



Rørdalsvej 44, 9220 Aalborg Øst
CVR No 36 42 81 12

Annual Report 2015

The present Annual Report is presented and approved
at the Annual General Meeting

Date: 14/4-2016

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(Chairman of the meeting)

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Profile

Aalborg Portland

A leading cement producer in the Nordic region

Produces grey and white cement at its plant in Aalborg.
The products are sold in Denmark, USA and neighbouring countries.

Grey cement

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

1,386,000

tonnes of grey cement

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.

614,000

tonnes of white cement

Part of the Aalborg Portland Holding Group

Aalborg Portland A/S, Denmark is part of the Aalborg Portland Holding Group, which is part of the Cementir Group, an international supplier of cement and concrete.

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.

Financial highlights

	EURm		DKKm	
	2014	2015	2014	2015
INCOME STATEMENT				
Net sales	0.0	108.1	0	807
Earnings before depreciation/amortisation, impairment losses, provisions, interest and tax (EBITDA)	0.0	42.0	0	313
<i>EBITDA ratio</i>		<i>38.9%</i>		<i>38.9%</i>
Earnings before interest and tax (EBIT)	0.0	33.9	0	253
<i>EBIT ratio</i>		<i>31.4%</i>		<i>31.4%</i>
Earnings before tax (EBT)	0.0	33.1	0	247
Profit for the year	0.0	25.3	0	189
CASH FLOWS				
Cash flows from operating activities (CFFO)	0.0	51.3	0	383
Cash flows from investing activities (CFFI) *	0.0	-2.6	0	-20
Free cash flow (FCF)	0.0	48.7	0	363
Hereof investments in property, plant and equipment		2.6		20
BALANCE SHEET				
Total assets	0.1	288.8	1	2,155
Consolidated shareholders' equity	0.1	73.8	1	551
Net interest-bearing debt (NIBD)	0.1	30.3	-1	226
Working capital (WC)	0.0	4.5	0	34
FINANCIAL RATIOS				
Including non-controlling interests' share				
Return on equity	-	68.6%	-	68.6%
Equity ratio	-	25.6%	-	25.6%
NIBD/EBITDA factor	-	0.7	-	0.7
Number of employees at 31 December	0	320	0	320

The financial ratios have been computed in accordance with the Guidelines issued by the Danish Finance Society in 2015. Cf. definitions in accounting policies note 29, page 34.

Management's review for 2015

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 new structure was approved at an extraordinary general meeting on 26 June 2015 and therefore the income statement of Aalborg Portland A/S only comprises the period from 27 June to 31 December 2015.

Comparative figures have not been restated according to IFRS.

Based at the Aalborg plant in Denmark, Aalborg Portland develops, produces and distributes grey and white cement. The main markets are Denmark, the North European region and USA.

Activities are carried out through Aalborg Portland A/S and its sales subsidiaries Aalborg Portland Íslandi ehf., Aalborg Portland OOO, Russia and Aalborg Portland Polska Sp. z o.o.

Aalborg Portland's strategic objective is to maintain its market position in Denmark, to expand its position in neighbouring countries and to consolidate a position as global leader on white cement through customised solutions and competitive prices.

This will be achieved by means of ongoing focus on customer requirements including specialised product development, optimised processes and cost structure, and investment in continuous development of production facilities and employee resources.

Denmark – Domestic and export sales

Domestic sales ended 10% above 2014 level, reflecting to some extent the first significant market growth since 2011 following the historical low in 2009.

Export of grey cement was on the other hand slightly below 2014 level, as sales to the Norwegian market was reduced as a consequence of the economic slowdown in Norway.

Export of white cement increased by 11% mainly due to continuously increasing building activities in USA and Poland. Sales to Aalborg Portland's other markets in Europe remained stable. Aalborg Portland continues to be the market leader of white cement in Scandinavia, United Kingdom and Poland.

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.

Earnings in 2015 are reflecting the increase in sales volumes and the successful implementation of energy saving projects.

Management's review for 2015

Iceland – Grey cement

The positive development and result for 2014 was improved further in 2015, resulting once again in the subsidiary's best result since the Icelandic economic collapse in 2008.

Poland – White cement

In continuation of the positive market development in previous years, sales continued to increase in Poland and surrounding countries during 2015 which also was reflected in the earnings.

Russia – White cement

For the second year in a row sales in Russia increased significantly. Despite the decreasing value of the Russian rouble also earnings developed satisfactorily.

Continued customer focus

To maintain a high level of customer satisfaction with the range of high-strength cements it is necessary to obtain a clear understanding of the challenges that customers are facing. Therefore close customer relations remain a high priority. Following the success in 2014 the customer day under the name Portland Open was also held in 2015. At the event the newest findings on relevant subjects were presented by Aalborg Portland's technicians and discussed with customer peers.

Our customers have eligible high expectations on timely deliveries, quality and consistency, which we strive to meet at all time. Equally important is our obligation and ability to support customers in a close dialogue on any quality issue that might occur.

Following the previous years' customer satisfaction surveys a profound and extensive customer analysis was carried out in 2015. The analysis was conducted by an independent consultancy company and included in depth interviews with a significant number of customers representative of the domestic customer base. The valuable insight gained from this analysis will serve as a base for continuous improvement of products and services.

