUR 192.6m). Performance was negatively impacted by lower earnings in Turkey, whereas the business areas Nordic & Baltic and Overseas reported higher earnings than the year before.

Operating ratio (EBITDA ratio) decreased by 0.6 percentage points from 22.4% in 2014 to 21.8% in 2015. The decrease is related to the lower earnings in Turkey.

Earnings before interest and tax (EBIT) decreased by EUR 14.3m or 11% to EUR 116.6m (EUR 130.9m). The decrease was mainly due to lower earnings in Cimentas and a write-down of assets in the same part of the Group of EUR 10.1m.

Tax on profit for the year amounted to EUR 25.3m (EUR 27.4m), net profit for the year being EUR 97.9m against EUR 109.0m in 2014.

Cash flows

The Group is continuously focused on optimising both cash flows and working capital.

Cash flow from operating activities (CFFO) was EUR 144.5m for 2015 (EUR 129.3m), an increase of EUR 15.2m or 12%. The improvement was mainly due to lower working capital.

The Group's cash flow from investment activities (CFFI) amounted to EUR 52.0m (EUR 59.5m). The Group increased capital expenditure, partly on improvements to operating efficiency and partly on energy-saving and environmental projects. Furthermore, Cimentas made investments in waste management and recycling activities in Turkey and UK.

The Group's cash flow from financing activities (CFFF), comprising EUR 54.8m, was influenced by the acquisition of a 12.8% interest in Cimentas amounting to EUR 45.5m.

The free cash flow (FCF) of EUR 92.5m after investments was primarily used to reduce the Group's interest-bearing debt by EUR 48.9m and to fund acquisition of the 12.8% interest in Cimentas amounting to EUR 45.5m.

Debt and financial resources

Despite the year's investments, the net interest-bearing debt (NIBD) was further reduced as stated and is small compared with the size of the company. The debt amounted to EUR 68.1m at the end of the year, corresponding to 0.4 x EBITDA, against EUR 117.0m and 0.6 x EBITDA the year before.

The financial resources currently consist of committed credit facilities of EUR 100m with a weighted life of three years and long term mortgage loans of EUR 126m with an average life of 13 years. To these must be added uncommitted facilities in the parent company of EUR 50m.

Balance sheet

Non current assets amounted to EUR 902.1m at 31 December 2015, 3% lower than at the same time the year before (EUR 928.1m). The decrease was primarily due to reduction of intangible assets, addition of goodwill, adjustments of fair value in investment property and change of deferred tax.

Current assets amounted to EUR 381.5m, 8% above the year before (EUR 353.5m). The increase was primarily due to increased inventories and receivables.

Shareholders' equity

Group shareholders' equity amounted to EUR 781.0m at the end of 2015 against EUR 767.4m the year before. The amount was influenced by the profit for the year and also by negative exchange rate adjustments of EUR 46.9m. These adjustments mainly related to weakening of the Turkish lira (TRY) by EUR -50.5m, the Norwegian krone by EUR -2.0m and the Malaysian ringgit (MYR) by EUR -4.2m and strengthening of the Egyptian pound (EGP) by EUR 3.4m, the Chinese renminbi (CNY) by EUR 4.2m and the American dollar (USD) by EUR 3.7m.

Equity ratio was 61% at the end of 2015 (60% at the end of 2014). Return on equity decreased in 2015 to 13% from 15% the year before.

Working capital

The Group's working capital, i.e. the capital tied up in debtors and inventories less creditors, was further reduced through focused control and reporting for each business unit in relation to agreed goals. Keeping down working capital saves on interest expenses and frees up resources for investment etc. Furthermore, low working capital contributes to an improved return on capital employed (ROCE).

Working capital amounted to EUR 83.7m, or just 9.5% of net sales at end 2015, against EUR 97.0m (11.3% of net sales) the year before.

Return on capital employed

In 2015, as in previous years, intensive efforts were made to increase the Group's capital efficiency. The Group's ability to generate a satisfactory profit via efficient operation is measured by Return on Capital Employed (ROCE).

ROCE was 10% in 2015 (11% in 2014). The decrease was due to the lower earnings in Turkey, but in 2015 ROCE was particularly influenced by the following:

- Operational excellence programme;
- Cost optimisation programme;
- Growth generation through innovation;
- Review of non-current assets;
- Prioritising of sustainable investment with focus on high return;
- Tight control of working capital items.

Efforts to optimise return on capital employed will continue in all the areas listed above.

Risk management

Like any other company, the Aalborg Portland Holding Group is affected by risks and uncertainties relating to its business activities and works continuously on strengthening risk management. The Group employs a holistic risk management process in which the most critical risks are:

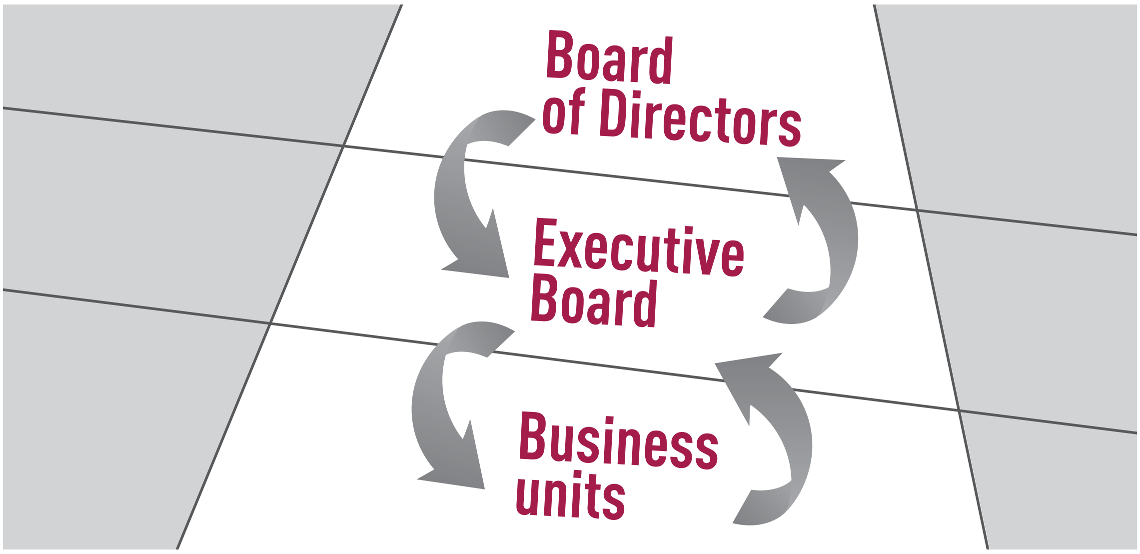
- Market conditions;
- Framework conditions;
- Environmental impacts;
- Organisation;
- Financial risks.

The Group continuously monitors and addresses both risks and opportunities in its market areas with a view to achieving its strategic objectives.

Monitoring and control

The Group's risk management is based on a standardised risk process. The assessment of the individual risk factors is based on the likelihood of the risks occurring and their potential impact on earnings, operations and reputation in this event. The risk management process is embedded in the management of the business units. The business units together with the corporate and service functions are responsible for identifying, analysing and managing risks and for reporting on progress and initiating control measures. Risk owners are appointed specifically for the most significant risks. The individual unit managements are responsible for integration of risk assessments in all major decisions. The individual risk reports received from the business units are consolidated at Group level. The combined risk report is included in Group management's monitoring and risk management processes. Group management is responsible for ensuring that the overall risk for the Group as a whole is of an acceptable level and that risk management procedures are implemented.
Group management reports periodically or as needed to the Board of Directors, which determines the overall policies and framework for the day-to-day management.

Risk Reporting



Market conditions

Competition

Loss of major customers and projects may pose a significant risk in relation to the achievement of the Group's objectives. The Group continuously monitors its markets and takes ongoing actions to adapt to and meet the competitive environment and market changes.

Raw materials and energy prices

The Group uses large quantities of energy in cement manufacture and is therefore sensitive to long-lasting price changes. In order to mitigate this risk the purchase of energy is partly hedged by establishing contracts for terms up to 24 months.
Access to essential raw materials is ensured through ownership of deposits, extraction licences,

long-term contracts and diversity in terms of suppliers. Furthermore, the market for the raw materials which are considered production-critical is carefully monitored. A small number of raw materials are subject to particular uncertainty as regards long-term security of supply, and the Group is working proactively to find appropriate solutions to this issue.

Framework conditions

Legislation and other regulations

The Group is subject to regulatory changes by the authorities and organisations in a variety of areas. Non-compliance with recommendations and regulations is often subject to substantial fines and constitutes a potential risk to overall Group earnings. The Group is committed to conforming with all aspects of competitive legislation, environmental legislation and internal rules regarding fraud. The Group trains relevant personnel in compliance with current requirements on an ongoing basis.

Political risks

The Group operates globally, including in emerging and growth markets with special political risks. This can have material consequences both for production conditions and sales. The Group pursues active dialogue at all levels with politicians, authorities and interest groups to create a good basis for continued operation and to enable the Group's operations to be adjusted when appropriate.

Taxes and levies

The Group's production is subject to substantial direct and indirect taxation, particularly in Denmark. Tax and levies represent a material area of risk for the Group as it impacts directly on competitiveness and sales potential. It is particularly difficult to compete on price with cement producers from neighbouring countries that do not have high tax and levy levels like Denmark.

CO_2 quotas

The future granting of CO_2 quotas to the Group's production units may have substantial financial impact. Ongoing focus is therefore placed by the Group on complying with all requirements relating to the granting of such quotas. The Group also closely monitors EU and national political issues concerning CO_2 quotas in relation to the Group's expected development in the EU area.

Environmental impacts

The Group's business units and management are very conscious of their environmental role and strive to recognise, manage and counteract relevant risks in this regard. The manufacture of the Group's products consumes raw materials and energy, but the environmental and climate characteristics of these products are very favourable. It is the stated policy of the Group to contribute constructively and significantly to achieving society's climate goals, and through the development of its products and production the Group therefore constantly strives to ensure a more environment-friendly and sustainable cement manufacture.

Organisation

Employees and management

The Group's continued success is dependent on the retention of experienced employees and managers and on the recruitment of new skilled employees and managers to the Group's business units and support functions. Accordingly, the Group attaches importance to providing attractive jobs with good development opportunities for employees and managers.

IT systems

IT systems are used in all parts of the Group's activities, including production, sales and finance. Operational disruption and loss of data and communications would impact the Group negatively. Consequently, IT security and business continuity are accorded high priority, especially in connection with implementation of new systems.

Financial risks

Financial risks, including currency risks, which are of material significance for the Group, are described in the notes to the financial statements.

2 Financial statements (Group)

Income statement

EUR '000

	Notes	2015	2014
Net sales	1	876.309	858.401
Cost of sales	2+3+4+9	548.155	529.634
Gross profit		**328,154**	**328,767**
Sales and distribution costs	4+9	150,454	148,582
Administrative expenses	4+5+9	71,673	69,708
Other operating income	6	21,721	21,244
Other operating costs	6	11,138	790
Earnings before interest and tax (EBIT)		**116,610**	**130,931**
Share of profit after tax, joint ventures	17	5,065	3,215
Financial income	7	19,427	20,408
Financial expenses	7	17,906	18,186
Earnings before tax (EBT)		**123,196**	**136,368**
Income tax	8	25,298	27,394
Profit for the year		**97,898**	**108,974**
Attributable to: Non-controlling interests		6,131	19,674
Shareholders in Aalborg Portland Holding A/S		91,767	89,300

Statement of comprehensive income

EUR '000

	Notes	2015	2014
Profit for the year		**97,898**	**108,974**
Other comprehensive income			
Items that cannot be reclassified to the income statement:			
Actuarial gains/losses on defined benefit pension schemes	21	-719	-2,790
Tax	8	386	608
		-333	**-2,182**
Items that can be reclassified to the income statement:			
Exchange rate adjustments on translation of foreign entities		-46,882	36,071
Other comprehensive income after tax		**-47,215**	**33,889**
Total comprehensive income		**50,683**	**142,863**
Attributable to: Non-controlling interests		-6,100	29,962
Shareholders in Aalborg Portland Holding A/S		56,783	112,901
		50,683	**142,863**

Cash flow statement

EUR '000

	Notes	2015	2014
Cash flow from operating activities			
Earnings before interest and tax (EBIT)		116,610	130,931
Adjustment for non-cash items	9	55,743	44,516
Change in working capital etc.	10	862	-20,295
Cash flow from operating activities before financial items and tax		**173,215**	**155,152**
Dividends received from joint ventures	16	3,959	2,687
Financial payments received and made	11	-1,791	843
Income tax paid		-30,920	-29,364
Cash flow from operating activities (CFFO)		**144,463**	**129,318**
Cash flow from investing activities			
Acquisition of intangible assets		-1,247	-3,501
Acquisition of property, plant and equipment		-54,400	-59,122
Disposal of intangible assets and property, plant and equipment		4,100	3,230
Other investments		-481	-94
Cash flow from investing activities (CFFI)		**-52,028**	**-59,487**
Cash flow from operating and investing activities, total		**92,435**	**69,831**
Cash flow from financing activities			
Acquisition of shares from non-controlling interests	28	-45,503	-49,756
Dividends to non-controlling interests		-1,631	-1,795
Changes in financing	12	-7,658	-33,222
Cash flow from financing activities		**-54,792**	**-84,773**
Changes in cash and cash equivalents		**37,643**	**-14,942**
Cash and cash equivalents at 1 January	12	89,292	104,234
Cash and cash equivalents at 31 December		**126,935**	**89,292**

The cash flow statement cannot be derived from the published financial information only.

