Titan Global Finance plc

Annual report and financial statements

for the year ended 31 December 2013

Registered number: 06199510

Titan Global Finance plc

Annual report and financial statements for the year ended 31 December 2013

Titan Global Finance plc

Company information

Directors:	CR Field KV Fittler G Kyrtatos LH Wilt Jr
Secretary:	Rollits Company Secretaries Limited
Registered Auditors:	Ernst & Young LLP 24 Marina Court Castle street Hull HU1 1TJ
Registered office:	No. 12 Shed King George Dock Hull HU9 5PR
Registered number:	06199510

Titan Global Finance plc

Strategic report

for the year ended 31 December 2013

The directors present their strategic report for the year ended 31 December 2013.

Business review

During the course of 2013, the company continued to carry out its operations as the group's funding vehicle, drawing on bank facilities and extending finance to group companies, i.e. Titan Cement Company S.A. and its subsidiary undertakings. At the same time, the company has also been extending finance to group companies via funds sourced from both the company's own cash reserves or from group subsidiaries with excess cash balances.

The company borrows and extends finance at arm's length, charging an additional five basis points margin on bank credit facilities, fixed interest rate loans and bonds (and a five per cent mark-up on other costs) so as to cover overhead costs and maintain the profitability commitment the company has historically agreed with Her Majesty's Revenue and Customs (HMRC) through the Advance Thin Capitalisation Agreement (ATCA). The existing ATCA expired on 31 December 2012, and the company is currently renegotiating a new ATCA on the same terms which will apply retrospectively from 1 January 2013.

On 30 July 2013, €97,654,000 of the company's 6.9% guaranteed notes expired and were repaid.

As at 31 December 2013, the company had committed undrawn bank facilities of approximately €324,680,000 (2012: €364,635,000).

The total comprehensive income for the year amounted to €78,000 (2012: €1,060,000).

Financial risk management

The company's key objective is to ensure that short term third party debt can always be met with available cash or unutilised bank facilities.

The Board of Directors therefore monitor the liquidity ratio, which is defined as the ratio of unutilised long term committed third party facilities (excluding facilities granted by members of Titan Group) and cash over short term third party debt (excluding borrowings granted by members of Titan Group) plus accrued interest associated with the short term borrowings.

The Board of Directors also monitors the company's profit before tax to ensure the company is compliant with the HMRC ATCA.

For the purpose of the liquidity ratio, short-term third-party debt and unutilised long-term committed third-party facilities are calculated as follows:

	2013	2012
	€'000	€'000
Listed guarantee notes (note 10)	-	97,070
Accrued interest and other finance costs	-	3,392
Short-term third-party debt	-	100,462
Long-term committed third-party facilities (note 10)	**585,000**	585,000
Utilised facilities	**(260,320)**	(220,365)
Unutilised long-term committed third-party facilities	**324,680**	364,635

The company's liquidity ratio as of 31 December was:

	2013	2012
Liquidity ratio	-	3.76 : 1

Titan Global Finance plc

Strategic report

for the year ended 31 December 2013

Financial risk management (continued)

At 31 December 2013, there was no short term third party debt. Given the directors key measure is to ensure short term third party debt can be settled when due, the directors feel the company has met this measure.

The nature of the company's business means that it is essential to have available external funds to be able to provide funding to relevant subsidiaries as required. External funding is guaranteed by Titan Cement Company S.A., the company's immediate and ultimate parent undertaking.

Principal risks and uncertainties and exposure to financial risks

The principal risks of the company are those relating to financial instruments including credit risk, liquidity risk, foreign exchange risk and interest risk. Please see note 4 to the financial statements for further information.

Future developments

The directors aim to improve upon already strong management policies which have resulted in this year's stability and profits.

The company's operations are aligned with the Group's strategic priorities with respect to optimisation of funding and cash management needs. As the Group's funding vehicle, the company is reliant on its parent for support through the guarantees the latter provides to secure the company's external financing. The Group will continue to focus on producing positive free cash flow and cost reduction so as to reduce net debt.

This report was approved by the board on 30 April 2014 and signed on its behalf by:

LH Wilt Jr
Director

KV Fittler
Director

Titan Global Finance plc

Directors' report

for the year ended 31 December 2013

The directors present their annual report and the audited financial statements for the year ended 31 December 2013.

Financial risk management and future developments

The financial risk management and future developments disclosures can be found in note 4 to the financial statements on pages 18 to 20 and in the strategic report on page 3 respectively.

Events after the reporting period

On 30 January 2014, the Company and a syndicate of Greek and International banks executed, in London (UK), a new €455,000,000 multicurrency forward start syndicated revolving credit facility, guaranteed by the Titan Cement Company S.A.. The new facility will be used for refinancing the company's existing syndicated facility maturing in January 2015 and therefore for general corporate purposes.

Going concern

As a result of the new facility referred to immediately above and of the renewal of the €200,000,000 Guaranteed Notes until January 2017, that took place back in December 2012, the Directors believe that the continued instability of the financial markets and any potential shortage of bank or non-bank credit, is not expected to significantly impact the company during the next 12 months. Borrowings are guaranteed by Titan Cement Company S.A., the company's immediate and ultimate parent undertaking.