Continuous Improvement

The continuous improvement program is fully integrated and more than 60 projects were implemented in 2015. Among those two main projects relating to grey cement:

1. Increased capacity for substitution of fossil fuels with more environmental friendly fuel from waste products, which will lead to a CO₂ reduction of approx. 16,000 tonnes in 2015.
2. Increased capacity and efficiency when producing our Low Alkali Sulphate Resisting Cement (LSC), so we are prepared for higher sales in case of e.g. a Fehmarn project. The LSC project is generating an energy saving of approx. 19m kWh per year, and a saving of approx. 5,000 tonnes of CO₂ per year.

Reporting on society responsibility and gender equality

Aalborg Portland has a long tradition for socially and environmentally responsible behaviour in the countries in which it operates. The Aalborg Portland 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, Aalborg Portland achieved a number of environmental goals through innovation and production management. By way of example, CO₂, SO₂ and NO_x emissions were further reduced, underlining the Aalborg Portland's environmental stance and leadership.

Management's review for 2015

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, Aalborg Portland 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'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 available at www.cementirholding.it/environment-report.php. Aalborg Portland 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.

Expectations to 2016

Sales volumes in 2016 are expected to increase in line with the general economic growth in Denmark while the outlook for export sales are slightly better mainly driven by continued market growth in USA.

Earnings in 2016 are expected to be moderately higher than in 2015 (on full year basis) given continued low energy prices and sustained efficiency improvements. In line with the long term strategy, focus will remain on customer satisfaction and increasing competitiveness.

Financial review

The financial review is affected by the restructuring (see Management review, page 4), as comparative figures have not been restated and the financial result only comprises the period from 27 June to 31 December 2015.

As the comparative figures have not been restated, we are not able to comment on the development from 2014 to 2015.

Profit and loss account

Net sales in 2015 amounted to EUR 108.1m.

Sales in Denmark and the neighbouring export markets were on par with business plans, positively influenced by the market conditions in Denmark and Sweden, but negatively influenced by the difficult market conditions in Norway.

Operating profit before depreciation (EBITDA ratio) reached 38.9%. This satisfactory level was mainly due to the focus on Operational Excellence and cost optimisation programmes.

Earnings before interest and tax (EBIT) amounted to EUR 33.1m (2014: EUR 0.0m).

Tax on profit for the year amounted to EUR 7.7m (2014: EUR 0.0m), net profit for the year being EUR 25.3m.

Cash flows

Cash flow from operating activities (CFFO) was EUR 51.3m for 2015 (2014: EUR 0.0m). The cash flow was positively influenced by the growth in EBITDA and positively influenced by the decrease in working capital.

Cash flow from investment activities (CFFI) amounted to EUR 2.6m (2014: EUR 0.0m).

Cash flow from financing activities (CFFF), amounting to EUR -37.2m, was influenced by the change in debt due to the restructuring.

The year's investments (CFFI) were funded by cash flow from operations (CFFO). The remainder of the free cash flow (FCF) of EUR 48.7m was primarily used to fund reduction of the interest-bearing debt.

Debt and financial resources

Net interest-bearing debt (NIBD) was kept at a low level relative to the company's size. NIBD amounted to EUR 30.3m at the end of the year, corresponding to 0.7 x EBITDA.

Aalborg Portland is part of the cash pool held by the parent company, Aalborg Portland Holding A/S, which consists of committed credit facilities in the parent company of EUR 100m with a weighted life of three years and uncommitted facilities of EUR 50m and added to these a long-term mortgage loans of EUR 125m with an average life of 12.5 years.

Balance sheet

Non-current assets amounted to EUR 138.3m at 31 December 2015, whereof EUR 125.4m is related to property, plant and equipment.

Current assets amounted to EUR 150.5m, whereof EUR 139.0m is related to inventories and receivables.

Shareholders' equity

Shareholders' equity amounted to EUR 73.8m at the end of 2015 against EUR 0.1m the year before. As well as by the profit for the year, shareholders' equity was influenced by the restructuring mentioned on page 4. The share capital has been increased to EUR 13.4m in order to reflect the size of the company.

Equity ratio was 26% at the end of 2015.

Working capital

Working capital, i.e. the capital tied up in debtors and inventories less creditors, was at a low level through focused control and reporting in relation to agreed goals. Keeping down working capital saves on interest expenses and frees up resources for investment etc. Furthermore, as stated, low working capital contributes to an improved return on capital employed (ROCE).

Working capital at end-2015 amounted to EUR 4.5m or only 4% of net sales.

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.

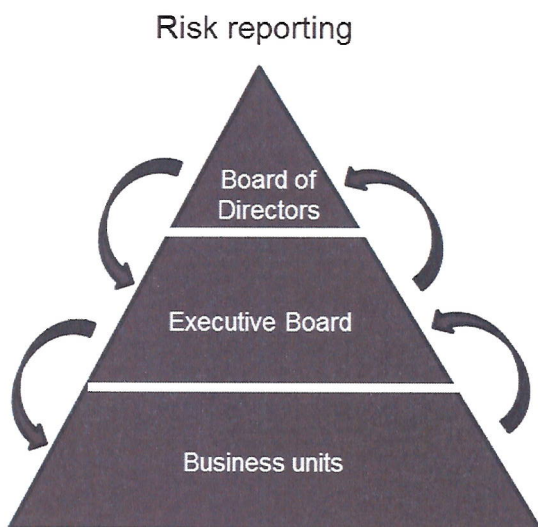
Monitoring and control

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.