Balance sheet

EUR '000

	Notes	2015	2014
ASSETS			
Goodwill		169,514	174,885
Other intangible assets		29,290	38,350
Intangible assets in development		676	708
Intangible assets	13	**199,480**	**213,943**
Land and buildings		183,326	198,270
Plant and machinery		361,086	374,021
Property, plant and equipment in development		25,505	24,500
Property, plant and equipment	14	**569,917**	**596,791**
Investment property	15	**87,020**	**81,182**
Investments in joint ventures	15+16	23,430	20,342
Other non-current assets	15	11,584	8,681
Deferred tax assets	16+18	10,677	7,156
Other non-current assets		**45,691**	**36,179**
Total non-current assets		**902,108**	**928,095**
Inventories	19	**107,848**	**112,541**
Trade receivables	20	118,491	117,063
Amounts owed by Group enterprises		4,158	3,915
Amounts owed by joint ventures		3,589	8,869
Derivative financial instruments (positive fair value)		889	1,245
Income tax receivable		194	331
Other receivables	20	10,014	12,825
Prepayments	20	9,367	7,384
Receivables		**146,702**	**151,632**
Cash funds		**126,935**	**89,292**
Total current assets		**381,485**	**353,465**
TOTAL ASSETS		**1,283,593**	**1,281,560**

Balance sheet

EUR ‘000

	Notes	2015	2014
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		40,333	40,333
Foreign currency translation reserve		-73,409	-29,083
Retained earnings		687,253	581,131
Aalborg Portland Holding A/S’s share of shareholders’ equity		**654,177**	**592,381**
Non-controlling interests' share of shareholders' equity		**126,819**	**174,994**
Total shareholders’ equity		**780,996**	**767,375**
Liabilities			
Pension and similar liabilities	21	14,266	14,149
Deferred tax liabilities	18	61,507	63,927
Provisions	22	15,560	16,283
Credit institutions etc.	23+26	168,438	179,053
Other payables	25	1,864	1,611
Deferred income	24	6,756	7,362
Non-current liabilities		**268,391**	**282,385**
Credit institutions	23+26	31,748	32,192
Trade payables		135,118	131,546
Amounts owed to Group enterprises		12,286	10,048
Amounts owed to joint ventures		4	113
Derivative financial instruments (negative fair value)		645	268
Income tax payable		8,234	8,785
Provisions	22	3,384	1,652
Other payables	25	41,799	46,343
Deferred income	24	988	853
Current liabilities		**234,206**	**231,800**
Total liabilities		**502,597**	**514,185**
TOTAL EQUITY AND LIABILITIES		**1,283,593**	**1,281,560**

Statement of shareholders' equity

EUR '000	Share capital	Foreign currency translation reserve	Retained earnings	Aalborg Portland Holding's total share	Non-controlling interests' share	Total equity
Shareholders' equity at 1 January 2015	40,333	-29,083	581,131	592,381	174,994	767,375
Comprehensive income in 2015						
Profit for the year			91,767	91,767	6,131	97,898
Other comprehensive income						
Exchange rate adjustments on translation of foreign entities		-34,649		-34,649	-12,233	-46,882
Actuarial gains/losses on defined benefit pension schemes			-573	-573	-146	-719
Tax on other comprehensive income			238	238	148	386
Total comprehensive income	**0**	**-34,649**	**91,432**	**56,783**	**-6,100**	**50,683**
Transactions with owners						
Dividend distributed					-1,635	-1,635
Acquisition of equity investments from non-controlling interests		-9,677	4,614	-5,063	-40,440	-45,503
Transferred goodwill on intra-group acquisition of shares in Cimentas			10,076	10,076		10,076
	0	**-9,677**	**14,690**	**5,013**	**-42,075**	**-37,062**
Shareholders' equity at 31 December 2015	**40,333**	**-73,409**	**687,253**	**654,177**	**126,819**	**780,996**

Statement of shareholders' equity

EUR '000	Share capital	Foreign currency translation reserve	Retained earnings	Aalborg Portland Holding's total share	Non-controlling interests' share	Total equity
Shareholders' equity at 1 January 2014	40,333	-48,008	483,920	476,245	190,113	666,358
Comprehensive income in 2014						
Profit for the year			89,300	89,300	19,674	108,974
Other comprehensive income						
Exchange rate adjustments on translation of foreign entities		24,917		24,917	11,154	36,071
Actuarial gains/losses on defined benefit pension schemes			-1,695	-1,695	-1,095	-2,790
Tax on other comprehensive income			379	379	229	608
Total comprehensive income	**0**	**24,917**	**87,984**	**112,901**	**29,962**	**142,863**
Transactions with owners						
Dividend distributed					-1,881	-1,881
Acquisition of equity investments from non-controlling interests		-5,992	-564	-6,556	-43,200	-49,756
Transferred goodwill on intra-group acquisition of in Cimentas			9,791	9,791		9,791
	0	**-5,992**	**9,227**	**3,235**	**-45,081**	**-41,846**
Shareholders' equity at 31 December 2014	**40,333**	**-29,083**	**581,131**	**592,381**	**174,994**	**767,375**

The share capital in 2015 and 2014 consists of:

1 share at DKK 150m

1 share at DKK 60m

2 shares at DKK 30m each

1 share at DKK 15m

5 shares at DKK 3m each

Dividends distributed to shareholders in 2015 were EUR 0.0m (2014: EUR 0.0 m).

All shares are fully issued and paid up. One share of DKK 1,000 holds one vote.

Notes

EUR '000

1. Net sales

	2015	2014
Sale of cement	452,976	438,854
Sale of ready-mixed concrete	334,867	330,140
Other sales*	88,466	89,407
	876,309	**858,401**

* Other sales include concrete pipes, gravel, heat, waste processing, etc.

2. Cost of sales

Cost of sales amounts to EUR 548.2m (2014: EUR 529.6m). Hereof direct staff costs amount to EUR 64.3m (2014: EUR 62.2m) and use of raw materials amounts to EUR 119.4m (2014: EUR 116.5m).

3. Research and development costs

	2015	2014
Research and development costs charged to the income statement:		
Research and development costs paid	2,237	2,242
Amortisation of capitalised development costs	2	2
	2,239	**2,244**

4. Staff costs

	2015	2014
Wages and salaries and other remuneration	103,367	101,225
Pension costs, defined benefit schemes	1,148	1,024
Pension costs, defined contribution schemes	7,852	7,463
Social security costs	6,469	6,202
	118,836	**115,914**
Number of employees at 31 December	2,580	2,584
Average number of full-time employees	2,605	2,627
Remuneration of the Board of Directors, the Management and other senior executives		
Salaries and remunerations	6,582	6,623
Pension contributions	98	109
	6,680	**6,732**
Hereof Board of Directors and Management	1,133	1,580

Remuneration of the Board of Directors represents EUR 116k in 2015 (2014: EUR 117k).

EUR '000

5. Fees to the auditors appointed by the Annual General Meeting

	2015	2014
Total fees to KPMG are specified as follows:		
Statutory audit	584	573
Other assurance engagements	13	49
Tax and VAT advisory services	81	60
Other services	75	133
	753	**815**
Fees to other auditors	17	31

6. Other operating income and other operating costs

	2015	2014
Other operating income		
Rent income	1,222	1,173
Profit on sale of property, plant and equipment	1,931	2,572
Value adjustment, investment property	15,373	12,054
Sale of scrap, spare parts and consumables	589	416
Other income from supplier related to delay	0	1,397
Other income from cancellation of payable related to subsidiary acquisition	0	1,243
Other income	2,606	2,389
	21,721	**21,244**
Other operating costs		
Loss on sale of property, plant and equipment	14	0
Impairment	10,083	0
Other costs	1,041	790
	11,138	**790**

7. Financial income and expenses

	2015	2014
Financial income		
Interest, cash funds etc.	2,104	3,027
Interest, Group enterprises	259	216
Exchange rate adjustments	17,064	17,165
	19,427	**20,408**
Interest on financial assets measured at amortised cost	2,363	3,243
Financial expenses		
Interest, credit institutions etc.	5,043	6,059
Exchange rate adjustments	12,863	12,127
	17,906	**18,186**
Interest on financial obligations measured at amortised cost	5,043	6,059

EUR '000

8. Income tax

	2015	2014
Income tax		
Current tax on the profit for the year/joint taxation contribution	30,930	30,479
Deferred tax adjustment	-5,278	-3,127
Other adjustments, including previous years	-354	42
	25,298	**27,394,**
Taxes paid	**30,920**	**29,364**

According to legislation, the Parent Company is the administrative company of the compulsory Danish joint taxation.

	2015	2014
Reconciliation of tax rate		
Tax according to Danish tax rate 23.5% (2014: 24.5%)	28,951	33,410
Difference in the tax rates applied by non-Danish subsidiaries relative to 23.5% (2014: 24.5%)	-152	-1,160
Non-taxable income and non-deductible expenses	923	55
Non-taxable profit shares in joint ventures	-84	-125
Recognised tax assets (not previously recognised)	-99	-2,969
Expired tax loss regarding this and previous years	240	0
Effect of investment properties and acquisition of land	-2,306	-1,808
Other, including adjustments previous years	-562	-150
Change of tax rates	-1,613	141
	25,298	**27,394**
Applicable tax rate for the year	**21%**	**20%**
Income tax recognised directly as other comprehensive income		
Actuarial gains and losses	-386	-608
	-386	**-608**
Total income tax	**24,912**	**26,786**

9. Adjustment for non-cash items

	2015	2014
Amortisation, depreciation and impairment	69,673	60,959
Change in provisions	884	-2,306
Value adjustment, fair value	-15,373	-12,054
Gains and losses on sale of property, plant and equipment, and exch. rate adjustments	559	-2,083
	55,743	**44,516**

EUR ‘000

10. Change in working capital etc.

	2015	2014
Inventories	217	-15,732
Receivables	-4,515	-6,242
Trade payables	11,425	17,273
Change in other receivables, other payables and deferred income	-6,265	-15,594
	862	**-20,295**

11. Financial payments received and made

	2015	2014
Financial payments received	19,910	12,723
Financial payments made	-18,389	-9,635
Adjustment for non-cash items	-3,312	-2,245
	-1,791	**843**

12. Financial payments received and made

	2015	2014
Net interest-bearing debt, 1 January	117,014	141,631
Changes in interest-bearing cash funds	-37,643	14,942
Changes in financing	-7,658	-33,222
Exchange rate adjustments	-3,571	-6,337
Net interest-bearing debt (- deposit) at 31 December	**68,142**	**117,014**

In the exchange rate adjustment, the effect of cash funds opening balance sheet is included by EUR 3.8m (2014: EUR 4.0m).

The Aalborg Portland Holding Group operations are mainly financed via multi option facility agreements with the Group's banks. The credit facilities, which are based on flexible credit limits, are adapted currently to the Group's net loan and therefore changes in cash and overdraft are included in changes in financing. Payment on instalments on mortgage loan is included in changes in financing and amounts to EUR 9.7m in 2015 (2014: EUR 8.8m).

EUR '000

13. Intangible assets

	Goodwill	Other intangible assets	Intangible assets in development	Total
Cost at 1 January 2015	174,885	63,307	708	238,900
Exchange rate adjustments	-15,450	-426	-13	-15,889
Additions from acquisition of shares in Cimentas	10,079	0	0	10,079
Additions	0	510	736	1,246
Disposals	0	0	0	0
Other adjustments/reclassifications	0	755	-755	0
Cost at 31 December 2015	**169,514**	**64,146**	**676**	**234,336**
Amortisation and impairment at 1 January 2015	0	24,957	0	24,957
Exchange rate adjustments	0	-227	0	-227
Reversed depreciation on disposals	0	0	0	0
Amortisation for the year	0	4,131	0	4,131
Impairment	0	5,995	0	5,995
Amortisation and impairment at 31 December 2015	**0**	**34,856**	**0**	**34,856**
Carrying amount at 31 December 2015	**169,514**	**29,290**	**676**	**199,480**

	Goodwill	Other intangible assets	Intangible assets in development	Total
Cost at 1 January 2014	161,319	57,548	786	219,653
Exchange rate adjustments	3,775	1,886	2	5,663
Additions from acquisition of shares in Cimentas	9,791	0	0	9,791
Additions	0	2,237	769	3,006
Disposals	0	-41	0	-41
Change in consolidation method	0	-207	0	-207
Other adjustments/reclassifications	0	1,884	-849	1,035
Cost at 31 December 2014	**174,885**	**63,307**	**708**	**238,900**
Amortisation and impairment at 1 January 2014	0	19,622	0	19,622
Exchange rate adjustments	0	330	0	330
Reversed depreciation on disposals	0	-11	0	-11
Change in consolidation method	0	-207	0	-207
Amortisation for the year	0	3,892	0	3,892
Impairment	0	1,331	0	1,331
Amortisation and impairment at 31 December 2014	**0**	**24,957**	**0**	**24,957**
Carrying amount at 31 December 2014	**174,885**	**38,350**	**708**	**213,943**

Amortisation during the year is included in the following items:	2015	2014
Cost of sales	1,432	1,465
Sales and distribution costs	6	21
Administrative expenses	2,693	2,406
	4,131	**3,892**

13. Intangible assets (continued)

Other intangible assets

Other intangible assets include software licenses (SAP R/3), quarry rights, CO_2 quotas, development projects and licenses for removal of waste, trademarks and customer contracts. Except goodwill, all intangible assets have definite useful lives.

The carrying amount of development projects is EUR 0.0m (2014: EUR 0.1m).

Internally generated intangible assets, mainly regarding SAP implementation, amount to EUR 2.3m (2014: EUR 2.5m).

Other intangible assets include a waste management agreement signed in 2011 (for a term of 25 years) with the municipal company of Istanbul (Turkey), with an original consideration of TRY 12.1m (equal to EUR 5.2m at the acquisition date).

At 31 December 2015, the recoverable amount of the CGU (Hereko) was estimated on the basis of its value in use due to delays in capital expenditure which postponed full operation of the facilities and did not enable the achievement of the earnings targets.

Key assumptions were based on assessments by management concerning future projections for the sector of reference and a historic analysis of internal and external factors of information. Future cash flows were considered until 2035, when the waste management agreement will expire.

Key assumptions used to estimate the recoverable amount of the CGU were:

- WACC of 13.4%
- Growth rate of 5.5%
- EBITDA margin between 22% and 37%, in line with company forecasts starting from 2016 and onwards.

Impairment testing at 31 December 2015 found a recoverable amount for the CGU of EUR 42.2m, compared to a carrying amount of EUR 52.2m. Accordingly, an impairment loss of the intangible and tangible asset of EUR 10.1m was recognised in other operating costs.

Goodwill

Besides goodwill there are no intangible assets with indefinite useful lives. At 31 December 2015 (31 December 2014), Nordic & Baltic, Turkey and Overseas account for EUR 39.9m (EUR 41.6m), EUR 121.8m (EUR 125.2m) and EUR 7.8m (EUR 8.0m) of the consolidated goodwill.

In connection with acquisition of further 12.8% of the shares in the Turkish company Cimentas additions amount to EUR 10.1m.

Aalborg Portland Holding Group performed impairment test on the carrying amount of goodwill at 31 December 2015 based on value in use as in previous years. Impairment tests are performed in the 4th quarter each year, based on the budgets and business plans approved by the Board of Directors.

The impairment test for cash-generating units compares the recoverable amount, equivalent to the present value of expected future free cash flow, with the carrying amount of the individual cash-generating units.

Expected future free cash flow is based on budgets and business plans for the period 2016-2018 and projections for subsequent years. Key parameters include production capacity (based on current capacity), trend in revenue, EBIT margin and growth expectations for the years after 2018.

Budgets and business plans for the period 2016-2018 are based on concrete future business measures, assessing risks in the key parameters and incorporating these in expected future free cash flows. Projections after 2018 are based on general expectations. The value for the period after 2018 takes into account the general growth expectations for the cement and ready-mix industry.

Growth rates are not expected to exceed the average long-term growth rate for the Group's individual geographical segments.

The discount rates applied in calculating the recoverable amounts are after tax, and reflect the risk-free interest plus specific risks in the individual geographic segments. The discount rate of Egypt and Turkey is 11-13% due to the high risk-free interest caused by the political situation in the countries.

The key assumptions from the impairment tests of goodwill are as follows:

EUR ‘000

13. Intangible assets (continued)

2015	Discount rates after tax	Growth rates	Average increase of net sales 2016 to terminal period	Average EBITDA ratio 2016 to terminal period
Nordc & Baltic	5%	1%	1-5%	9%
USA, UK, China and Malaysia	6-8%	2-3%	2-5%	8-23%
Egypt and Turkey	11-13%	2-5%	9-18%	22-25%

2014	Discount rates after tax	Growth rates	Average increase of net sales 2016 to terminal period	Average EBITDA ratio 2016 to terminal period
Nordc & Baltic	5-6%	1%	2-3%	10%
USA, UK, China and Malaysia	6-8%	2-3%	3-5%	6-25%
Egypt and Turkey	11-13%	2-5%	9-25%	22-25%

The average increases in net sales and average EBITDA ratio, as stated above, are in general in line with the realised increase in net sales and average EBITDA ratio in 2015.

The impairment tests are in addition to this based on the prospects for the future mentioned in the mangement's review, page 10, which includes comments on the development in 2015.

Discount rates before tax are slightly higher than discount rates after tax.

Based on the impairment tests performed at 31 December 2015, no reasons were found for impairment of goodwill and other CGU assets. The impairment tests are still indicating significantly headroom and impairment will not be required due to considerably higher discount rates.