The Board of Directors are confident that Titan Cement Company S.A. and the Group have adequate resources to ensure continued operations as a going concern for the foreseeable future. Titan Cement Company S.A. has made an undertaking to support the company, helping it meet its liabilities as they fall due, for at least 12 months from the date of approval of these financial statements. Therefore the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements

Results and dividends

The comprehensive income for the year amounted to €78,000 (2012: €1,060,000). The directors do not recommend the payment of a dividend for the year (2012: €Nil).

Directors

The directors who served during the year and up to the date of signing this report were:

CR Field
KV Fittler
G Kyrtatos
LH Wilt Jr

Titan Global Finance plc

Directors' report

for the year ended 31 December 2013

Qualifying third party indemnity provisions

A qualifying third party indemnity provision as defined in Section 232(2) of the Companies Act 2006 is in force for the benefit of each of the directors in respect of liabilities incurred as a result of their office, to the extent permitted by law.

Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing their report, of which the auditor is unaware. Having made enquiries of fellow directors and the company's auditor, each director has taken all the steps that he/she is obliged to take as a director in order to make himself/herself aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditors

In the absence of any notice proposing to terminate their appointment, Ernst & Young LLP will be deemed to be reappointed for the next financial year. Ernst & Young LLP, have indicated their willingness to continue in office.

This report was approved by the board on 30 April 2014 and signed on its behalf by:

LH Wilt Jr
Director

KV Fittler
Director

Titan Global Finance plc

Statement of directors' responsibilities

for the year ended 31 December 2013

The directors are responsible for preparing the Strategic Report, Directors' Report and the annual report and financial statements in accordance with applicable UK law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements the directors are required to:

- present fairly the financial position, financial performance and cash flows of the company,
- select suitable accounting policies in accordance with IAS8 Accounting policies, Changes in Accounting Estimates and Errors and then apply them consistently,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- make judgements that are reasonable,
- provide additional disclosures when compliance with the specific requirements in IFRSs as adopted by the European Union is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company's financial position and financial performance,
- state whether the company's financial statements have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Titan Global Finance plc

Independent auditor's report to the members of Titan Global Finance plc

We have audited the financial statements of Titan Global Finance plc for the year ended 31 December 2013 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash flows and the related notes 1 to 19. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Titan Global Finance plc

Independent auditor's report to the members of Titan Global Finance plc

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Ernst & Young LLP

Alistair Denton (Senior Statutory Auditor)
for and on behalf of Ernst & Young LLP, Statutory Auditor
Hull
Date: 30/4/14

Titan Global Finance plc

Registered no: 06199510

Statement of financial position

as at 31 December 2013

	Note	2013 €'000	2012 €'000
Assets			
Non-current assets			
Loans and other receivables	7	**983,969**	880,039
Current assets			
Loans and other receivables	7	**65,780**	110,184
Cash and cash equivalents		**6,070**	13,524
Current tax receivable		**29**	17
		71,879	123,725
Total assets		**1,055,848**	1,003,764
Equity and liabilities			
Equity attributable to owners of the parent			
Ordinary shares	8	**3,287**	3,287
Retained earnings		**5,701**	5,623
Total equity		**8,988**	8,910
Liabilities			
Non-current liabilities			
Loans and other payables	9	**537,257**	74,813
Borrowings	10	**453,863**	412,109
		991,120	486,922
Current liabilities			
Loans and other payables	9	**55,740**	410,862
Borrowings	10	**-**	97,070
		55,740	507,932
Total liabilities		**1,046,860**	994,854
Total equity and liabilities		**1,055,848**	1,003,764

The notes on pages 13 to 29 are an integral part of these financial statements.

The financial statements on pages 9 to 29 were authorised for issue by the Board of Directors on 30 April 2014 and were signed on its behalf by:

LH Wilt Jr
Director

KV Fittler
Director

Titan Global Finance plc

Statement of comprehensive income

for the year ended 31 December 2013

	Note	2013 €'000	2012 €'000
Administrative expenses	11	**(522)**	(597)
Finance income	14	**55,973**	49,981
Finance costs	14	**(55,350)**	(47,917)
Finance income - net	14	**623**	2,064
Profit before income tax		**101**	1,467
Income tax expense	15	**(23)**	(407)
Total comprehensive income		**78**	1,060

All of the activities of the company in 2013 and 2012 relate to continuing operations.

There are no items of other comprehensive income recorded directly in equity.

The notes on pages 13 to 29 are an integral part of these financial statements.

Titan Global Finance plc

Statement of changes in equity

for the year ended 31 December 2013

	Attributable to owners of the parent		
	Share capital	Retained earnings	Total equity
	€'000	€'000	€'000
Balance at 1 January 2012	3,287	4,563	**7,850**
Total comprehensive income for the year	-	1,060	**1,060**
Balance at 31 December 2012	3,287	5,623	**8,910**
Total comprehensive income for the year	-	78	**78**
Balance at 31 December 2013	3,287	5,701	**8,988**

The notes on pages 13 to 29 are an integral part of these financial statements.