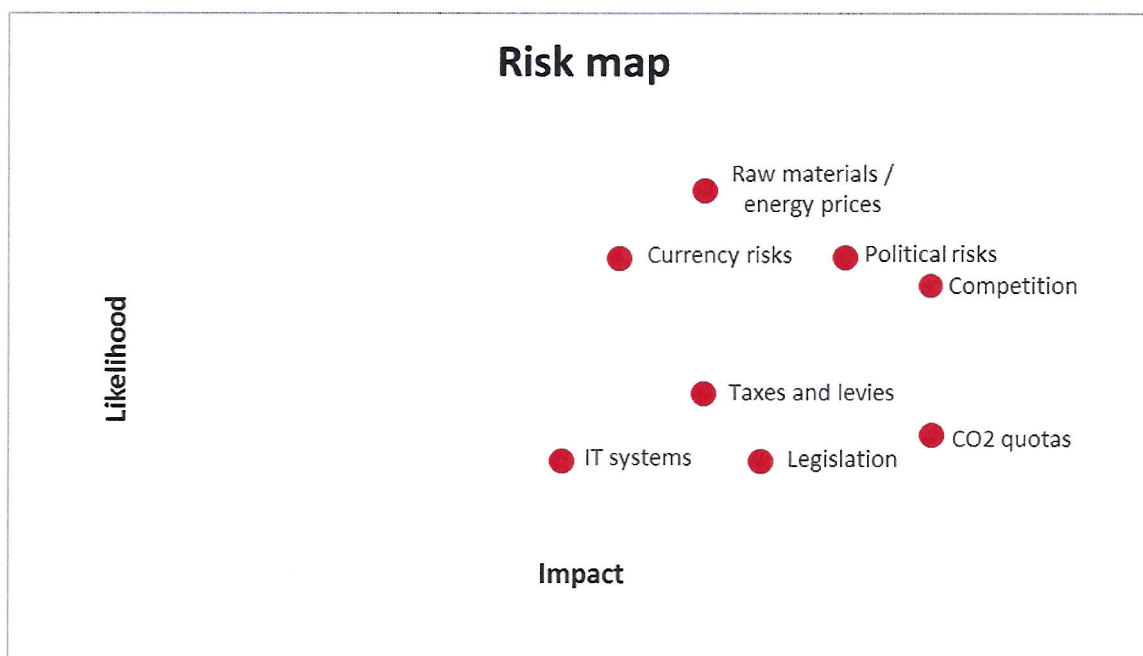
Group management reports periodically or as needed to the Board of Directors, which determines the overall policies and framework for the day-to-day management.



Risk management

Critical risks

Risks of particular significance to the Group's activities are illustrated below based on the likelihood of their occurring and their potential impact in that event.



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

Risk management

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 taxation, particularly in Denmark. Tax represents 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 levels like Denmark.

CO₂ quotas

The future granting of CO₂ 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 CO₂ 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.

Income statement

Statement of comprehensive income

Cash flow statement

Balance sheet

Statement of shareholders' equity

Notes:

- 1 Net sales
- 2 Cost of sales
- 3 Research and development costs
- 4 Staff costs
- 5 Fees to the auditors appointed by the Annual General Meeting
- 6 Other operating income and other operating costs
- 7 Financial income and expenses
- 8 Income tax
- 9 Environmental taxes
- 10 Adjustment for non-cash items
- 11 Change in working capital etc.
- 12 Financial payments received and made
- 13 Net interest-bearing debt (NIBD)
- 14 Intangible assets
- 15 Property, plant and equipment
- 16 Other non-current assets
- 17 Deferred tax assets and deferred tax liabilities
- 18 Inventories
- 19 Trade receivables, other receivables and prepayments
- 20 Provisions
- 21 Credit institutions and other borrowings
- 22 Other payables
- 23 Charges and securities
- 24 Contingent liabilities, contractual obligations and contingent assets
- 25 Related party transactions
- 26 Financial risks and financial instruments
- 27 Post-balance sheet events
- 28 Critical accounting policies as well as accounting estimates and judgements
- 29 Accounting policies

Income statement

EUR '000

	<u>2015</u>	<u>2014</u>
1 Net sales	108.124	0
2+3+4+9 Cost of sales	<u>53.555</u>	<u>0</u>
Gross profit	54.569	0
4+9 Sales and distribution costs	17.082	0
4+5+9 Administrative expenses	3.863	0
6 Other operating income	<u>272</u>	<u>0</u>
Earnings before interest and tax (EBIT)	33.896	0
7 Financial income	1.813	0
7 Financial expenses	<u>2.638</u>	<u>0</u>
Earnings before tax (EBT)	33.071	0
8 Income tax	7.738	0
Profit for the year	<u>25.333</u>	<u>0</u>
Attributable to:		
Non-controlling interests	0	0
Shareholders in Aalborg Portland A/S	25.333	0
To be distributed as follows:		
Retained earnings	25.333	0

Statement of comprehensive income

	<u>2015</u>	<u>2014</u>
Profit for the year	<u>25.333</u>	<u>0</u>
Total comprehensive income	<u>25.333</u>	<u>0</u>