EUR ´000

14. Property, plant and equipment

	Land and buildings	Plant and machinery	Property, plant, and equipment in development	Total
Cost at 1 January 2015	398,921	1,108,517	24,500	1,531,938
Exchange rate adjustments	-5,658	-36,574	-1,266	-43,498
Additions	1,960	17,891	33,721	53,572
Disposals	-1,939	-7,745	0	-9,684
Reclassifications	-2,495	33,945	-31,450	0
Cost at 31 December 2015	**390,789**	**1,116,034**	**25,505**	**1,532,328**
Depreciation and impairment at 1 January 2015	200,651	734,496	0	935,147
Exchange rate adjustments	-388	-24,355	0	-24,743
Reversed depreciation on disposals	-690	-6,823	0	-7,513
Depreciation for the year	9,863	46,048	0	55,911
Impairment	0	3,609	0	3,609
Other adjustments/reclassifications	-1,973	1,973	0	0
Depreciation and impairment at 31 December 2015	**207,463**	**754,948**	**0**	**962,411**
Carrying amount at 31 December 2015	**183,326**	**361,086**	**25,505**	**569,917**
Hereof assets held under a finance lease	**0**	**3,605**	**0**	**3,605**

Cost at 1 January 2014	378,693	1,026,650	37,023	1,442,366
Exchange rate adjustments	12,450	25,253	1,325	39,028
Additions	1,891	17,209	41,554	60,654
Disposals	-1,625	-6,824	-75	-8,524
Change in consolidation method	-282	-269	0	-551
Reclassifications	7,794	46,498	-55,327	-1,035
Cost at 31 December 2014	**398,921**	**1,108,517**	**24,500**	**1,531,938**
Depreciation and impairment at 1 January 2014	185,984	683,298	0	869,282
Exchange rate adjustments	4,014	11,850	0	15,864
Reversed depreciation on disposals	-103	-6,584	0	-6,687
Change in consolidation method	-11	-127	0	-138
Depreciation for the year	10,679	46,147	0	56,826
Other adjustments/reclassifications	88	-88	0	0
Depreciation and impairment at 31 December 2014	**200,651**	**734,496**	**0**	**935,147**
Carrying amount at 31 December 2014	**198,270**	**374,021**	**24,500**	**596,791**
Hereof assets held under a finance lease	**0**	**4,193**	**0**	**4,193**

EUR '000

14. Property, plant and equipment (continued)

	2015	2014
Depreciation and impairment during the year is included in the following items:		
Cost of sales	48,655	48,580
Sales and distribution costs	4,179	4,147
Administrative expenses	6,686	4,099
	59,520	**56,826**

Aalborg Portland Holding Group has signed contracts regarding purchase of property, plant and equipment at a value of EUR 0.5m (2014: EUR 2.4m).

No changes are made in significant accounting estimates regarding property, plant and equipment.

Impairment during 2015 is included in other operating costs. Regarding the impairment test performed at 31 December 2015, reference is made note note 13.

15. Investment properties

	2015	2014
Fair value at 1 January	81,182	69,827
Exchange rate adjustments	-9,535	3,372
Disposals	0	-4,071
Unrealised fair value adjustment (other operating income)	15,373	12,054
Fair value at 31 December	**87,020**	**81,182**

Investment properties mainly comprise a number of commercial lands in Turkey that is not in the Group's use and owned for capital appreciation. No rental income is generated from lands.

The fair value of investment properties was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

The fair value measurement for investment property has been categorised as a Level 2 fair value based on valuation techniques includes unobservable inputs.

The fair value of investment property is market value approach in which representative samples are selected in the neighbourhoods of the specified property, which provide recent sales transactions.

Then the average price of the samples is compared with the relevant investment property. Finally, a measuring of the fair value of the investment property is performed, based on location and other factors.

EUR ´000

16. Other non-current assets

16. Other non-current assets	Investments in joint ventures	Other non-current assets	Deferred tax assets	Total
Cost at 1 January 2015	17,941	8,681	7,156	33,778
Exchange rate adjustments	1,139	94	0	1,233
Additions	0	2,884	0	2,884
Disposals	0	-75	-2,872	-2,947
Change offset in provision for deferred tax	0	0	6,393	6,393
Cost at 31 December 2015	**19,080**	**11,584**	**10,677**	**41,341**
Adjustments at 1 January 2015	2,401	0	0	2,401
Exchange rate adjustments	444	0	0	444
Change in consolidation method	0	0	0	0
Profit shares	5,164	0	0	5,164
Dividends for the year	-3,959	0	0	-3,959
Equity adjustments	300	0	0	300
Adjustments at 31 December 2015	**4,350**	**0**	**0**	**4,350**
Carrying amount at 31 December 2015	**23,430**	**11,584**	**10,677**	**45,691**

Other non-current assets mainly relate to VAT receivable and deposits.

Cost at 1 January 2014	16,762	9,126	2,277	28,165
Exchange rate adjustments	1,174	509	0	1,683
Change in consolidation method	5	0	0	5
Additions	0	1,760	4,161	5,921
Disposals	0	-2,714	0	-2,714
Change offset in provision for deferred tax	0	0	718	718
Cost at 31 December 2014	**17,941**	**8,681**	**7,156**	**33,778**
Adjustments at 1 January 2014	478	0	0	478
Exchange rate adjustments	311	0	0	311
Change in consolidation method	810	0	0	810
Profit shares	3,473	0	0	3,473
Dividends for the year	-2,687	0	0	-2,687
Equity adjustments	16	0	0	16
Adjustments at 31 December 2014	**2,401**	**0**	**0**	**2,401**
Carrying amount at 31 December 2014	**20,342**	**8,681**	**7,156**	**36,179**

Other non-current assets mainly relate to VAT receivable deposits.

EUR '000

16. Other non-current assets (continued)

Investments in subsidiaries with significant non-controlling interests

	Aalborg Portland Malaysia Group		Sydsten Group	
	2015	2014	2015	2014
Net sales	**37,960**	**28,764**	**54,945**	**44,201**
Profit for the period				
- attributable to owners of the parent	1,509	2,235	1,555	1,572
- attributable to non-controlling interests	647	958	1,990	1,768
	2,156	**3,193**	**3,545**	**3,340**
Other comprehensive income (expense)	-4,219	781	525	-918
Total comprehensive income (expense)	**-2,063**	**3,974**	**4,070**	**2,422**
Assets				
Non-current assets	30,368	38,604	22,964	22,370
Current asets	18,429	15,454	23,042	21,229
	48,797	**54,058**	**46,006**	**43,599**
Liabilities				
Non-current liabilities	396	4,024	11,947	11,640
Current liabilities	6,696	6,361	11,026	10,567
	7,092	**10,385**	**22,973**	**22,207**
Net assets				
- attributable to owners of the parents	29,193	30,571	10,844	10,071
- attributable to non-controlling interests	12,512	13,102	12,189	11,321
	41,705	**43,673**	**23,033**	**21,392**
Cash flow from operation	5,891	4,668	6,749	5,835
Dividends paid to non-controlling interests	0	0	1,546	1,637

EUR '000

16. Other non-current assets (continued)

Investments in subsidiaries with significant non-controlling interests

	Sinai White Portland Cement Co. S.A.E		Cimentas Group	
	2015	2014	2015	2014
Net sales	**55,194**	**48,150**	**-**	**268,999**
Profit for the period				
- attributable to owners of the parent	5,672	4,106	-	38,007
- attributable to non-controlling interests	4,254	3,079	-	1,892
	9,926	**7,185**	**-**	**39,899**
Other comprehensive income (expense)	3,180	3,873	-	0
Total comprehensive income (expense)	**13,106**	**11,058**	**-**	**39,899**
Assets				
Non-current assets	89,581	78,072	-	389,789
Current asets	60,564	54,852	-	140,910
	150,145	**132,924**	**-**	**530,699**
Liabilities				
Non-current liabilities	10,926	11,804	-	37,351
Current liabilities	28,271	23,186	-	89,460
	39,197	**34,990**	**-**	**126,811**
Net assets				
- attributable to owners of the parents	63,396	55,959	-	325,599
- attributable to non-controlling interests	47,552	41,975	-	78,289
	110,948	**97,934**	**-**	**403,888**
Cash flow from operation	15,115	9,035	-	29,684
Dividends paid to non-controlling interests	0	0	-	138

* In 2015, the Group has purchased a further interest of 12.8% in Cimentas Group and consequently the management has assessed that there are no significant non-controlling interests in Cimentas Group.

17. Investments in joint ventures

Summary of financial information from joint ventures:	2015	2014
Net sales	166,966	137,875
Profit for the year	20,580	12,739
Total assets	95,096	83,427
Total liabilities	20,565	20,920
Share of profit for the year after tax	5,065	3,215

The joint ventures have no major contingent liabilities and the Group's maximum liabilities to the joint ventures do not exceed the equity value of the joint venture.
For a list of joint ventures, reference is made to page 91.

EUR '000

17. Investments in joint ventures (continued)

Significant joint ventures

The Group owns 24.5% of the voting rights in Lehigh White Cement Company and the two other owners have 24.5% and 51% of the voting rights. The shareholder agreement states that all relevant decisions regarding the activity must be decided in unanimity. This means that all owners have joint controlling influence.
As the owners only have the right to a proportionate share of the net assets in the entity, Lehigh White Cement Company is treated as a joint venture. The entity is recognised according to the equity method.

	Lehigh White Cement Company	
Financial information on significant joint venture	**2015**	**2014**
The figures are 100% numbers of the joint venture		
Net Sales	125,927	98,853
Profit for the period	20,274	12,073
Assets		
Non-current asets	29,678	26,672
Current assets	45,215	36,216
	74,893	**62,888**
Liabilities		
Non-current liabilities	3,903	2,554
Current liabilities	8,953	9,989
	12,856	**12,543**
Net assets	**62,037**	**50,345**
% investment	24.5%	24.5%
Equity attributable to owners of the parent	15,199	12,335
Dividends paid to non-controlling interests	3,788	2,260
Reconcilation of summarised financial information		
Group share of equity in significant joint ventures	15,199	12,335
Goodwill regarding significant joint ventures	2,086	2,024
Booked value of non-significant joint ventures	6,145	5,983
Group book value of joint ventures at 31 December 2015	**23,430**	**20,342**
Financial information on the Group's individual non-significant joint ventures		
Profit for the period	350	499
Comprehensive income	-88	-111
Total comprehensive income	**262**	**388**
Book value of investments in non-significant joint ventures at 31 December 2015	**6,145**	**5,983**

EUR ´000

18. Deferred tax assets and deferred tax liabilities

	2015	2014
Change in deferred tax in the year		
Deferred tax at 1 January	56,771	58,736
Exchange rate adjustments	348	2,152
Changes of tax rate, via income statement	-1,592	121
Adjustments, previous years via income statement	-354	42
Change in consolidation method	0	-66
Movements via income statement	-3,957	-3,606
The year's movements in comprehensive income	-386	-608
Deferred tax liabilities at 31 December, net	**50,830**	**56,771**
Deferred tax is presented in the balance sheet as follows:		
Deferred tax liabilities	61,507	63,927
Deferred tax assets	10,677	7,156
Deferred tax liabilities at 31 December, net	**50,830**	**56,771**

	Deferred tax assets		Deferred tax liabilities	
	2015	2014	2015	2014
Intangible assets	52	40	16,738	20,846
Property, plant and equipment	957	4,586	36,585	41,965
Investment property	0	0	3,936	3,594
Other non-current assets	0	0	1,658	1,310
Current assets	305	1,264	2,153	2,043
Provisions	3,317	3,203	2,502	2,388
Non-current and current liabilities	702	229	31	239
Tax loss carry-forwards	7,409	6,292	-31	0
Deferred tax before set-off	**12,742**	**15,614**	**63,572**	**72,385**
Set-off within legal tax entities and jurisdictions	-2,065	-8,458	-2,065	-8,458
Deferred tax at 31 December	**10,677**	**7,156**	**61,507**	**63,927**

Tax loss carry-forwards mainly relate to Cimentas Group. As a result of expected future earnings there is a reasonable probability that the losses will be realised in a foreseeable future.

EUR '000

19. Inventories

	2015	2014
Raw materials and consumables	63,096	60,854
Work in progress	23,249	28,925
Finished goods	20,701	21,348
Prepayments of goods	802	1,414
Inventories at 31 December	**107,848**	**112,541**

As was the case last year, there are no significant inventories of cement and aggregates carried at net realisable value.

Write-down of inventories of spare parts amounts to EUR 3.7m (2014: EUR 3.8m). Write-down recognised in the income statement is EUR 0.0m (2014: EUR 0.0m).

20. Trade receivables, other receivables and prepayments

	2015	2014
Development in provisions for impairment on trade receivables:		
Provision for impairment losses at 1 January	3,525	4,462
Exchange rate adjustments	-160	55
Provision for impairment in the year	1,144	240
Realised in the year	-448	-1,046
Reversed	-1	-186
Provision for impairment at 31 December	**4,060**	**3,525**

All trade receivables are due within one year.

The carrying amount essentially corresponds to fair value.

Collateral has been received regarding trade receivables, in total EUR 41.2m (2014: EUR 40.6m). Other receivables include energy taxes and VAT, etc.

Prepayments comprise prepaid rent and insurance etc.

EUR ´000

21. Provisions for pensions and similar commitments

The pension liabilities incumbent on the Danish Group enterprises are funded through insurance plans. The pension liabilities of certain foreign subsidiaries are also funded through insurance plans. Foreign subsidiaries, primarily in Turkey, Sweden, Norway and Malaysia, whose pension liabilities are not - or only partially - funded through insurance plans state the unfunded liabilities on an actuarial basis at the present value at the balance sheet date. These pension liabilities are partly covered by assets in pension funds. The Group's defined benefit plans were EUR 14.3m underfunded at 31 December 2015 (2014: EUR 14.1m) for which a provision has been made as pension liabilities.
The actuarial result for the year at EUR -0.7m (2014: EUR -2.8m) is recognised in the statement of other comprehensive income.

	2015	2014
Present value of defined benefit schemes	17,657	17,896
Market value of the assets comprised by the schemes	-3,391	-3,747
Net liability recognised in the balance sheet	**14,266**	**14,149**
Present value of defined benefit schemes at 1 January	17,896	16,020
Exchange rate adjustment	-874	-303
Actuarial gains/losses recognised in other comprehensive income	452	2,374
Costs	1,084	989
Net interest	523	605
Other adjustments	57	10
Curtailment	-420	0
Payments	-1,061	-1,799
Present value of defined benefit schemes at 31 December	**17,657**	**17,896**
Market value of the assets comprised by the schemes at 1 January	3,747	3,793
Exchange rate adjustment	-219	-258
Payments	254	446
Net interest	87	149
Curtailment	-209	0
Actuarial gains/losses recognised in other comprehensive income	-269	-383
Market value of the assets comprised by the schemes at 31 December	**3,391**	**3,747**
Stated as liabilities (provision for pension)	**14,266**	**14,149**
Amounts taken to the income statement		
Cost of sales	4,831	4,453
Sales and distribution costs	1,823	1,726
Administrative expenses	3,506	2,308
	10,160	**8,487**

The actuarial change of the year is mainly due to changes in the discounting rate.
The main part of the provision for pension and similar commitments falls due after 5 years.
The assets of the pension scheme are attributable to Norway and are mainly invested in listed securities.
All assets comprised by the schemes are managed by pension providers in collective pool schemes.
In 2016, the Group expects payment of EUR 1.4m to the defined benefit schemes.

The most significant actuarial assumptions at the balance sheet date are as follows:	2015	2014
Average discounting rate applied	2-4%	3-4%
Expected return on tied-up assets	4%	4%

Compared to the consolidated financial statements a probable change of the actuarial assumptions is not deemed to cause significant effect on the liabilities, and therefore a sensitivity analysis has not been prepared.