Cash flow statement

EUR '000

Notes	2015	2014
<u>Cash flow from operating activities</u>		
Earnings before interest and tax (EBIT)	33.896	0
10 Adjustment for non-cash items	7.635	0
11 Change in working capital etc.	11.237	0
	<u>52.768</u>	<u>0</u>
Cash flow from operating activities before financial items and tax		
12 Financial payments received and made	-1.358	0
Income tax paid	-103	0
	<u>51.307</u>	<u>0</u>
<u>Cash flow from investing activities</u>		
Acquisition of intangible assets	-579	0
Acquisition of property, plant and equipment	-2.642	0
Disposal of intangible assets and property, plant and equipment	85	0
Dividends received from subsidiaries	533	0
	<u>-2.603</u>	<u>0</u>
Cash flow from investing activities (CFFI)		
Cash flow from operating and investing activities, total		
	<u>48.704</u>	<u>0</u>
<u>Cash flow from financing activities</u>		
Paid-in share capital	0	67
13 Changes in financing	-41.317	0
	<u>-41.317</u>	<u>67</u>
Cash flow from financing activities		
Changes in cash and cash equivalents		
	<u>7.387</u>	<u>67</u>
13 Cash and cash equivalents at 1 January	67	0
25 Cash and cash equivalents transferred from Group company	4.093	0
Cash and cash equivalents at 31 December	<u>11.547</u>	<u>67</u>

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

Balance sheet

EUR '000

	2015	2014
ASSETS		
Notes		
Goodwill	2.329	0
Other intangible assets	5.256	0
Intangible assets in development	456	0
14 Intangible assets	8.041	0
Land and buildings	33.725	0
Plant and machinery	85.739	0
Property, plant and equipment in development	5.931	0
15 Property, plant and equipment	125.395	0
16 Investments in subsidiaries	4.714	0
16 Other non-current assets	156	0
Other non-current assets	4.870	0
Total non-current assets	138.306	0
18 Inventories	26.586	0
19 Trade receivables	12.902	0
Amounts owed by Group enterprises	89.780	0
Amounts owed by joint ventures	3.447	0
Derivative financial instruments (positive fair value)	667	0
19 Other receivables	4.997	0
19 Prepayments	585	0
Receivables	112.378	0
Cash funds	11.547	67
Total current assets	150.511	67
TOTAL ASSETS	288.817	67

Balance sheet

EUR '000

	2015	2014
EQUITY AND LIABILITIES		
Notes		
Shareholders' equity		
Share capital	13.404	67
Retained earnings	60.374	0
Total shareholders' equity	73.778	67
Liabilities		
17 Deferred tax liabilities	20.432	0
20 Provisions	3.491	0
21+23 Credit institutions etc.	115.227	0
Non-current liabilities	139.150	0
21+23 Credit institutions	9.412	0
Trade payables	41.033	0
Amounts owed to Group enterprises	4.567	0
Amounts owed to joint ventures	4	0
Derivative financial instruments (negative fair value)	413	0
Joint taxation contribution payable	12.703	0
20 Provisions	99	0
22 Other payables	7.658	0
Current liabilities	75.889	0
Total liabilities	215.039	0
TOTAL EQUITY AND LIABILITIES	288.817	67

Statement of shareholders' equity

EUR '000

	Share capital	Retained earnings	Total share- holders' equity
Shareholders' equity at 1 January 2015	67	0	67
Transferred activity from Group company	13.337	35.537	48.874
Comprehensive income in 2015			
Effect of translation to presentation currency	0	-496	-496
Profit for the year (comprehensive income)	0	25.333	25.333
Total comprehensive income	13.404	60.374	73.778
Transactions with owners			
Dividend distributed	0	0	0
	0	0	0
Shareholders' equity at 31 December 2015	13.404	60.374	73.778

	Share capital	Retained earnings	Total share- holders' equity
Paid-in share capital at 7 November 2014	67	0	67
Comprehensive income in 2014			
Profit for the year	0	0	0
Total comprehensive income	0	0	0
Transactions with owners			
Dividend distributed	0	0	0
	0	0	0
Shareholders' equity at 31 December 2014	67	0	67

The share capital in 2015 consists of:
100,000 shares at DKK 1,000

The share capital in 2014 consisted of:
500 shares at DKK 1,000

Dividends distributed to shareholders in 2015 were EUR 0.0m (2014: EUR 0.0m).
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	105.374	0
Other sales *	2.750	0
	108.124	0

* Other sales mainly include sale of heat, etc.

2 **Cost of sales**

Cost of sales amounts to EUR 53.6m (2014: EUR 0.0m). Hereof direct staff costs amount to EUR 8.5m (2014: EUR 0.0m) and use of raw materials amounts to EUR 8.1m (2014: EUR 0.0m).

3 **Research and development costs**

Research and development costs charged to the income statement:	2015	2014
Research and development costs paid	2.237	0
Amortisation of capitalised development costs	2	0
	2.239	0

4 **Staff costs**

	2015	2014
Wages and salaries and other remuneration	11.393	0
Pension costs, defined contribution schemes	912	0
Social security costs	177	0
	12.482	0
Number of employees at 31 December	320	0
Average number of full-time employees	323	0

Remuneration of the Board of Directors, the Management and other senior executives

Salaries and remunerations	957	0
Pension contributions	26	0
	983	0
Hereof Board of Directors and Management	761	0

Remuneration of the Board of Directors represents EUR 47k in 2015 (2014: EUR 0k).

Pension schemes

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

Notes

EUR '000

	2015	2014
5 Fees to the auditors appointed by the Annual General Meeting		
Total fees to KPMG are specified as follows:		
Statutory audit	54	0
Other assurance engagements	2	0
Tax and VAT advisory services	11	0
Other services	14	0
	81	0
Fees to other auditors	0	0
6 Other operating income and other operating costs		
Other operating income	272	0
Rent income	272	0
	272	0
7 Financial income and expenses		
Financial income	2015	2014
Interest, cash funds etc.	37	0
Dividends received from subsidiaries	533	0
Exchange rate adjustments	1.243	0
	1.813	0
Interest on financial assets measured at amortised cost	37	0
Financial expenses		
Interest, credit institutions etc.	785	0
Interest, Group enterprises	308	0
Exchange rate adjustments	1.545	0
	2.638	0
Interest on financial obligations measured at amortised cost	1.093	0

Notes

EUR '000

	2015	2014
8 Income tax		
Income tax		
Current tax on the profit for the year/joint taxation contribution	7.990	0
Deferred tax adjustment	122	0
Other adjustments, including previous years	-374	0
	7.738	0
Taxes paid	103	0
Reconciliation of tax rate		
Tax according to Danish tax rate 23.5%	7.772	0
Non-taxable income and non-deductible expenses	16	0
Dividends received from subsidiaries and profits from sales	-125	0
Other, including adjustments previous years	75	0
	7.738	0
Applicable tax rate for the year	23%	0%
Income tax recognised directly as other comprehensive income	0	0
Total income tax	7.738	0
9 Environmental taxes		
	2015	2014
The Company has paid the following direct environmental taxes:		
Sulphur	411	0
NO _x	1.277	0
Electricity	73	0
Waste *)	106	0
Energy	325	0
Raw materials	452	0
Diesel and fuel oil	1	0
PSO	1.773	0
	4.418	0
*) The Company received a waste tax reimbursement of EUR 2.8m regarding rehabilitation of chalk pit.		
10 Adjustment for non-cash items		
	2015	2014
Amortisation, depreciation and impairment	7.626	0
Change in provisions	67	0
Gains and losses on sale of property, plant and equipment, and exch. rate adjustments	-58	0
	7.635	0

Notes

EUR '000

11 Change in working capital etc.	2015	2014
Inventories	-967	0
Receivables	9.386	0
Trade payables	2.789	0
Change in other receivables and other payables	29	0
	11.237	0
12 Financial payments received and made	2015	2014
Financial payments received	1.280	0
Financial payments made	-2.638	0
	-1.358	0
13 Net interest-bearing debt (NIBD)	2015	2014
Net interest-bearing debt, 1 January	-67	0
Transferred activity from Group company	83.033	0
Cash and cash equivalents transferred from Group company	-4.093	0
Changes in interest-bearing cash funds	-7.387	0
Changes in financing	-41.317	-67
Exchange rate adjustments	161	0
Net interest-bearing debt (- deposit) at 31 December	30.330	-67

In the exchange rate adjustment, the effect of cash funds opening balance sheet is included by EUR 0.0m (2014: EUR 0.0m).

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).

Notes

EUR '000

14 Intangible assets

	Goodwill	Other intangible assets	Intangible assets in development	Total
Cost at 1 January 2015	0	0	0	0
Transferred activity from Group company	2.334	15.319	254	17.907
Exchange rate adjustments	-5	-5	0	-10
Additions	0	271	308	579
Disposals	0	0	0	0
Reclassifications	0	106	-106	0
Cost at 31 December 2015	2.329	15.691	456	18.476
Amortisation at 1 January 2015	0	0	0	0
Transferred activity from Group company	0	9.992	0	9.992
Exchange rate adjustments	0	-2	0	-2
Reversed depreciation on disposals	0	0	0	0
Amortisation for the year	0	445	0	445
Amortisation at 31 December 2015	0	10.435	0	10.435
Carrying amount at 31 December 2015	2.329	5.256	456	8.041
	<u>Goodwill</u>	<u>Other intangible assets</u>	<u>Intangible assets in development</u>	<u>Total</u>
Cost at 1 January 2014	0	0	0	0
Exchange rate adjustments	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
Reclassifications	0	0	0	0
Cost at 31 December 2014	0	0	0	0
Amortisation at 1 January 2014	0	0	0	0
Exchange rate adjustments	0	0	0	0
Reversed depreciation on disposals	0	0	0	0
Amortisation for the year	0	0	0	0
Amortisation at 31 December 2014	0	0	0	0
Carrying amount at 31 December 2014	0	0	0	0

Other intangible assets include software licenses (SAP R/3), quarry rights, CO₂ 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 is EUR 0.0m (2014: EUR 0.0m).

Internally generated intangible assets, mainly regarding SAP implementation, amount to EUR 1.7m (2014: EUR 0.0m).

Goodwill is related to cement activity. Due to strong cash flow there is no indication on impairment.

Notes

EUR '000

15 Property, plant and equipment

	Land and buildings	Plant and machinery	Property, plant and equip- ment in development	Total
Cost at 1 January 2015	0	0	0	0
Transferred activity from Group company	109.949	373.650	16.933	500.532
Exchange rate adjustments	-33	-110	-2	-145
Additions	160	2.482	0	2.642
Disposals	0	-587	-85	-672
Reclassifications	708	10.207	-10.915	0
Cost at 31 December 2015	110.784	385.642	5.931	502.357
Depreciation and impairment at 1 January 2015	0	0	0	0
Transferred activity from Group company	75.805	294.672	0	370.477
Exchange rate adjustments	-23	-86	0	-109
Reversed depreciation on disposals	0	-587	0	-587
Depreciation for the year	1.277	5.904	0	7.181
Depreciation and impairment at 31 December 2015	77.059	299.903	0	376.962
Carrying amount at 31 December 2015	33.725	85.739	5.931	125.395

	Land and buildings	Plant and machinery	Property, plant and equip- ment in development	Total
Cost at 1 January 2014				0
Exchange rate adjustments	0	0	0	0
Additions	0	0	0	0
Disposals	0	0	0	0
Reclassifications	0	0	0	0
Cost at 31 December 2014	0	0	0	0
Depreciation and impairment at 1 January 2014	0	0	0	0
Exchange rate adjustments	0	0	0	0
Reversed depreciation on disposals	0	0	0	0
Depreciation for the year	0	0	0	0
Depreciation and impairment at 31 December 2014	0	0	0	0
Carrying amount at 31 December 2014	0	0	0	0

	2015	2014
Depreciation and impairment during the year is included in the following items:		
Cost of sales	7.041	0
Sales and distribution costs	1	0
Administrative expenses	139	0
	7.181	0

The 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.