EUR '000

21. Provisions for pensions and similar commitments (continued)

	2015	2014
In the statement of consolidated shareholders' equity the following accumulated actuarial gains/losses are recognised	-6,966	-6,633

22. Provisions

	2015	2014
Provisions at 1 January	17,935	18,720
Exchange rate adjustment	-496	215
Additions in the year	2,259	658
Used in the year	-633	-1,605
Reversal	-121	-53
Provisions at 31 December	**18,944**	**17,935**
Recognised in the balance sheet as follows:		
Stated as non-current liabilities	15,560	16,283
Stated as current liabilities	3,384	1,652
	18,944	**17,935**
Maturities for other provisions are expected to be:		
Falling due within one year	3,384	1,652
Falling due between one and five years	1,705	3,121
Falling due after more than five years	13,855	13,162
	18,944	**17,935**

Provisions mainly include re-establishment of chalk, gravel and clay pits at EUR 9.2m (2014: EUR 10.0m), demolition liabilities for buildings and terminal on rented land at EUR 5.0m (2014: EUR 5.3m), warranties and claims at EUR 0.4m (2014: 0.5m) as well as other provisions at EUR 4.3m (2014: EUR 2.1m).
Additions in the year include liabilities regarding warranties and claims, re-establishment of chalk, gravel and clay pits, demolition liabilities and other provisions.
Used in the year mainly relates to re-establishment and demolition liabilities.
Provisions for liabilities due after more than five years include liabilities regarding re-establishment of chalk, gravel and clay pits and demolition liabilities for buildings and terminals with no decision made regarding closure.
Costs for re-establishment of chalk, gravel and clay pits are mainly paid when finishing an excavation or when moving out from leases. No considerable payments are expected in 2016.

EUR ´000

23. Credit institutions and other borrowings	Year of maturity	Fixed/ variable	Carrying amount 2015	Carrying amount 2014
Mortgage loan	2028	Variable	124,639	134,369
Bank borrowings and credits	2016-2018	Variable	64,712	57,000
Bank borrowings and credits	2016	Fixed	6,849	15,086
Finance leases	2016-2020	Variable	3,666	4,250
Finance leases	2016	Fixed	320	540
			200,186	**211,245**

Fair value of mortgage loan amounts to EUR 126.0m (2014: EUR 136.2m). Other fair values do not significantly deviate from the carrying amount.

The Group's debt to credit institutions and lease obligations have been recognised and fall due as follows:

	Non-current borrowings (> 1 year)	Current borrowings (0-1 year)	Total	Maturity > 5 years
31 December 2015:				
Mortgage loan	115,227	9,412	124,639	76,974
Bank borrowings and credits	50,000	21,561	71,561	0
Finance leases	3,211	775	3,986	0
	168,438	**31,748**	**200,186**	**76,974**
Specification of contractual cash flows incl. interest:				
Mortgage loan	126,403	11,351	137,754	81,920
Bank borrowings and credits	50,534	22,818	73,352	0
Finance leases	3,162	880	4,042	0
	180,099	**35,049**	**215,148**	**81,920**
31 December 2014:				
Mortgage loan	125,131	9,238	134,369	87,381
Bank borrowings and credits	49,946	22,140	72,086	0
Finance leases	3,976	814	4,790	0
	179,053	**32,192**	**211,245**	**87,381**
Specification of contractual cash flows incl. interest:				
Mortgage loan	138,787	11,434	150,221	93,771
Bank borrowings and credits	64,714	9,706	74,420	0
Finance leases	3,731	1,125	4,856	0
	207,232	**22,265**	**229,497**	**93,771**

The maturity analysis is based on all undiscounted cash flows including estimated payment of interest.

Payment of interest is estimated and based on the present market conditions.

Maturity of derivatives is disclosed in note 29.

According to the leases there are no contingent rentals.

The carrying amount of finance leases is presented in note 14.

EUR '000

24. Deferred income

Deferred income relates to income from business agreement etc., which is expected to be recognised as follows:

Expected recognition of deferred income:	2015	2014
Within one year	988	853
Between one and five years	3,492	3,272
After more than five years	3,264	4,090
	7,744	**8,215**

25. Other payables

Non-current other payables for the Group fall due between one and five years, and comprise payables from acquisition of equity investment in joint venture.
Other current payables include holiday pay liabilities, taxes and public indirect taxes, interest payable and dividends payable to non-controlling interests.

26. Charges and securities

	2015		2014	
	Carrying amount of mortgaged assets	Debt regarding mortgaged assets	Carrying amount of mortgaged assets	Debt regarding mortgaged assets
Property, plant and machinery	114,991	124,639	107,186	134,369
	114,991	**124,639**	**107,186**	**134,369**

27. Contingent liabilities, contractual obligations and contingent assets

Contingent liabilities

The Group is involved in a few disputes, lawsuits etc. of various scopes, including a few tax disputes in some countries.
No significant liabilities are considered to be incumbent on the Group in that respect, and the outcome of the disputes is not expected to have significant impact on the Group's financial position beyond what has been recognised in the balance sheet.

Contractual obligations

At 31 December 2015, the Group has contractual obligations, including acquisition of raw materials etc. of EUR 43.7m (2014: EUR 68.2m).
Regarding contractual obligations related to acquisition of non-current assets reference is made to note 14.

Guarantees	2015	2014
Performance guarantees	3,392	3,209
Other guarantees, etc.	19,028	16,793
	22,420	**20,002**

Other guarantees relate i.a. to guarantees given to suppliers of goods and services, mainly in Turkey.

EUR ´000

27. Contingent liabilities, contractual obligations and contingent assets (continued)

Operating leases	2015	2014
Aggregate future lease payments under non-cancellable operating leases:		
Falling due within one year	11,187	10,294
Falling due between one and five years	15,427	14,344
Falling due after more than five years	2,430	1,844
	29,044	**26,482**
Operating lease expenses recognised in the income statement	**17,706**	**15,062**

Operating leases are primarily related to operating equipment, ships and IT equipment. These leases contain no special purchase rights, etc.

28. Related party transactions

Related parties with significant influence in the Aalborg Portland Holding Group:
- Cementir España S.L., Calle Zurbaràn, 28, Madrid, C.I.F. B-84155191, Spain
- Cementir Holding S.p.A., Corso di Francia, 200, 00191 Rome, Italy
- Caltagirone S.p.A., Via Barberini, 28, 00187 Rome, Italy

Related parties with significant influence in the Aalborg Portland Holding Group comprise the enterprises' Board of Directors and Management together with family related to these persons. Furthermore, related parties comprise enterprises in which the above-mentioned persons have significant interests.
Furthermore, related parties include joint ventures, cf. page 91.

Transactions with Cementir Holding S.p.A.:	2015	2014
- Intra-group management and administration agreements and royalties	15,520	15,504
- Trade receivables	3	322
- Trade payables	12,286	10,048
- Acquisition of shares in Cimentas	45,503	49,756
Transactions with joint ventures:		
- Net sales	17,623	11,545
- Financial receivables	4,155	3,376
- Trade receivables	3,589	3,537
- Trade payables	4	4
- Financial items, net	259	218
Transactions with other related parties:		
- Net sales	0	315
- Financial items, net	0	0
- Trade payables	0	5,549
- Financial payables	0	108

Remunerations to the Board of Directors and the Management are presented in note 4.
No losses on loans to or receivables from related parties were recognised, nor provisions made for such in 2015 or 2014. All transactions were made on terms equivalent to arm's length principles.
The investments include EUR 45.5m (2014: EUR 49.8m) (cash purchase consideration) regarding acquisition of additional 12.8% (2014: 14.0%) of the shares in Cimentas.

29. Financial risks and financial instruments

Risk management policy

As a result of its international operations, investments and financing, the Group is exposed to a number of financial risks, including market risks, liquidity and credit risks.

Market risks	Liquidity risks	Credit risks
Risks that the fair value of or future cash flows from a financial instrument will fluctuate due to changes in market prices.	Risks that the Group will encounter difficulties in meeting obligations associated with financial liabilities.	Risks that a counterparty of a financial instrument is unable to fulfil its obligations and thereby inflict a loss to the Group.

The Group's Finance & Treasury is in charge of the overall risk management in accordance with the principles adopted by the Board of Directors.

The Group policy is not to engage in any active speculation in financial risks. The Group's financial management is thereby solely directed towards the management and reduction of financial risks arising directly from the Group's commercial operations, investments and financing. The Group does not hedge the currency risk between EUR/DKK due to the Danish fixed-exchange-rate policy aimed at the EUR.

Neither in 2015 nor in 2014 the Group has defaulted or breached any loan agreements (covenants).

Market risks

Currency risks	Interest rate risks	Raw material price risks
Arise due to purchase and sale transactions as well as financial assets and liabilities in currencies other than the functional currency of the individual Group business.	Refer to the influence of changes in market interest rates on future cash flow relating to the Group's interest-bearing assets and liabilities and the fair value of these.	Refer to the influence of changes in raw material prices, which are not related to currency risks or interest rate risks.

Currency risks

Hedging is assessed and taken out in close co-operation with the Italian parent company.

For the hedging of currency risks, the Group analyses realised and expected cash flows broken down by currencies.

Risks relating to purchases and sales

The ready-mix activities of the Group are less exposed to changes in exchange rates, as the main part of both income and costs are settled in local currency. The Overseas cement activities of the Group enjoy a high degree of exports, and the settlement thereof is made in various sales currencies, and therefore, these units are affected by changes in exchange rates. The Turkish cement operations are mainly based on transactions in local currency. Revenue from the Group's Nordic & Baltic activities and the purchases by this segment are denominated in several currencies. Accordingly, these activities are also exposed to changes in exchange rates.

The Group's currency risks are primarily hedged by the settlement of income and costs in the same currency and by use of derivative financial instruments. Investments in Group enterprises are not hedged.

The Group's most predominant currency exposure regarding the operating results arises from sales and purchases in MYR, AUD, TRY and NOK. A 10% drop in these exchange rates compared to EUR/DKK would, viewed separately, reduce EBITDA by EUR 10.9m (MYR amounts to EUR -1.8m, AUD amounts to EUR 2.0m, TRY amounts to EUR 7.9m and NOK amounts to EUR 2.8m (2014: EUR 10.4m (NOK amounted to EUR 4.1m and TRY amounted to EUR 6.3m)). The sensitivity surrounding Group equity is not materially different from the impact on the operating results for the year.

29. Financial risks and financial instruments (continued)

Risks relating to net financing

The Group's most important currency risks arising from receivables and payables in foreign currencies at 31 December 2015 relate to the following currencies: EUR, USD, GBP, TRY, NOK and SEK. If these currencies (apart from EUR) had been 10% down at 31 December, Group equity would be affected by a negative exchange rate adjustment of EUR 0.2m (2014: EUR 1.0m). An increase of currencies would have had a similar positive effect on equity.

Translation risks relating to net investments in subsidiaries

The Group income statement and equity are affected by changes in the exchange rates as the closing results of the foreign Group enterprises are translated into Danish kroner at the consolidation.
Hedging of currency risk is not performed for net assets (equity) in foreign subsidiaries. Gains and losses relating to net assets in foreign subsidiaries are accounted directly in equity.
With regard to investments in foreign enterprises, Group equity at 31 December 2015 would have been reduced by EUR 68.9m (2014: EUR 69.1m), if the NOK, SEK, USD, CNY, MYR, EGP and TRY exchange rates had been 10% down on the actual exchange rates. Other currency risks arising from investments in foreign entities are immaterial.

Assumptions of sensitivity analysis

The sensitivities are stated on the assumption of unchanged sales and price levels and interest levels, and on the assumption of recognised assets and liabilities at 31 December 2015.

Forward contracts regarding future transactions

The Group does not comply with the conditions for taking out hedge accounting of future cash flows from the sale of goods. In terms of the hedging of future investments, the Group assesses in each case whether these comply with the conditions for hedge accounting.
Open Group forward contracts at 31 December, net:

2015

EURm	NOK	AUD	GBP	USD	Total
Market value - forward contracts	0.6	-0.2	0.0	0.3	**0.7**
Notional principal amount - forward contracts *	-12.0	-2.3	0.0	1.4	**-12.9**

The forward contracts fall due from January 2016 - December 2016.

2014

EURm	NOK	AUD	GBD	USD	Total
Market value - forward contracts	0.2	0.0	0.0	1.0	**1.2**
Notional principal amount - forward contracts*	-4.1	-4.2	-0.1	9.5	**1.1**

The forward contracts fall due from January 2015 - December 2016.

* For forward exchange contracts, positive notional values are purchases of the relevant currency, negative notional values are sales.

29. Financial risks and financial instruments (continued)

Interest rate risk

Owing to the Group's investment and financing activities the Group has exposure to interest rate changes in both Denmark and abroad. The primary interest-rate exposure is related to fluctuations in CIBOR, LIBOR and EURIBOR.

The Group's preferred financing is floating rate loans. The Group's net interest-bearing debt (NIBD) at 31 December 2015 came in at EUR 68.1m, 100% thereof financed by floating rate loans. NIBD at 31 December 2014 represented EUR 117.0m (accounting for 100% floating rate loans).

With regard to the Group's floating rate loans and cash equivalents, an annual 1% increase in the interest level in proportion to the actual interest rates would, other things being equal, have had an adverse hypothetical impact on the profit before tax of EUR 1.0m (2014: EUR 1.3m) and on equity of EUR 0.8m (2014: EUR 1.0m). A declining interest level would have had a corresponding positive impact on result and equity.

The Group's cash is placed on demand or time deposits with a maturity of up to 3 months.

The sensitivities stated are based on average financial assets and liabilities for the year.

Raw material price risks

The Group uses a number of raw materials in the manufacture of the Group's products, which expose the Group to a price risk, i.a. especially different fuels and electricity. The Group enters into annual fixed price contracts for some raw materials. A material part of the price risk on the Group's and parent company's fuel oil is hedged through swap agreements.

Open Group swap contracts at 31 December, net:

2015

EURm	Total
Market value - swap contracts	-0.4

The swap contracts fall due in January 2016.

2014

EURm	Total
Market value - swap contracts	-0.2

The swap contracts fall due from January 2015 to December 2015

Liquidity risks

According to the Group borrowing policy, the Group will ensure the highest possible flexibility by maintaining a capital structure with a strong equity financing. At Group level, there are on-going assessments and management of liquidity risk by maintaining adequate cash reserves/loan facilities based on follow-up on and forecast of cash flow compared with the maturity/repayment profiles related to the Group's financial instruments.

The Aalborg Portland Holding Group is included in the Cementir Group's overall management of financial risks.

The Group's liquidity reserve consists of non-tied-up cash and undrawn credit facilities. The credit facilities consist of both committed and uncommitted facilities. At the balance sheet date, the Group had at its disposal undrawn loan facilities of EUR 113m (2014: EUR 121m). The Management is of the opinion that the Group has sufficient liquidity at its disposal to carry through planned investments and operating activities and to take the proper action in case of unforeseen liquidity shortfalls.

Regarding maturities of the Group debt, reference is made to note 23.

Based on the Group's expectations for the future operation and the Group's present cash funds, no other significant liquidity risks have been identified.

29. Financial risks and financial instruments (continued)

Credit risks

The Group's credit risks arise primarily from receivables related to customers, other receivables and cash.

As a consequence of the Group's credit risk policy, credit rating of all major customers and other trading partners is performed before contract formation and hereafter continuously. An efficient credit control is important to the Group in the present market.

Management of the credit risks is based on internal credit limits, which are based on the customer's and the counterparties' creditworthiness, based on both internal and external credit ratings as well as the Group's experience with the counterparty. If no satisfactory guarantee is obtained when credit rating the customer/counterparty, payment in advance or separate guarantee for the sale, e.g. a bank guarantee, will be required.

Due to the market situation, the Nordic companies of the Group have in recent years increased the resources used on followup on customers, which contributes to early warnings of possible risks. As part of the Group's risk management, the credit exposure of customers and counterparties is monitored daily, weekly or monthly based on individual assessments. Historically the Group has had relatively small losses due to customers' or counterparties' inability to pay.