Notes

EUR '000

16 Other non-current assets	Investments in subsidiaries	Other non-current assets	Total
Cost at 1 January 2015	0	0	0
Transferred activity from Group company	4.715	194	4.909
Exchange rate adjustments	-1	0	-1
Additions	0	0	0
Disposal	0	-38	-38
Cost at 31 December 2015	4.714	156	4.870
Write-down 1 January 2015	0	0	0
Write-down 31 December 2015	0	0	0
Carrying amount at 31 December 2015	4.714	156	4.870
	Investments in subsidiaries	Other non-current assets	Total
Cost at 1 January 2014	0	0	0
Exchange rate adjustments	0	0	0
Additions	0	0	0
Cost at 31 December 2014	0	0	0
Write-down 1 January 2014	0	0	0
Write-down 31 December 2014	0	0	0
Carrying amount at 31 December 2014	0	0	0

Other non-current assets mainly relate to deposits and loans in both years.

17 Deferred tax assets and deferred tax liabilities

	2015	2014
Change in deferred tax for the year		
Deferred tax liability at 1 January 2015	0	0
Transferred activity from Group company	20.316	0
Exchange rate adjustments	-6	0
Change of tax rate, via income statement	0	0
Adjustments, previous years, via income statement	413	0
Movements via income statement	-291	0
Deferred tax liabilities at 31 December	20.432	0
Deferred tax		
Intangible assets	1.466	0
Property, plant and equipment	16.683	0
Current assets	2.580	0
Non-current and current liabilities	-297	0
Deferred tax at 31 December	20.432	0

18 Inventories

	2015	2014
Raw materials and consumables	17.264	0
Work in progress	3.259	0
Finished goods	6.063	0
Inventories at 31 December	26.586	0

There are no significant inventories of cement and aggregates carried at net realisable value.

Write-down of inventories of spare parts amounts to EUR 3.6m (2014: EUR 0.0m). Write-down recognised in the income statement is EUR 0.0m (2014: EUR 0.0m).

Notes

EUR '000

19 Trade receivables, other receivables and prepayments

	2015	2014
Development in impairment losses on trade receivables:		
Impairment losses at 1 January	0	0
Transferred activity from Group company	12	0
Impairment losses in the year	0	0
Realised in the year	0	0
Reversed	-9	0
	3	0

Impairment losses at 31 December

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 i.a. energy taxes.
 Prepayments comprise prepaid rent and insurance etc.

20 Provisions

	2015	2014
Provisions at 1 January	0	0
Transferred activity from Group company	3.523	0
Additions during the year	67	0
Disposals/application in the year	0	0
Reversal	0	0
Provisions at 31 December	3.590	0
Recognised in the balance sheet as follows:		
Stated as non-current liabilities	3.491	0
Stated as current liabilities	99	0
	3.590	0
Maturities for provisions are expected to be:		
Falling due within one year	99	0
Falling due between one and five years	603	0
Falling due after more than five years	2.888	0
	3.590	0

Provisions including demolition liabilities for buildings and terminal on rented land amount to EUR 2.2m (2014: EUR 0.0m), re-establishment of chalk and clay pits amounts to EUR 1.3m (2014: EUR 0.0m) and other provisions amount to EUR 0.1m (2014: EUR 0.0m).

Movements in the year include adjustment of liabilities regarding re-establishment of chalk and clay pits, and other provisions.

Provisions for liabilities due after more than five years include liabilities regarding re-establishment of chalk and clay pits and demolition liabilities for buildings and terminals with no decision made regarding closure.

Costs for re-establishment of chalk and clay pits are mainly paid when finishing an excavation or when moving out from a lease. No considerable costs are expected in 2016.

Notes

EUR '000

21 Credit institutions and other borrowings

Bank borrowings and credits at 31 December:

	Year of maturity	Fixed/ variable	Carrying amount 2015	Carrying amount 2014
Mortgage loan	2028	Variabel	124.639	0
			124.639	0

Fair value of mortgage loan amounts to EUR 126.0m (2014: EUR 0.0m). Other fair values do not significantly deviate from the carrying amount.

The fair value corresponds to the nominal outstanding debt.

The Company's debt to credit institutions 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
	115.227	9.412	124.639	76.974
Specification of contractual cash flows incl. interest:				
Mortgage loan	126.403	11.351	137.754	81.920
	126.403	11.351	137.754	81.920
31 December 2014:				
Mortgage loan	0	0	0	0
	0	0	0	0
Specification of contractual cash flows incl. interest:				
Mortgage loan	0	0	0	0
	0	0	0	0

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 26.

Other financial liabilities are due within 1 year.

22 Other payables

Other current payables include holiday pay liabilities, taxes and public indirect taxes, interest payable and dividends payable to non-controlling interests.

Notes

EUR '000

23 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	112.308	124.639	0	0

24 Contingent liabilities, contractual obligations and contingent assets

Contingent liabilities

The 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 Company in that respect, and the outcome of the disputes is not expected to have significant impact on the Company's financial position beyond what has been recognised in the balance sheet.

In 2015, contractual liabilities, including acquisition of raw materials etc., are EUR 24.4m (2014: EUR 0.0m).

The Company is taxed jointly with other Danish companies in the Aalborg Portland Holding Group. As an administrative company, the 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 Company.

	2015	2014
Guarantees		
Other guarantees, etc.	593	0
	593	0
Operating leases		
Aggregate future lease payments under non-cancellable operating leases:		
Falling due within one year	5.932	0
Falling due between one and five years	6.544	0
Falling due after more than five years	1.170	0
	13.646	0
Operating lease expenses recognised in the income statement	4.210	0

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

The Company has no financial leasing liabilities.

Notes

EUR '000

25 Related party transactions

Related parties with significant influence in Aalborg Portland 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
- Aalborg Portland Holding A/S, Rørdalsvej 44, 9220 Aalborg Øst

Related parties within Aalborg Portland 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.

	2015	2014
Transactions with Aalborg Portland Holding A/S:		
- Intra-group management and administration agreements and royalties	1.581	0
- Final items, net	-251	0
- Financial receivable	86.977	0
- Financial payables	4.571	0
Transactions with other related parties:		
- Sale of cement and micro silica	33.934	0
- Intercompany purchase of cement and other variable costs, net	636	0
- Intercompany management, administration agreements and shared service	2.400	0
- Financial items, net	-57	0
- Trade and financial receivable	6.250	0
- Trade and financial payables	46	0

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 from Aalborg Portland Holding A/S 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

Notes

26 Financial risks and financial instruments

Risk management policy

As a result of its international operations, investments and financing, the Company 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 Company 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 Company.

The Group's Finance & Treasury is in charge of the overall risk management in accordance with the principles adopted by the Board of Directors and the Company follows the Group policy. The 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 commercial operations, investments and financing.

The Company 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 Company 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 Company business.	Refer to the influence of changes in market interest rates on future cash flow relating to the Company'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 Company analyses realised and expected cash flows broken down by currencies.

Risks relating to purchases and sales

Revenue from the Company's activities and the purchases by this segment are denominated in several currencies. Accordingly, these activities are also exposed to changes in exchange rates.

The Company'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 Company's most predominant currency exposure regarding the operating results arises from sales and purchases in EUR, USD, GBP, NOK and PLN. A 10% drop in these currencies (apart from EUR) would, viewed separately, increase EBITDA by EUR 2.2m (NOK amounts to EUR 0.3m, GBP amounts to EUR 1.1m, PLN amounts to EUR 1.3m and USD amounts to EUR - 0.5m) (2014: EUR 0.0m).

Risks relating to net financing

The Company's most important net positions at 31 December 2015 relate to a deposit in PLN. If the PLN had been 10% down at 31 December 2015, the Company's equity would have been affected negatively by an exchange rate adjustment of EUR 1.2m (2014: EUR 0.0m). Rising exchange rates would have had a similar positive impact on equity.

Translation risks relating to net investments in subsidiaries

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.

Notes

With regard to investments in foreign enterprises, equity at 31 December 2015 would have been reduced by EUR 0.7m (2014: EUR 0.0m), if the PLN, ISK and RUB exchange rates had been 10% down on the actual exchange rates.

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 Company 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 Company assesses in each case whether these comply with the conditions for hedge accounting.

Open forward contracts at 31 December are specified as follows:

2015

<i>EURm</i>	NOK	USD	Total
Market value - forward contracts	0.3	0.4	0.7
Notional principal amount - forward contracts *)	-4.6	1.4	-3.2

The forward contracts fall due in January 2016.

2014

<i>EURm</i>	NOK	USD	Total
Market value - forward contracts	0.0	0.0	0.0
Notional principal amount - forward contracts *)	0.0	0.0	0.0

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

Interest rate risk

The Company has exposure to interest rate changes in Denmark. The primary interest-rate exposure is related to fluctuations in CIBOR.

The Company's preferred financing is floating rate loans. The Company's net interest-bearing debt (NIBD) at 31 December 2015 came in at EUR 30.3m, 100% thereof financed by floating rate loans. NIBD at 31 December 2014 represented EUR - 0.1m. No loans at 31 December 2014.

With regard to the Company'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 0.2m (2014: EUR 0.0m) and on equity of EUR 0.1m (2014: EUR 0.0m). A declining interest level would have had a corresponding positive impact on result and equity.

Raw material price risks

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

Open swap contracts at 31 December, net:

2015

<i>EURm</i>	Total
Market value - swap contracts	-0.4

The swap contracts fall due in January 2016.

Notes

Liquidity risks

Aalborg Portland A/S is included in the Cementir Group's overall management of financial risks.

Until 2018, the Company has guaranteed bank facilities amounting to EUR 100m, which is part of the Group cash pool. The loan agreement includes certain covenants linked to the EBITDA compared to the actual interest-bearing debt and net financial expenses.

The Company is part of the Group's cash pool scheme. The purpose of the cash pool scheme is to optimise cash management and the use of liquidity in the participating companies.

Regarding maturities of the Company's debt, reference is made to note 21.

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

Credit risks

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

As a consequence of the 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 in the present market. Management of the credit risk 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 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.

The Company takes out credit insurances on a large part of export customers.