The credit risk limit of financial assets corresponds to the values recognised on the balance sheet.

No individual customer or co-operator poses any material risk to the Group.

The credit rating of trade receivables is analysed on the basis of the business areas of the Group:

EURm	2015	2014
Aalborg Portland	16.0	13.0
Unicon	32.8	34.7
Overseas	7.8	10.6
Turkey	58.1	54.6
England	3.1	3.5
	117.8	**116.4**

Receivables from Aalborg Portland activities are attributable to Danish customers and export customers characterised as medium- sized and major customers. The Group is familiar with the Danish customers, who have not been granted long credit lines. Experience shows that export customers pose a low credit risk.

Regarding the Unicon activities the Group's customers primarily consist of contractors, builders and others, customers posing a higher credit risk. Overseas activities are attributable to minor local customers and medium-sized to major customers on a global scale. Credits are granted in accordance with usual, local trading terms. Credit rating is applied to some types of customers, but experience shows that customers in Overseas pose a low credit risk.

In Turkey, there are both dealers and end-users (contractors and other customers) within both the ready-mixed concrete, cement and waste business. All customers are generally required to provide security for deliveries unless the management has assessed that there are no significant risks associated with selling to that customer. The waste business sales are only to large customers. Received collaterals amount to EUR 41.2m at 31 December 2015 (2014: EUR 40.6m).

Trade receivables at 31 December 2015 include receivables of EUR 4.4m (2014: EUR 4.1m), which, based on an individual assessment, have been written down to EUR 0.3m (2014: EUR 0.6m). The write-downs were generally motivated by the customers' bankruptcy or anticipated bankruptcy. When calculating individual write-downs the collaterals received have been taken into account.

Receivables overdue at 31 December are specified as follows:

EURm	2015	2014
Payment: Up to 30 days	12.4	9.3
Between 30 and 90 days	4.0	2.0
More than 90 days	6.2	0.5
	22.6	**11.8**

The receivables written down are included at their net amounts in the above-mentioned table.

EUR ‘000

29. Financial risks and financial instruments (continued)

Management of capital structure

Group capital management is assessed and adjusted in close co-operation with the Italian parent company. The Aalborg Portland Holding Group is included in the Cementir Group's overall capital management.

It is the Group's policy that the capital structure and financial gearing of the Group shall at all times reflect the Group's activities and risk profile, afford sufficient financial latitude to ensure the Group's creditworthiness, and provide flexibility and room for investments or acquisitions based on the Group strategy.

The distribution of dividends takes place considering the appropriate level of equity and sufficient availability of loan capital to facilitate the Group's ongoing expansion.

The Group financial gearing between net interest-bearing debt and EBITDA is 0.4 at 31 December 2015 (31 December 2014: 0.6).

Specification of financial assets and obligations EUR'000	Carrying value 2015	Fair value 2015	Carrying value 2014	Fair value 2014
Financial assets measured at fair value in the income statement	0	0	0	0
Financial assets used as hedging instruments, level 2	889	889	1,213	1,213
Loans and receivables	273,461	273,461	240,526	240,526
Financial assets available for sale	0	0	0	0
Financial obligations measured at fair value in the income statement	0	0	0	0
Financial obligations used as hedging instruments, level 2	645	645	237	237
Financial obligations measured at amortised cost	399,713	399,713	409,007	411,474

Methods and assumptions on determination of fair values

In general, fair value corresponds to the carrying value, except for mortgage loans.

Financial instruments related to sale and procurement of goods etc. with a short credit period are measured at fair value corresponding to the carrying value.

Derivative financial instruments are computed on generally accepted valuation methods based on relevant exchange rates.

The methods used are unchanged compared to 2014.

30. Post-balance sheet events

There have been no post-balance sheet events material to this Annual Report which have not been recognised or mentioned.

31. Critical accounting policies as well as accounting estimates and judgements

Group

The accounting polices require that when calculating the carrying value of certain assets and liabilities estimates are made of how future events influence the value of recognised assets and liabilities at the balance sheet date. Estimates that have a material influence on the amounts recognised in the annual report.

The estimates applied are based on assumptions deemed reasonable by the Management, but, given the nature of things, are uncertain. Thus, the Group is exposed to risks and uncertainties that may result in variances between actual and estimated results.

The development in the world economy and in the financial markets in 2014 and 2015 has resulted in considerable changes compared to previous years in respect of some uncertainty in a number of key assumptions within i.a. credit risk, interest level, sales volumes, volatility, etc.

The Management deems that the accounting policies do not include critical aspects.

The following items of the Aalborg Portland Holding Group are subject to major accounting estimates and judgements:

Goodwill

The annual impairment test of goodwill involves an estimate over how the part of the Group to which the goodwill is allocated (cash-generating units) may generate sufficient, positive, future net cash flows in order to support the value of goodwill and other net assets in the cash-generating unit. The Group's thorough budgeting and estimating support the assessments and minimise the risk. The degree of uncertainty is reflected in the chosen discount rate. The impairment test has been further described in note 13.

Non-current assets

Non-current assets are measured at cost less accumulated depreciation and impairment.

Depreciation is provided on a straight-line basis over the expected useful lives of the assets considering the residual value of the assets. The anticipated useful life and residual value are determined on the basis of past experience and the anticipated future use of the asset in question. The anticipated future use and scrap values may prove impossible to realise, prompting a need for write-down or a loss on the disposal of the assets. The depreciation periods are stated in the section "Accounting policies" in note 32, and noncurrent assets are stated in notes 13 and 14.

Investment property

The fair value measurement of investment property is based on estimates. Reference is made to note 15 for a further description hereof.

Consolidated financial statements

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Based on the absolute size of ownership and the distribution of shareholdings, including votes and relationships, the Group management considers the Group's ownership to be sufficient to exercise a controlling influence on the basis that the Group holds 50% of the shares and have casting vote.

Provisions and contingent liabilities

Assessment of provisions and contingent liabilities are largely based on estimates and judgements. Description of provisions and contingent liabilities is given in notes 22 and 27.

32. Accounting policies

The Annual Report 2015 of the Aalborg Portland Holding Group is prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

The Aalborg Portland Holding Group's official statutory annual report is presented in EUR.

The accounting policies set out below have been used consistently in respect of the financial year. For standards implemented prospectively, comparative information is not restated.

On 8 March 2016, the Board of Directors and the Management approved the annual report for 2015 for the Aalborg Portland Holding Group. The annual report is submitted to the shareholders of Aalborg Portland Holding A/S for approval at the Annual General Meeting on 14 April 2016.

32. Accounting policies (continued)

Changes in accounting policies

The Aalborg Portland Holding Group has implemented the financial reporting standards and IFRICs which came into force for the 2015 financial year. The new standards and IFRICs did not affect recognition and measurement of assets and liabilities in the 2015 financial year.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Aalborg Portland Holding A/S, and subsidiaries, in which Aalborg Portland Holding A/S exercises a controlling influence.

The Group exercises a controlling influence in an enterprise, if the Group is exposed to or has the right to variable returns from its involvement with the enterprise, and has the ability to affect those returns through its power over the enterprise.

Enterprises, in which the Group directly or indirectly holds more than 20% and less than 50% of the voting rights and another entity has controlling influence, are considered as associates. However, this is based on an assessment of the ability of exercising influence.

When assessing whether the Group exercises a controlling or significant influence, it is to be considered whether potential voting rights exercisable at the balance sheet date are real and have substance as well as de facto control.

If the enterprises meet the criteria for joint control, they are considered as investments in joint arrangements. Joint arrangements are activities or enterprises, in which the Group exercises joint control through cooperation agreements with one or more parties. Joint control implies that decisions about the relevant activities require unanimous consent of the parties with joint control.

Joint arrangements are classified as joint ventures or joint operations. Joints operations are activities where participants are entitled to a proportionate share of the individual assets and liabilities in the arrangement, while joint ventures are activities where participants alone have the right to a proportionate share of net assets in the arrangement.

Business combinations

Enterprises acquired are recognised in the consolidated financial statements from the date of acquisition which is the date at which Aalborg Portland Holding actually gains control of the enterprise acquired. The comparative figures are not restated for acquisitions.

For business combinations any remaining positive balance (goodwill) is recognised as goodwill under intangible assets between on the one side the consideration, the value of the non-controlling interests of the enterprise acquired and the fair value of possible previously acquired equity investments and on the other side the fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is not amortised but impairment tested annually as a minimum. The first impairment test is performed before the end of the acquisition year.

Upon acquisition, goodwill is allocated to the cash-generating units which subsequently form the basis for the impairment test. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a different functional currency from the presentation currency of the Aalborg Portland Holding Group's financial statements are treated as assets and liabilities belonging to the foreign entity and translated into the foreign entity's functional currency at the exchange rate ruling at the transaction date.

The consideration transferred by a business consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. Costs attributable to business combinations are recognised directly in profit or loss as administrative expenses when incurred.

The book value method is applied to transfers between Group companies (common controlled transactions), according to which assets and liabilities are transferred at their carrying amount at the date where control is obtained. The difference between the carrying value of net assets acquired and consideration is recognised directly in equity.

When enterprises are sold, the difference between the selling price and the net assets plus cumulative translation differences and unamortised goodwill is recognised in the income statement as a separate item in finance income and finance costs.

32. Accounting policies (continued)

Non-controlling interests

On initial recognition, non-controlling interests are measured at fair value or at the proportionate share of the fair value of the acquired business's identifiable assets, liabilities and contingent liabilities. In the first scenario, goodwill in relation to the noncontrolling interests' ownership share in the acquired enterprise is thus recognised, while, in the latter scenario, goodwill in relation to non-controlling interests is not recognised. Measurement of non-controlling interests is chosen transaction by transaction and stated in the notes in connection with the description of acquired enterprises. The effect of transactions with non-controlling interests is taken directly to shareholders' equity. Therefore, no gains or losses are stated in the income statement, and there is no change of the carrying amount of net assets (including goodwill).

Foreign currency translation

For each of the reporting enterprises in the Group, a functional currency is determined. Transactions denominated in other currencies than the functional currency are considered transactions denominated in foreign currencies.

Transactions in foreign currencies are on initial recognition translated at the functional currency at the exchange rate of the date of transaction.

Financial assets and liabilities in foreign currencies are translated at the exchange rates at the balance sheet date. Any foreign exchange variances between the rates at the transaction date and the payment date or the balance sheet date, respectively, are stated in the income statement as financial items. Non-financial assets and liabilities in foreign currencies are stated at the rate of exchange at the date of transaction.

On recognition in the consolidated financial statements of foreign enterprises and associates as well as foreign joint ventures with a functional currency different from the Group's presentation currency, the income statements are translated at the average exchange rates and the balance sheet items are translated at the exchange rates at the balance sheet date. The calculation differences arising from the translation of the income statements of companies abroad at average exchange rates and of their balance sheet items at the rate of exchange on the balance sheet date are taken directly to other comprehensive income.

On full or partial disposal of wholly-owned foreign operations resulting in a loss of control or on repayment of balances which constitute part of the net investment in the foreign operation, the share of the cumulative amount of the exchange differences that is recognised in other comprehensive income relating hereto is reclassified from other comprehensive income to profit for the year together with gain or loss on disposal. On the disposal of partially owned foreign subsidiaries resulting in a loss of control, the share of the translation reserve in other comprehensive income attributable to non-controlling interests is not transferred to profit or loss. An average exchange rate is used if it does not significantly deviate from the exchange rate ruling at the transaction date. The assets and liabilities of a foreign company acquired are translated at the exchange rate at the date of transaction (acquisition date).

Derivative financial instruments

Derivative financial instruments are recognised at the date a derivative contract is entered into and measured in the statement of financial position at fair value. Positive and negative fair values of derivative financial instruments are included as separate line items in the statement of financial position, and set-off of positive and negative values is only made when the Company has the right and the intention to settle several financial instruments net.

The rules for hedge accounting are not applied, and value adjustments of derivative financial instruments are therefore recognised as finance income and finance costs.

Income statement

Net sales

Net sales are recognised in the income statement on delivery and passing of the risk to the buyer and when the income can be measured reliably and is expected to be received.

Net sales are measured at fair value of the consideration agreed excl. VAT charged on account of third party. All kinds of discounts are recognised in net sales.

32. Accounting policies (continued)

Cost of sales

Cost of sales comprises costs incurred to generate net sales for the year and development costs which do not meet the criteria for capitalisation. This includes raw materials, consumables, CO_2 quotas, direct labour costs and indirect production costs such as maintenance and operation of production plant as well as production plant depreciation, administration and plant management.

Sales and distribution costs

Sales and distribution costs comprise direct distribution and marketing costs, salaries for the sales and marketing functions as well as other indirect costs, including depreciation and amortisation.

Administrative expenses

Administrative expenses comprise the costs of administrative staff and management and other indirect expenses, as well as depreciation and amortisation.

Other operating income and costs

Other operating income and costs comprise items of a secondary nature in relation to the activities of the Group, including certain grants, rentals, fees, fair value adjustments of investment property, etc.

Gains and losses from the disposal of property, plant and equipment which cannot be considered part of the disposal of a complete activity are included in other operating income and costs.

Profit/loss from investments in joint ventures

The proportionate share of the profit/loss after tax in joint ventures is recognised in the consolidated income statement after elimination of the proportionate share of intra-group profits/losses.

Financial items

Interest income and expenses comprise interest, exchange rate gains and losses regarding transactions denominated in foreign currencies and write-down on securities, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc. Realised and unrealised gains and losses on derivative financial instruments that are not qualified as hedge accounting are also included.

Tax

Tax for the year comprises current tax and changes in deferred tax.

Current tax comprises tax payable calculated on the basis of the expected taxable income for the year, using the applicable tax rates for the financial year and any adjustment of tax for previous years.

Tax related to other comprehensive income is recognised in other comprehensive income.

Deferred tax is recognised and measured according to the balance sheet liability method on all temporary differences between the carrying amounts for financial reporting purposes and the amounts used for taxation purposes, except differences relating to goodwill not deductible for tax purposes.

Measurement of deferred tax is based on the tax rules and tax rates applicable in the respective countries at the balance sheet date, which is expected to be valid, when the deferred tax will be reversed as current tax. The effect of changes in the tax rates is stated in the income statement unless it relates to items previously entered directly in Shareholders' equity.

Deferred tax assets, including the value of tax loss carry-forwards, are recognised under Financial assets at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Aalborg Portland Holding A/S is covered by the Danish rules on compulsory joint taxation of the Group's Danish companies. Enterprises are included in the joint taxation from the date of consolidation into the consolidated financial statements and up to the date when they exit the consolidation.

Aalborg Portland Holding A/S is the administrative company for the joint taxation and consequently settles all income tax payments with the tax authorities.

The current Danish income tax is allocated by payment of joint taxation contributions between the jointly taxed companies in proportion to their taxable income. Companies with tax losses receive joint tax contributions from companies who have used this loss to reduce their own taxable income.

Balance sheet

Intangible assets

Goodwill

On initial recognition, goodwill is recognised in the balance sheet at cost as described under "Business combinations". Subsequently goodwill is measured at cost less accumulated impairment. Goodwill is not amortised.

The carrying amount of goodwill is allocated to the Group's cash-generating units at the acquisition date. Determination of cash-generating units follows the management structure and internal financial control.

Development projects

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities in the Company is demonstrated, and where the Company intends to complete, market or use the individual project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings or the net selling price can cover production costs, selling and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development projects are measured at cost less accumulated amortisation and impairment. Cost comprises wages and salaries, amortisation and other costs attributable to the Group's development activities.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life from the date when the asset is available for use. The amortisation period is up to 5 years.