Due to the market situation, the Company has in recent years increased the resources used on follow-up on customers, which contributes to early warnings of possible risks. As part of the overall risk management, the credit exposure of customers and counterparties is monitored daily, weekly or monthly based on individual assessments. Historically the Company 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 Company.

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

Receivables overdue at 31 December are specified as follows:

EURm

	2015	2014
Payment:		
Up to 30 days	0.7	0.0
Between 30 and 90 days	0.5	0.0
More than 90 days	0.0	0.0
	1.2	0.0

The Company's trade receivables at 31 December 2015 and 31 December 2014 include no write-downs.

Management of capital structure

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

It is the Group's policy that the capital structure and financial gearing 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.

Notes

The financial gearing between net interest-bearing debt and EBITDA is 0.7 at 31 December 2015.

Specification of financial assets and obligations

<i>EUR '000</i>	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	667	667	0	0
Loans and receivables	123,927	123,927	0	0
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	413	413	0	0
Financial obligations measured at amortised cost	185,240	185,366	0	0

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.

27 Post-balance sheet events

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

Notes

28 Critical accounting policies as well as accounting estimates and judgements

The accounting policies 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 Company 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 are subject to major accounting estimates and judgements:

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 29, and non-current assets are stated in notes 14 and 15.

Provisions and contingent liabilities

Assessment of provisions and contingent liabilities are largely based on estimates and judgements. Description of provisions and contingent assets and contingent liabilities is given in note 20 and 24.

Notes

29 Accounting policies

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

Aalborg Portland A/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 Group. The annual report is submitted to the shareholders of Aalborg Portland A/S for approval at the Annual General Meeting on 14 April 2016.

Changes in accounting policies

The Company 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.

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 non-controlling 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).

Notes

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.

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, CO₂ 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, 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.

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.

Notes

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 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 A/S is jointly taxed with the parent company, Aalborg Portland Holding A/S, and all Danish enterprises. 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.

CO₂ quotas

On initial recognition, granted and acquired CO₂ quotas are measured at cost.

The basis for amortisation of CO₂ 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 CO₂ quotas, a liability corresponding to the fair value of the CO₂ quotas, which the company has to settle, is recognised.

On disposal of CO₂ quotas the difference between carrying amount and the selling price of excess CO₂ quotas is recognised in the income statement at the date of disposal.

Notes

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.

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.

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.

Notes

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 Company (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.

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.

Notes

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

Aalborg Portland A/S 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 Company 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.

Notes

Financial ratios

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

Signatures

Management signatures

The Board of Directors and the Executive Board have today discussed and approved the annual report of Aalborg Portland 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 financial statements give a true and fair view of the Company's financial position at 31 December 2015 and of the results of the 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 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 Company.

We recommend that the annual report be approved at the Annual General Meeting.

Copenhagen, 8 March 2016

Board of Directors



Søren Vinther
Chairman



Marco Maria Bianconi



Riccardo Nicolini



Massimo Angelo Sala
Vice Chairman



Francesco Trivilino



Harry Egon Andersen



Morten Børglum



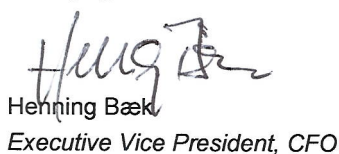
Ernst Aage Jensen

Executive Board



Riccardo Nicolini
CEO

Michael Lundgaard Thomsen
Managing Director



Henning Bæk
Executive Vice President, CFO

Signatures



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Denmark

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www.kpmg.dk
CVR no. 25 57 81 98

Independent auditors' report

To the shareholders of Aalborg Portland A/S

Independent auditors' report on the financial statements

We have audited the financial statements of Aalborg Portland A/S for the financial year 1 January – 31 December 2015. The 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 company. The 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 financial statements

Management is responsible for the preparation of 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the 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 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 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.

Signatures



Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2015 and of the results of the 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 financial statements. On this basis, it is our opinion that the information provided in the Management's review is consistent with the financial statements.

Copenhagen, 8 March 2016

KPMG

Statsautoriseret Revisionspartnerselskab

A blue ink signature of Benny Lyng Sørensen, written in a cursive style.

Benny Lyng Sørensen
State Authorised Public Accountant

A blue ink signature of Steffen S. Hansen, written in a cursive style.

Steffen S. Hansen
State Authorised Public Accountant

Management

Board of Directors

Søren Vinther, *Chairman*

Massimo Angelo Sala, *Vice Chairman*

Marco Maria Bianconi

Riccardo Nicolini

Francesco Trivilino

Harry Egon Andersen *

Morten Børglum *

Ernst Aage Jensen *

* Elected by the employees

Executive Board

Riccardo Nicolini, *CEO*

Michael Lundgaard Thomsen, *Managing Director*

Henning Bæk, *Executive Vice President, CFO*

Companies in the Group

The Company

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 CVR No 36 42 81 12

Owners

Aalborg Portland A/S is 100% owned by Aalborg Portland Holding A/S.
 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.

			Nominal share capital (in 000)	Direct holding *
Aalborg Portland A/S	Denmark	DKK	100.000	-
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%

* Ownershare is stated as direct holding of the superjacent enterprise.

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Aalborg Portland Group

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Søren Vinther,
Chairman of the Board of Directors

Executive Board:

Riccardo Nicolini,
CEO, Nordic & Baltic
Michael Lundgaard Thomsen,
Managing Director
Henning Bæk,
Executive Vice President, CFO

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Tomasz Stasiak, *Managing Director*

Aalborg Portland OOO

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Alexey Tomashevskiy, *Managing Director*