Other intangible assets

Other intangible assets, including intangible assets acquired in business combinations, are measured at cost less accumulated amortisation and impairment losses.

Amortisation is made on a straight-line basis over the lower of the useful life and the contract period.

The expected useful lives are:

- Software applications, up to 10 years.
- Customer contract 25 years.
- Patents, licences and other intangible assets, up to 20 years.
- Leasehold improvements, up to 5 years.

CO_2 quotas

On initial recognition, granted and acquired CO_2 quotas are measured at cost.

The basis for amortisation of CO_2 quotas is stated as cost less scrap value. The scrap value depends on whether the company expects to utilise the quotas or sell them. Amortisation is based on a portfolio view on a straight-line basis.

If the actual emission exceeds the granted and acquired CO_2 quotas, a liability corresponding to the fair value of the CO_2 quotas, which the company has to settle, is recognised.

On disposal of CO_2 quotas the difference between carrying amount and the selling price of excess CO_2 quotas is recognised in the income statement at the date of disposal.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment.

The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries as well as borrowing costs from specific or general lending directly relating to the construction of the individual asset.

Deemed costs for dismantling and disposal of the asset and re-establishment are added to cost if the deemed costs are recognised as a provision. The cost of total assets is split into separate components, which are depreciated separately if the useful lives of the individual components differ.

The cost of finance leases are measured at the lower value of the asset's fair value or at the present value of the future minimum lease payment. When calculating the present value, the internal interest rate of the lease or the Group's alternative borrowing rate is used as discount rate.

32. Accounting policies (continued)

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognised in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The carrying amount of the replaced components are derecognised in the balance sheet and recognised as an expense in the income statement. All costs incurred for ordinary repairs and maintenance are recognised in the income statement as incurred.

Depreciation is charged on a straight-line basis during the estimated useful life of the asset concerned until it reaches the estimated scrap value. Estimated useful lives are as follows:

- Buildings and improvements of land, 5-50 years
- Main machinery, 25 years
- Other plant and machinery, 3-20 years.

Newly acquired assets and assets of own construction are depreciated from the time they come into use. Land is not depreciated, unless it is used for raw material extraction after individual assessment. The basis of depreciation is calculated on the basis of the scrap value less impairment losses. The scrap value is determined at the acquisition date and reassessed annually. If the scrap value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the scrap value, the effect on the depreciation is recognised prospectively as a change in accounting estimates.

Depreciation is recognised in the income statement as production costs, sales and distribution costs and administrative expenses to the extent that depreciation is not included in the cost of self-constructed assets.

Investment properties

Properties are classified as investment properties when they are held for the purpose of obtaining rental income and/or capital gains. On initial recognition, investment properties are measured at cost, comprising purchase price and costs directly attributable to the acquisition. Subsequently, investment properties are measured at fair value. Changes in the fair value are recognised in profit or loss as value adjustment of investment properties under other operating income/costs in the financial year in which the change arises.

Realised gains and losses on the disposal of investment properties are determined as the difference between the carrying amount and the sales price and are also recognised under other operating income/costs.

If investment properties are reclassified to own property, fair value at this date is considered new cost price.

Investments in joint ventures

Investments in jointly managed enterprises (joint ventures) are measured according to the equity method, and the investments are recognised in the balance sheet as the proportionate share of the equity value of the entities stated in accordance with the Group's accounting policies, adding or deducting the proportionate share of unrealised intra-group profits and losses, and adding carrying amount of goodwill.

Joint ventures with negative equity value are measured at 0. If the Group has a legal or constructive obligation to cover a deficit in the joint ventures, the remaining amount is recognised under liabilities.

Other non-current assets

Other non-current assets mainly relate to deposits and loans which are measured at amortised cost. Amortisation for the year is stated in the income statement.

Impairment of non-current assets

Goodwill is subject to annual impairment tests, initially before the end of the acquisition year.

The carrying amount of goodwill is tested together with the other non-current assets of the cash-generating unit or group of cash-generating units to which goodwill is allocated. The assets of the cash-generating units are written down to the recoverable amount in profit or loss if the carrying amount is higher. The recoverable amount of a CGU is generally determined as the present value of the expected future net cash flows from the entity or activity (cash-generating unit) to which goodwill is allocated.

However, impairment losses on goodwill are recognised as other operating costs in the income statement.

The carrying amount of other non-current assets, except for goodwill, investment properties and financial assets measured at fair value, is tested annually for indications of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from an asset or the cash-generating unit to which the asset belongs.

An impairment loss is recognised if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit.

Amortisation and depreciation of intangible assets and property, plant and equipment are recognised in the same item as the related amortisation and depreciation. However, impairment losses on goodwill are recognised in a separate line item in the income statement.

Inventories

Raw materials and consumables are measured at cost. Cost is computed according to the weighted average cost method.

The cost of goods for resale and raw materials and consumables comprises purchase price plus delivery costs.

The cost of work in progress and finished goods comprise direct production costs with addition of indirect production costs. Indirect production costs include operating costs, maintenance and depreciation of production plant and plant management.

If the net realisable value is lower than cost, write-down is made to this lower value.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses when there is an objective indication of an impairment loss. In such cases, write-down is made individually for each specific receivable.

Write-down is stated as the difference between the carrying amount and the present value of the expected cash flow, including the net realisable value of any received collaterals. The effective interest rate used at the time of initial recognition is used as the discount rate for the individual receivable or portfolio.

Equity

Dividends are recognised as debt at the time of approval at the annual general meeting (time of declaration). Dividends which are proposed for distribution are therefore stated separately in the shareholders' equity.

Reserves relating to foreign exchange adjustments in the consolidated financial statements comprise currency translation differences arising from the translation of the financial statements of foreign entities from their functional currencies to the presentation currency of the Aalborg Portland Holding Group (EUR) and foreign exchange adjustments of assets and liabilities considered to be part of the Group's net investment in foreign operations.

On full or partial realisation of net investments, exchange differences are recognised in the income statement.

Pensions, defined contribution schemes

In contribution pension schemes the employer is obliged to pay a specific contribution (e.g. a fixed sum or a fixed percentage of the pay). In a contribution scheme the risk in respect of future developments in interest rate, inflation, mortality and invalidity is not borne by the Group.

Payments by the Group into defined contribution schemes are stated in the income statement for the period to which they apply and any outstanding payments are stated in the balance sheet as Other payables.

Pensions, defined benefit schemes

In benefit pension schemes the employer is obliged to pay a specific benefit (e.g. a retirement pension as a fixed sum or a fixed percentage of final pay). In a benefit scheme the Group bears the risk with regard to future development in interest rate, inflation, mortality and invalidity.

32. Accounting policies (continued)

An annual actuarial valuation is carried out to determine the present value of the future benefits which the employees have obtained under defined benefit schemes. The present value is calculated on the basis of assumptions for future developments in wage/salary level, interest rates, inflation, pension age and mortality. The present value is calculated only for benefits to which the employees have already earned the right during their employment with the Group. The actuarial present value less the fair value of any plan assets is recognised in the balance sheet under retirement benefit obligations. The pension costs of the year are recognised in profit or loss based on actuarial estimates at the beginning of the year. Differences between the calculated growth in pension assets and liabilities and the realised values stated at the end of the year are classified as actuarial gains or losses and are recognised in other comprehensive income.

If a pension plan constitutes a net asset, the asset is only recognised if it represents future refunds from the plan or will lead to reduced future payments to the plan.

Long-term employee benefits are recognised based on an actuarial calculation. All actuarial gains and losses are recognised in the income statement immediately. Other long-term employee benefits include i.a. anniversary bonuses.

Provisions

Provisions are recognised when, as a result of past events, the Group has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

When the Group has a legal obligation to dismantle or remove an asset or restore the site on which the asset is located, a provision is recognised corresponding to the present value of expected future costs. The present value of costs is recognised in the income statement for the tangible assets concerned and is amortised together with these assets over the useful lives or according to the production method.

Provisions are measured as the best estimate of the expenses required to settle the obligation at the balance sheet date.

Financial liabilities

Amounts owed to credit institutions are recognised when raising the loan at fair value less transaction costs. Subsequent measurement is made at amortised cost so that the difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

The capitalised remaining lease liability of finance leases is also recognised in financial liabilities, measured at amortised cost. Other financial liabilities are measured at amortised cost.

Leases

Lease commitments are classified as finance or operating leases. A lease is classified as a finance lease if it transfers substantially all risks and rewards incident to ownership. All other leases are classified as operating leases.

The accounting for finance leases and the related liabilities are described in the paragraphs concerning tangible assets and financial liabilities, respectively.

Lease payments regarding operating leasing are expensed on a straight-line basis over the lease term.

Cash flow statement

The cash flow statement is presented according to the indirect method and shows the composition of the cash flow divided into operating, investing and financing activities, respectively, and the cash funds at the beginning and end of the year.

In the statement of working capital/loans a distinction is made between interest-bearing and non-interest-bearing items plus cash funds.

Cash funds consist of cash in hand and bank deposits. Loans represent total interest-bearing debt items less interest bearing receivables. Formation of finance leases are considered as non cash transactions.

All other non interest bearing receivables and debt items are regarded as working capital.

Cash flows from operating activities are stated as Earnings Before Interest and Tax (EBIT) adjusted for non cash operating items, changes in working capital, financial items and paid tax.

Cash flows from investing activities comprise payments made in connection with the acquisition and disposal of enterprises and activities and the acquisition and disposal of non-current assets.
Cash flows from financing activities comprise payments to and contributions from owners as well as the raising and repayment of loans.

Segment reporting

The Aalborg Portland Holding Group is not a listed company and therefore no segment reporting is made according to IFRS 8.

New and changed standards

A number of new financial reporting standards, which are not compulsory for the Group in 2015, have been released. The adopted, non-effective standards and interpretations are implemented as they become mandatory for the Group. None of the new standards or interpretations is expected to have any significant impact on the financial reporting for the Group.
On 13 January 2016, the IASB issued the new standard IFRS 16 Leases, which replaces IAS 17. IFRS 16 will apply from 1 January 2019. The new standard eliminates the difference in the financial and operating lease accounting. The conclusion of the due process by the EFRAG is expected in the second half of 2016.

Financial ratios

EBITDA ratio	$\dfrac{\text{Earnings before depreciation/amortisation, impairment losses, provisions, interest and tax (EBITDA)}}{\text{Net sales}}$
EBIT ratio	$\dfrac{\text{Earnings before interest and tax (EBIT)}}{\text{Net sales}}$
ROCE	$\dfrac{\text{NOPAT}}{\text{Average capital employed}}$
NOPAT	Net Operating Profit After Tax Earnings before interest and tax (EBIT) x (1 – effective tax rate)
Capital employed	Intangible assets + tangible assets + working capital
Equity ratio	$\dfrac{\text{Shareholders' equity}}{\text{Total assets}}$
Return on equity	$\dfrac{\text{Profit}}{\text{Average shareholders' equity}}$
Net interest-bearing debt (NIBD)	Interest-bearing liabilities less interest-bearing assets
Working capital	Inventories, receivables and trade payables.

3 Financial statements (Parent Company)

Income statement

EUR '000

	Notes	2015	2014
Revenue	1	30,385	27,371
Gross profit		**30,385**	**27,371**
Sales and distribution costs	2	4,078	3,258
Administrative expenses	2+3	13,215	10,981
Earnings before interest and tax (EBIT)		**13,092**	**13,132**
Financial income	4	1,947	2,290
Financial expenses	4	1,097	2,064
Earnings before tax (EBT)		**13,942**	**13,358**
Income tax	5	-6	-14
Profit for the year		**13,948**	**13,372**
Result of transferred activity to Group company		16,404	36,924
Profit for the year		**30,352**	**50,296**
To be distributed as follows:			
Retained earnings		30,352	50,296

Statement of comprehensive income

EUR '000

	2015	2014
Profit for the year	30,352	50,296
Total comprehensive income	**30,352**	**50,296**

Cash flow statement

EUR '000

	Notes	2015	2014
Cash flow from operating activities			
Earnings before interest and tax (EBIT)		13,092	13,132
Earnings before interest and tax (EBIT) from activity transfered to Group company		21,542	47,939
Adjustment for non-cash items	6	7,054	14,406
Change in working capital etc.	7	-5,187	-1,525
Cash flow from operating activities before financial items and tax		**36,501**	**73,952**
Financial payments received and made	8	44	584
Income tax paid		-12,113	-10,139
Cash flow from operating activities (CFFO)		**24,432**	**64,397**
Cash flow from investing activities			
Acquisition of intangible assets		-168	-562
Acquisition of property, plant and equipment		-9,495	-12,044
Disposal of intangible assets and property, plant and equipment		25	45
Dividends received from subsidiaries		0	192
Cash flow from investing activities (CFFI)		**-9,638**	**-12,369**
Cash flow from operating and investing activities, total		**14,794**	**52,028**
Cash flow from financing activities			
Transferred activity to Group company		83,033	0
Acquisition of shares from non-controlling interests	21	-45,540	-49,901
Changes in financing	9	-43,214	-2,128
Cash flow from financing activities		**-5,721**	**-52,029**
Changes in cash and cash equivalents		**9,073**	**-1**
Cash and cash equivalents at 1 January	9	7	8
Cash and cash equivalents transferred to Group company	21	-4,093	0
Cash and cash equivalents at 31 December		**4,987**	**7**

The cash flow statement cannot be derived from the published financial information only.

Balance sheet

EUR '000

	Notes	2015	2014
ASSETS			
Goodwill		0	2,334
Other intangible assets		103	5,818
Intangible assets in development		0	153
Intangible assets	10	**103**	**8,305**
Land and buildings		0	35,312
Plant and machinery		0	84,632
Property, plant and equipment in development		0	7,568
Property, plant and equipment	11	**0**	**127,512**
Investments in subsidiaries	12	566,688	478,381
Other non-current assets	12	0	180
Deferred tax assets	12+13	7	0
Other non-current assets		**566,695**	**478,561**
Total non-current assets		**566,798**	**614,378**
Inventories	14	**0**	**29,258**
Trade receivables	15	0	11,198
Amounts owed by Group enterprises		15,260	27,720
Amounts owed by joint ventures		0	3,193
Derivative financial instruments (positive fair value)		0	1,169
Joint taxation contribution receivable		15,087	1,437
Other receivables	15	6,543	3,300
Prepayments	15	106	487
Receivables		**36,996**	**48,504**
Cash funds		**4,987**	**7**
Total current assets		**41,983**	**77,769**
TOTAL ASSETS		**608,781**	**692,147**

Balance sheet

EUR ‘000

	Notes	2015	2014
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital		40,333	40,333
Retained earnings		411,664	382,487
Total shareholders' equity		**451,997**	**422,820**
Liabilities			
Deferred tax liabilities	13	0	20,362
Provisions	16	0	3,432
Credit institutions etc.	17+19	50,000	165,001
Non-current liabilities		**50,000**	**188,795**
Credit institutions	17+19	38	10,058
Trade payables		62	39,176
Amounts owed to Group enterprises		104,223	23,321
Amounts owed to joint ventures		0	4
Derivative financial instruments (negative fair value)		0	237
Income tax payable		1,876	283
Provisions	16	0	120
Other payables	18	585	7,333
Current liabilities		**106,784**	**80,532**
Total liabilities		**156,784**	**269,327**
TOTAL EQUITY AND LIABILITIES		**608,781**	**692,147**

Statement of shareholders' equity

EUR '000	Share capital	Retained earnings	Total
Shareholders' equity at 1 January 2015	40,333	382,487	422,820
Effect of translation to presentation currency		-1,175	-1,175
Profit for the year (total comprehensive income)		30,352	30,352
Shareholders' equity at 31 December 2015	**40,333**	**411,664**	**451,997**
Shareholders' equity at 1 January 2014	40,333	330,685	371,018
Effect of translation to presentation currency		1,506	1,506
Profit for the year (total comprehensive income)		50,296	50,296
Shareholders' equity at 31 December 2014	**40,333**	**382,487**	**422,820**

The share capital in 2015 and 2014 consists of:

1 share at DKK 150m

1 share at DKK 60m

2 shares at DKK 30m each

1 share at DKK 15m

5 shares at DKK 3m each

Dividends distributed to shareholders in 2015 were EUR 0.0m (2014: EUR 0.0m).

Notes

EUR ´000

1. Revenue

	2015	2014
Dividend received	13,405	13,414
Consultancy services provided to subsidiaries and royalties on the subsidiaries' use of the trademarks	16,980	13,957
	30,385	**27,371**

2. Staff costs

	2015	2014
Wages and salaries and other remuneration	1,172	1,149
Pension costs, defined contribution schemes	81	79
	1,253	**1,228**
Number of employees at 31 December	8	8
Average number of full-time employees	8	8
Remuneration of the Board of Directors, the Management and other senior executive		
Salaries and remunerations	1,516	2,168
Pension contributions	52	76
	1,568	**2,244**
Excluding wages and salaries related to transfer of activity to Group company		
Hereof Board of Directors and Management	1,133	1,580
Remuneration of the Board of Directors represents EUR 116k in 2015 (2014: EUR 117k).		

Pension schemes

Pension schemes in Aalborg Portland Holding A/S are defined contribution schemes, which do not entail any obligations beyond payment of contributions.

3. Fees to the auditors appointed by the Annual General Meeting

	2015	2014
Total fees to KPMG are specified as follows:		
Statutory audit	37	36
Other assurance engagements	0	0
Tax and VAT advisory services	0	0
Other services	1	1
	38	**37**
Fess to other auditors	0	0

EUR '000

4. Financial income and expenses

	2015	2014
Financial income		
Interest, cash funds etc.	6	19
Interest, Group enterprises	705	626
Profit on sale of investments in subsidiaries	15	0
Exchange rate adjustments	1,221	1,645
	1947	**2,290**
Interest on financial assets measured at amortised cost	711	0
Financial expenses		
Interest, credit institutions etc.	793	948
Interest, Group enterprises	97	20
Exchange rate adjustments	207	1,096
	1,097	**2,064**
Interest on financial obligations measured at amortised cost	890	968

5. Income tax

	2015	2014
Income tax		
Current tax on the profit for the year/joint taxation contribution	132	-14
Deferred tax adjustment	-7	0
Other adjustments, including previous years	-131	0
	-6	**-14**
Taxes paid	**12,062**	**10,123**

According to legislation, the Parent Company is the administrative company of the compulsory Danish joint taxation.

	2015	2014
Reconciliation of tax rate		
Tax according to Danish tax rate 23.5% (2014: 24.5%)	3,276	3,272
Dividends received from subsidiaries and profits from sales	-3,150	-3,286
Other, including adjustments previous years	-132	0
	-6	**-14**
Applicable tax rate for the year	**0%**	**0%**
Income tax recognised directly as other comprehensive income	**0**	**0**
Total income tax	**-6**	**-14**

EUR ‘000

6. Adjustment for non-cash items

	2015	2014
Amortisation, depreciation and impairment	7,093	14,385
Change in provisions	-39	14
Gains and losses on sale of property, plant and equipment, and exch. rate adjustments	0	7
	7,054	**14,406**

7. Change in working capital etc.

	2015	2014
Inventories	3,639	-6,820
Receivables	-7,985	-3,637
Trade payables	771	8,408
Change in other receivables, other payables and deferred income	1,612	524
	-5,187	**-1,525**

8. Financial payments received and made

	2015	2014
Financial payments received	4,073	5,433
Financial payments made	-3,023	-4,849
Adjustment for non-cash items	-1,006	0
	44	**584**

9. Net interest-bearing debt (NIBD)

	2015	2014
Net interest-bearing debt, 1 January	171,172	173,015
NIBD transferred to Group company	-83,033	0
Cash and cash equivalents transferred to Group company	4,093	0
Changes in interest-bearing cash funds	-4,980	1
Changes in financing	43,214	-2,128
Exchange rate adjustments	2,615	284
Net interest-bearing debt (- deposit) at 31 December	**133,081**	**171,172**

EUR '000

10. Intangible assets

	Goodwill	Other intangible assets	Intangible assets in development	Total
Cost at 1 January 2015	2,334	15,435	153	17,922
Transferred activity to Group company	-2,334	-15,319	-254	-17,907
Exchange rate adjustments	0	-35	0	-35
Additions	0	24	144	168
Disposals	0	0	0	0
Reclassifications	0	43	-43	0
Cost at 31 December 2015	**0**	**148**	**0**	**148**
Amortisation at 1 January 2015	0	9,617	0	9,617
Transferred activity to Group company	0	-9,992	0	-9,992
Exchange rate adjustments	0	-22	0	-22
Reversed depreciation on disposals	0	0	0	0
Amortisation for the year	0	442	0	442
Amortisation at 31 December 2015	**0**	**45**	**0**	**45**
Carrying amount at 31 December 2015	**0**	**103**	**0**	**103**

Cost at 1 January 2014	2,437	14,660	373	17,470
Exchange rate adjustments	-103	33	1	-69
Additions	0	415	147	562
Disposals	0	-41	0	-41
Reclassifications	0	368	-368	0
Cost at 31 December 2014	**2,334**	**15,435**	**153**	**17,922**
Amortisation at 1 January 2014	0	8,797	0	8,797
Exchange rate adjustments	0	20	0	20
Reversed depreciation on disposals	0	-11	0	-11
Amortisation for the year	0	811	0	811
Amortisation at 31 December 2014	**0**	**9,617**	**0**	**9,617**
Carrying amount at 31 December 2014	**2,334**	**5,818**	**153**	**8,305**

Other intangible assets include patens. Prior to the transfer of activity other intangible assets also included software licenses (SAP R/3), quarry rights, CO_2 quotas and development projects.
Except goodwill, all intangible assets have definite useful lives. The management has not identified factors indicating a need for carrying through impairment test of other intangible assets.
The carrying amount of development projects was in 2014 EUR 0.0m. The development projects were included when transferring activity to the Group company in 2015.
Internally generated intangible assets, mainly regarding SAP implementation, amounted to EUR 1.9m in 2014 and was included when transferring activity to the Group company.
Regarding impairment tests for 2014 reference is made to Group note 13.

EUR ´000

11. Property, plant and equipment

	Land and buildings	Plant and machinery	Property, plant and equipment in development	Total
Cost at 1 January 2015	110,196	374,394	7,568	492,158
Transferred activity to Group company	-109,949	-373,650	-16,933	-500,532
Exchange rate adjustments	-247	-843	-17	-1,107
Additions	0	4	9,477	9,481
Disposals	0	0	0	0
Reclassifications	0	95	-95	0
Cost at 31 December 2015	**0**	**0**	**0**	**0**
Depreciation and impairment at 1 January 2015	74,884	289,762	0	364,646
Transferred activity to Group company	-75,805	-294,672	0	-370,477
Exchange rate adjustments	-168	-652	0	-820
Reversed depreciation on disposals	0	0	0	0
Depreciation for the year	1,089	5,562	0	6,651
Depreciation and impairment at 31 December 2015	**0**	**0**	**0**	**0**
Carrying amount at 31 December 2015	**0**	**0**	**0**	**0**

Cost at 1 January 2014	109,181	365,744	4,445	479,370
Exchange rate adjustments	246	821	10	1,077
Additions	40	6,593	5,479	12,112
Disposals	0	-333	-68	-401
Reclassifications	729	1,569	-2,298	0
Cost at 31 December 2014	**110,196**	**374,394**	**7,568**	**492,158**
Depreciation and impairment at 1 January 2014	72,441	278,155	0	350,596
Exchange rate adjustments	163	624	0	787
Reversed depreciation on disposals	0	-333	0	-333
Depreciation for the year	2,280	11,316	0	13,596
Depreciation and impairment at 31 December 2014	**74,884**	**289,762**	**0**	**364,646**
Carrying amount at 31 December 2014	**35,312**	**84,632**	**7,568**	**127,512**

	2015	2014
Depreciation and impairment during the year is included in the following items:		
Cost of sales	0	13,304
Administrative expenses	0	292
Result of transferred activity to Group company	6,651	0
	6,651	**13,596**

The Parent Company has signed no essential contracts regarding purchase of property, plant and equipment. No changes are made in significant accounting estimates regarding property, plant and equipment.

EUR '000

12. Other non-current assets	Investments in subsidiaries	Other non-current assets	Deferred tax assets	Total
Cost at 1 January 2015	479,202	180	0	479,382
Transferred activity to Group company	-4,715	-194	0	-4,909
Exchange rate adjustments	-1,384	0	0	-1,384
Additions	94,414	14	7	94,435
Disposals	-829	0	0	-829
Cost at 31 December 2015	**566,688**	**0**	**7**	**566,695**
Write-down 1 January 2015	821	0	0	821
Disposals	-821	0	0	-821
Write-down 31 December 2015	**0**	**0**	**0**	**0**
Carrying amount at 31 December 2015	**566,688**	**0**	**7**	**566,695**
Cost at 1 January 2014	427,637	180	0	427,817
Exchange rate adjustments	1,664	0	0	1,664
Additions	49,901	0	0	49,901
Cost at 31 December 2014	**479,202**	**180**	**0**	**479,382**
Write-down 1 January 2014	821	0	0	821
Write-down 31 December 2014	**821**	**0**	**0**	**821**
Carrying amount at 31 December 2014	**478,381**	**180**	**0**	**478,561**

Prior to transfer of activity to Group company other non-current assets mainly relate to deposits.

13. Deferred tax assets and deferred tax liabilities	2015	2014
Change in deferred tax for the year		
Deferred tax liability at 1 January	20,362	20,323
Change of tax rate, via income statement	0	46
Currency adjustment	-46	0
Transferred activity to Group company	-20,316	0
Adjustments, previous years, via income statement	0	0
Movements via income statement	-7	-7
Deferred tax assets (-) / liabilities (+) at 31 December	**-7**	**20,362**
Deferred tax		
Intangible assets	0	1,334
Property, plant and equipment	0	17,065
Current assets	23	2,427
Non-current and current liabilities	-30	-464
Deferred tax at 31 December	**-7**	**20,362**

EUR ´000

14. Inventories	2015	2014
Raw materials and consumables	0	18,295
Work in progress	0	3,562
Finished goods	0	7,401
Prepayments of goods	0	0
Inventories at 31 December	**0**	**29,258**

The inventories were includen when transferring activity to Group company. There are no significant inventories of cement and aggregates carried at net realisable value last year.
Write-down of inventories of spare parts amounted to EUR 3.8m in 2014. Write-down recognised in the income statements was EUR 0.0m in 2014.

15. Trade receivables, other receivables and prepayments	2015	2014
Development in provisions for impairment on trade receivables:		
Provision for impairment at 1 January	12	3
Transferred activity to Group company	-12	0
Provision for impairment in the year	0	9
Provision for impairment at 31 December	**0**	**12**

All receivables are due within one year.
The carrying amount essentially corresponds to fair value.
No collateral has been received regarding trade receivables.
Other receivables include dividends etc. Until the transfer of activity to Group company other receivables comprise energy taxes etc.
Prepayments comprise insurance. Until the transfer of activity to Group company prepayments comprise prepaid rent and insurance etc.

The Great Belt Bridge DENMARK | PHOTOGRAPHER SVANBERG GRATH

EUR '000

16. Provisions

	2015	2014
Provisions at 1 January	3,552	3,530
Transferred activity to Group company	-3,523	0
Exchange rate adjustment	-8	8
Additions during the year	0	17
Disposals/application in the year	0	-3
Reversal	-21	0
Provisions at 31 December	**0**	**3,552**
Recognised in the balance sheet as follows:		
Stated as non-current liabilities	0	3,432
Stated as current liabilities	0	120
	0	**3,552**
Maturities for provisions are expected to be:		
Falling due within one year	0	120
Falling due between one and five years	0	605
Falling due after more than five years	0	2,827
	0	**3,552**

Provisions were included in the transfer of activity to Group company.

Provisions including demolition liabilities for buildings and terminal on rented land amounted to EUR 2.2m in 2014, re-establishment of chalk and clay pits amounted to EUR 1.2m in 2014 and other provisions amounted to EUR 0.2m in 2014. Movements in the year include adjustment of other provisions.

Movements last year included adjustment of liabilities regarding re-establishment of chalk and clay pits, and other provisions. Last year, provisions for liabilities due after more than five years included liabilities regarding re-establishment of chalk and clay pits and demolition liabilities for buildings and terminals with no decision made regarding closure.

EUR ´000

17. Credit institutions and other borrowings

Bank borrowings and credits in the Parent Company at 31 December:

	Year of maturity	Fixed/ variable	Carrying amount 2015	Carrying amount 2014
Mortgage loan	2028	Variable	0	134,369
Bank borrowings and credits	2015-2018	Variable	50,038	40,690
			50,038	**175,059**

Fair values do not significantly deviate from the carrying amount.
The fair value corresponds to the nominal outstanding debt.

The Parent Company's debt to credit institutions has been recognised and falls due as follows:

	Non-current borrowings (> 1 year)	Current borrowings (0-1 year)	Total	Maturity > 5 years
31 December 2015:				
Bank borrowings and credits	50,000	38	50,038	0
	50,000	**38**	**50,038**	**0**
Specification of contractual cash flows incl. interest:				
Bank borrowings and credits	50,534	39	50,573	0
	50,534	**39**	**50,573**	**0**
31 December 2014:				
Mortgage loan	125,131	9,238	134,369	87,381
Bank borrowings and credits	39,870	820	40,690	0
	165,001	**10,058**	**175,059**	**87,381**
Specification of contractual cash flows incl. interest:				
Mortgage loan	138,787	11,434	150,221	93,771
Bank borrowings and credits	40,475	1,089	41,564	0
	179,262	**12,523**	**191,785**	**93,771**

The maturity analysis is based on all undiscounted cash flows including estimated payment of interest.
Payment of interest is estimated and based on the present market conditions.
Other financial liabilities are due within 1 year.

18. Other payables

Other current payables include holiday pay liabilities, taxes and public indirect taxes.

EUR '000

19. Charges and securities

	2015		2014	
	Carrying amount of mortgaged assets	Debt regarding mortgaged assets	Carrying amount of mortgaged assets	Debt regarding mortgaged assets
Property, plant and machinery	0	0	104,561	134,369

20. Contingent liabilities, contractual obligations and contingent assets

Contingent liabilities

The Parent Company is involved in a few disputes, lawsuits, etc. of various scopes, including a few tax disputes in some countries. No significant liabilities are considered to be incumbent on the Parent Company in that respect, and the outcome of the disputes is not expected to have significant impact on the Parent Company's financial position beyond what has been recognised in the balance sheet.

In 2015, contractual liabilities are EUR 0.8m (2014: EUR 28.8m).

The Parent Company is taxed jointly with other Danish companies in the Aalborg Portland Holding Group. As an administrative company, the Parent Company is jointly and unlimited liable with the other companies in the joint taxation of Danish taxes at source and income taxes within the joint taxation group. Payable income taxes in the joint taxation group amounted to EUR 1.9m at 31 December 2015. Any subsequent corrections of the taxable income subject to joint taxation could cause a higher liability of the Parent Company.

Guarantees	2015	2014
Other guarantees, etc.	0	192
	0	**192**

Operating leases	2015	2014
Aggregate future lease payments under non-cancellable operating leases:		
Falling due within one year	28	5,949
Falling due between one and five years	49	5,552
Falling due after more than five years	0	1,485
	77	**12,986**
Operating lease expenses recognised in the income statement	**19**	**6,583**

Operating leases are primarily related to ships, silos/terminals and operating equipment. These leases contain no special purchase rights, etc.

The Parent Company has no financial leasing liabilities.

EUR ´000

21. Related party transactions

Related parties with significant influence in Aalborg Portland Holding A/S:

- Cementir España S.L., Calle Zurbaràn, 28, Madrid, C.I.F. B-84155191, Spain
- Cementir Holding S.p.A., Corso di Francia, 200, 00191 Rome, Italy
- Caltagirone S.p.A., Via Barberini, 28, 00187 Rome, Italy.

Related parties within Aalborg Portland Holding A/S comprise the enterprises' Board of Directors and Management together with family related to these persons.

Furthermore, related parties comprise enterprises in which the above-mentioned persons have significant interests.

Additionally, related parties include subsidiaries, cf. page 91, where the Parent Company has significant influence or exercises control.

Transactions with Cementir Holding S.p.A.:	2015	2014
- Intra-group management and administration agreements and royalties	9,779	9,521
- Payables	2,468	5,517
Transactions with other related parties:		
- Sale of cement and micro silica	0	54,467
- Intercompany management, administration agreements and shared service	11,240	12,733
- Financial items, net	608	606
- Trade and financial receivable	0	29,182
- Trade and financial payables	13,036	5,871
- Capital increases in enterprises	45,540	49,901

Remunerations to the Board of Directors and the Management are presented in note 2.

No losses on loans to or receivables from related parties were recognised, nor provisions made for such in 2015 or 2014. All transactions were made on terms equivalent to arm's length principles.

Non-cash contribution

The balance sheet items transferred to Aalborg Portland A/S at 26 June 2015 can be summarised as follows:

	26 June 2015
Intangible assets	7,910
Property, plant and equipment	130,054
Other non-current assets	4,909
Total non-current assets	**142,873**
Inventories	25,619
Receivables*	86,335
Cash and cash equivalents*	4,093
Total current assets	**116,047**
TOTAL ASSETS	**258,920**
Non-current liabilities	143,983
Current liabilities	66,063
Total liabilities**	**210,046**
Net assets transferred	**48,874**

* Cash and cash equivalents only comprise cash and cash equivalents not included in the Group cash pool.

** This amount includes interest-bearing debt of EUR 135.0m at 26 June 2015.

EUR ‘000

21. Related party transactions (continued)

Cash flow from the transferred activity is specified below:	1 January -26 June 2015	2014
CFFO	23,149	50,983
CFFI	-9,638	-12,561
CFFF	-9,418	-2,128
FCF	**4,093**	**36,294**

22. Financial risks and financial instruments

The Parent Company's most predominant currency exposure regarding the operating results arises from NOK. A 10% drop in NOK would, viewed separately, increase EBITDA by EUR 0.1m (2014: NOK amounts to EUR 1.4m, GBP amounts to EUR 1.2m, PLN amounts to EUR 1.0m and USD amounts to EUR -1.2m).

Currency risks

Risks relating to net financing

The Parent Company's most important net positions at 31 December 2015 relate to a financial USD and GBP loan to a Group enterprise, dividend receivable in EGP from a Group enterprise and cash positions in USD and NOK. If the USD, GBP, NOK and EGP had been 10% down at 31 December 2015, the Parent Company's equity would have been affected negatively by an exchange rate adjustment of EUR 1.8m (2014: EUR 1.8m). Rising exchange rates would have had a similar positive impact on equity.

Forward contracts regarding future transactions

The Group does not comply with the conditions for taking out hedge accounting of future cash flows from the sale of goods. In terms of the hedging of future investments, the Group assesses in each case whether these comply with the conditions for hedge accounting.

Open Parent Company forward contracts at 31 December are specified as follows:

2015

EURm	NOK	GBP	USD	Total
Market value - forward contracts	0.0	0.0	0.0	**0.0**
Notional principal amount - forward contracts *	0.0	0.0	0.0	**0.0**

The forward contracts fall due in January 2015.

2014

EURm	NOK	GBP	USD	Total
Market value - forward contracts	0.2	0.0	1.0	**1.2**
Notional principal amount - forward contracts *	-4.1	-0.1	9.5	**5.3**

* For forward exchange contracts, positive notional values are purchases of the relevant currency, negative notional values are sales.

Interest rate risk

Owing to the Group's investment and financing activities the Group has exposure to interest rate changes in both Denmark and abroad. The primary interest-rate exposure is related to fluctuations in CIBOR, LIBOR and EURIBOR.

EUR '000

22. Financial risks and financial instruments (continued)

The impact of an interest rate change in 2015 to the Parent Company would have had an adverse hypothetical impact on the profit before tax of EUR 1.5m (2014: EUR 1.7m) and on equity of EUR 1.2m (2014: EUR 1.3m). The Parent Company's interest-bearing debt (NIBD) at 31 December 2015 came in at EUR 133.1m (2014: EUR 171.0m), financed via 100% floating rate loans.

Raw material price risks

The Parent Company uses a number of raw materials in the manufacture of the Parent Company's products, which expose the Parent Company to a price risk, i.a. especially different fuels and electricity. The Parent Company enters into annual fixed price contracts for some raw materials. A material part of the price risk on the Group's and parent company's fuel oil is hedged through swap agreements.

Open Parent Company swap contracts at 31 December, net:

2015

EURm	Total
Market value - swap contracts	0.0

2014

EURm	Total
Market value - swap contracts	-0.2

The swap contracts fall due from January 2015 to December 2015.

Liquidity risks

Until 2018, the Parent Company has guaranteed bank facilities amounting to EUR 100m. The loan agreement includes certain covenants linked to the EBITDA compared to the actual interest-bearing debt and net financial expenses.
The Parent Company acts as account holder of the Group's cash pool scheme and as bank in proportion to other intra-group loans. The purpose of the cash pool scheme is to optimise cash management and the use of liquidity in the participating companies.

Credit risks

Receivables from the Parent Company's activities are attributable to Danish and foreign Group companies. The Parent Company is familiar with customers, who have not been granted long credit lines.

Receivables overdue at 31 December are specified as follows:

EURm	2015	2014
Payment:		
Up to 30 days	0.0	0.6
Between 30 and 90 days	0.0	0.4
More than 90 days	0.0	0.0
	0.0	1.0

The receivables written down are included at their net amounts in the above-mentioned table.
The Parent Company's trade receivables at 31 December 2015 and 31 December 2014 include no write-downs.
Regarding management of capital structure, reference is made to note 29.

EUR '000

22. Financial risks and financial instruments (continued)

Specification of financial assets and obligations

	2015		2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets measured at fair value in the income statement	0	0	0	0
Financial assets used as hedging instruments, level 2	0	0	1,169	1,169
Loans and receivables	37,667	37,667	47,318	47,318
Financial assets available for sale	0	0	0	0
Financial obligations measured at fair value in the income statement 0 0 0 0				
Financial obligations used as hedging instruments, level 2	0	0	237	237
Financial obligations measured at amortised cost	150,592	150,592	243,700	244,031

Methods and assumptions on determination of fair values

In general, fair value corresponds to the carrying value, except for mortgage loans.

Financial instruments related to sale and procurement of goods etc. with a short credit period are measured at fair value corresponding to the carrying value. Derivative financial instruments are computed on generally accepted valuation methods based on relevant exchange rates.

The methods used are unchanged compared to 2014.

23. Post-balance sheet events

There have been no post-balance sheet events material to this Annual Report which have not been recognised or mentioned.

24. Critical accounting policies as well as accounting estimates and judgements

Investments in subsidiaries are tested for impairment based on performed impairment tests of goodwill as described in note 21 in the consolidated financial statement.

25. Accounting policies

The Parent Company's financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements for annual reports.

Compared to the accounting policies applied in the consolidated financial statement (see Note 33 to the consolidated financial statements) the Parent Company's accounting policies only deviate in the following items:

Revenues

Dividends received from investments in subsidiaries and joint ventures are recognised as revenue in the Parent Company's income statement in the financial year in which the dividends are declared. To the extent that the distributed dividend exceeds the total comprehensive income of enterprises for the period when the decision to pay interim dividend is made, impairment test is carried out.

EUR ‘000

25. Accounting policies (continued)

Investments in subsidiaries

Investments in subsidiaries are measured at cost. In case of indication of impairment, impairment test is carried out as described in the accounting policies of the Group. If the carrying value exceeds the recoverable amount, write-down is made to this lower value.

On disposal of investments in subsidiaries, the difference between the sales price and the carrying amount (cost of the shares based on a weighted average) is recognised in the income statement at the date of disposal.

Aalborg waterfront Aalborg - Denmark | C.F. Møller Architects | Photographer Helene Højer Mikkelsen

4 Signatures

Management signatures

The Board of Directors and the Executive Board have today discussed and approved the annual report of Aalborg Portland Holding A/S for the financial year 2015.
The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.
In our opinion the consolidated financial statements and the Parent Company financial statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2015.
In our opinion, the Management's review includes a true and fair description of the development in the Group's and the Parent Company's operations and financial conditions, the results for the year, cash flows and the financial position as well as a description of material risks and uncertainties faced by the Group and the Parent Company.
We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 8 March 2016

Board of Directors

Søren Vinther
Chairman

Francesco Caltagirone Jr

Marco Maria Bianconi

Alessandro Caltagirone
Vice Chairman

Francesco Gaetano Caltagirone

Massimo Angelo Sala

Azzura Caltagirone

Executive Board

Francesco Caltagirone Jr
CEO

Henning Bæk
Executive Vice President, CFO

Musikkens Hus Aalborg - Denmark | Photographer Henning Bagger

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Independent auditors' report

To the shareholders of Aalborg Portland Holding A/S

Independent auditors' report on the consolidated financial statements and the parent company financial statements

We have audited the consolidated financial statements and the parent company financial statements of Aalborg Portland Holding A/S for the financial year 1 January – 31 December 2015. The consolidated financial statements and the parent company financial statements comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies for the Group as well as for the parent company. The consolidated financial statements and the parent company financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

Management's responsibility for the consolidated financial statements and the parent company financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and Danish disclosure requirements in Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on the consolidated financial statements and the parent company financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing and additional requirements under Danish audit regulation. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation of consolidated financial statements and parent company financial statements that give a true and fair view 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

KPMG

Opinion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 31 December 2015 and of the results of the Group's and the parent company's operations and cash flows for the financial year 1 January – 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the EU and additional Danish disclosure requirements.

Statement on the Management's review

Pursuant to the Danish Financial Statements Act, we have read the Management's review. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 8 March 2016

KPMG
Statsautoriseret Revisionspartnerselskab

Benny Lynge Sørensen	Steffen S. Hansen
State Authorised Public Accountant	*State Authorised Public Accountant*

5

The Group

Management

Board of Directors

Søren Vinther, *Chairman*
Alessandro Caltagirone, *Vice Chairman*
Azzura Caltagirone
Francesco Caltagirone Jr.
Francesco Gaetano Caltagirone
Marco Maria Bianconi
Massimo Angelo Sala

Executive Board

Francesco Caltagirone Jr., *CEO*
Henning Bæk, *Executive Vice President, CFO*

Nordic & Baltic

Riccardo Nicolini, *CEO*

Aalborg Portland

Riccardo Nicolini, *CEO*
Michael Lundgaard Thomsen, *Managing Director*
Henning Bæk, *Executive Vice President, CFO*

Unicon

Søren Holm Christensen, *Managing Director, Unicon A/S, Denmark*
Knut L. Tiseth, *Managing Director, Unicon AS, Norway*
Peter Camnert, *Managing Director, AB Sydsten, Sweden*
Kennet Arvedsen, *Managing Director, Kudsk & Dahl A/S, Denmark*

Turkey

Paolo Zugaro, *CEO*

Overseas

Paolo Bossi, *Managing Director, Egypt*
Alex Narcise, *Managing Director, USA*
Erik Petersen, *Managing Director, Malaysia*
Ho Gib Ren, *Managing Director, China*

Companies in the Group

			Nominal share capital (in 000)	Direct holding **	Minorities
Aalborg Portland Holding A/S	Denmark	DKK	300,000	-	
Aalborg Portland					
Aalborg Portland A/S	Denmark	DKK	100,000	100.0%	
Aalborg Portland Íslandi ehf.	Iceland	ISK	303,000	100.0%	
Aalborg Portland Polska Sp. z o.o.	Poland	PLN	100	100.0%	
Aalborg Portland OOO	Russia	RUB	14,700	100.0%	
Unicon					
Unicon A/S	Denmark	DKK	150,000	100.0%	
Unicon AS	Norway	NOK	13,289	100.0%	
Sola Betong AS*	Norway	NOK	9,000	33.3%	
AB Sydsten	Sweden	SEK	15,000	50.0%	50.0%
ÅGAB Syd AB*	Sweden	SEK	500	40.0%	
Everts Betongpump & Entreprenad AB	Sweden	SEK	100	73.5%	26.5%
Skåne Grus AB	Sweden	SEK	1,000	60.0%	40.0%
Secil Unicon SGPS. Lda.*	Portugal	EUR	4,988	50.0%	
Secil Prebetão SA*	Portugal	EUR	3,455	79.6%	
Ecol-Unicon Sp. z o.o.*	Poland	PLN	1,000	49.0%	
Kudsk & Dahl A/S	Denmark	DKK	10,000	100.0%	
Overseas					
Sinai White Portland Cement Co. S.A.E.	Egypt	EGP	350,000	57.1%	42.9%
Aalborg Portland Malaysia Sdn. Bhd.	Malaysia	MYR	95,400	70.0%	30.0%
Aalborg Resources Sdn. Bhd.	Malaysia	MYR	2,544	100.0%	
Aalborg Portland (Australia) Pty. Ltd.	Australia	AUD	1	100.0%	
Aalborg Portland (Anqing) Co. Ltd.	China	CNY	265,200	100.0%	
Aalborg Portland U.S. Inc.	USA	USD	1	100.0%	
Aalborg Cement Company Inc.	USA	USD	1	100.0%	
Gaetano Cacciatore, LLC	USA	USD	N/A	100.0%	
Lehigh White Cement Company*	USA	USD	N/A	24.5%	
Vianini Pipe, Inc.	USA	USD	4,483	99.9%	0.1%
Turkey					
Aalborg Portland España S.L.U.	Spain	EUR	3	100.0%	
Cimentas AS	Turkey	TRY	87,112	97,8%	2.2%
Cimbeton AS	Turkey	TRY	1,770	50.3%	49.7%
Ilion Cimento Ltd	Turkey	TRY	300	100.0%	
Destek AS	Turkey	TRY	50	100.0%	
Kars Cimento AS	Turkey	TRY	3,000	58.4%	41.6%
Recydia AS	Turkey	TRY	551,544	87.8%	
Sureko AS	Turkey	TRY	43,444	100.0%	
Environmental Power International (UK R&D) Limited ("EPI")*	England	GBP	-	50.0%	
NWM Holdings Ltd	England	GBP	5,000	100.0%	
Neales Waste Management Ltd	England	GBP	100	100.0%	
Quercia Ltd.	England	GBP	5,000	100.0%	
Recydia AS	Turkey	TRY	551,544	12.2%	

* Joint ventures. Others are Group enterprises.
** Ownershare is stated as direct holding of the superjacent enterprise.

The Company

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CVR No 14 24 44 41

Owners

Aalborg Portland Holding A/S is 75% owned by Cementir España S.L., Spain and 25% owned by Globo Cem S.L., Spain.

Aalborg Portland Holding A/S is included in the Group financial statements for Cementir Holding S.p.A., Italy and Caltagirone S.p.A., Italy.

Annual General Meeting

14 April 2016 at
Islands Brygge 43, Copenhagen.

Addresses

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