Titan Global Finance plc

Statement of cash flows

for the year ended 31 December 2013

	Note	2013 €'000	2012 €'000
Cash flows from operating activities			
Cash generated from/(used in) operations	16	**4,362**	(498)
Income tax paid		**(35)**	(849)
Net cash generated from/(used in) operating activities		**4,327**	(1,347)
Cash flows from investing activities			
Loans granted to related parties		**(57,420)**	-
Loans repaid by related parties		**-**	98,127
Interest received		**51,182**	51,997
Net cash (used in)/generated from investing activities		**(6,238)**	150,124
Cash flows from financing activities			
Proceeds from loans from related parties		**97,086**	57,086
Interest paid		**(51,425)**	(52,218)
Repayment of borrowings		**(199,581)**	(256,655)
Proceeds from borrowings		**148,377**	97,654
Net cash used in financing activities		**(5,543)**	(154,133)
Decrease in cash and cash equivalents		**(7,454)**	(5,356)
Cash and cash equivalents at 1 January		**13,524**	18,880
Cash and cash equivalent at 31 December		**6,070**	13,524

The notes on pages 13 to 29 are an integral part of these financial statements.

Titan Global Finance plc

Notes to the financial statements

for the year ended 31 December 2013

1 Authorisation of financial statements

The financial statements of Titan Global Finance plc for the year ended 31 December 2013 were authorised for issue by the Board of Directors on 2014 and the statement of financial position was signed on the Board's behalf by LH Wilt and KV Fitter. Titan Global Finance plc is a public limited company, incorporated and domiciled in the United Kingdom.

2 Summary of significant accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standard as adopted by the European Union (IFRS as adopted by the EU) and the Companies Act 2006.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates and assumptions, as disclosed in note 5. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations on future events that are believed to be reasonable under the circumstances. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Going concern

On 30 January 2014, the Company and a syndicate of Greek and International banks executed, in London (UK), a new €455,000,000 multicurrency forward start syndicated revolving credit facility, guaranteed by the Titan Cement Company S.A.. The new facility will be used for refinancing the company's existing syndicated facility maturing in January 2015 and therefore for general corporate purposes.

As a result of the above new facility and of the renewal of the €200,000,000 Guaranteed Notes until January 2017, that took place back in December 2012, the Directors reasonably believe that the continued instability of the financial markets and any potential shortage of bank or non-bank credit, is not expected to significantly impact the company during the next 12 months. Borrowings are guaranteed by Titan Cement Company S.A., the company's immediate and ultimate parent undertaking.

The Board of Directors are confident that Titan Cement Company S.A. and Group have adequate resources to ensure continued operations as a going concern for the foreseeable future. Titan Cement Company S.A. has made an undertaking to support the company, helping it meet its liabilities as they fall due, for at least 12 months from the date of approval of these financial statements. Therefore the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

2 Summary of significant accounting policies (continued)

Changes in accounting policy and disclosures

a. New and amended standards adopted by the company

There are no new IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2013 that have been adopted or have an impact on the financial statements of the company, except the following set out below:

IFRS 13, 'Fair value measurement', aims to improve consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards within IFRSs. The directors do not consider the adoption of this standard to have had a significant impact on the financial statements. Additional disclosures, where required, are provided in the individual notes relating to the assets and liabilities whose fair values were determined.

b. New standards, amendments and interpretations not yet effective or adopted

There are a number of new standards and amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2013, that have not been early adopted when preparing these financial statements. None of these are expected to have an impact on the financial statements of the company.

Fair value measurement

The company discloses the fair value of financial instruments, measured at amortised cost, as disclosed in note 6.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

2 Summary of significant accounting policies (continued)

Fair value measurement (continued)

All assets and liabilities for which fair value is disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Segment reporting

The company's activities comprise a single operating segment under the principals of IFRS 8.

Functional and presentation currency

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The company's functional and presentational currency is the Euro. All financial information presented in Euros has been rounded to the nearest thousand.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the year end date. All differences are taken to the statement of comprehensive income.

2 Summary of significant accounting policies (continued)

Financial assets

The company's only financial assets are loans and receivables.

Loans and receivables are non-derivative financial assets (intra-Group facilities and loans) with fixed or determinable payments that are not quoted in an active market.

Loans and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the debtor is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of comprehensive income within administrative expenses.

Subsequent recoveries of amounts previously written off are credited against administrative expenses in the statement of comprehensive income.

Cash and cash equivalents

Cash and cash equivalents comprise deposits (including time deposits) with banks and bank and cash balances.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2 Summary of significant accounting policies (continued)

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less, if not they are presented as non-current liabilities.

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

Current tax

The income tax expense for the period comprises current tax. Tax is recognised in the statement of comprehensive income.

The income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the United Kingdom. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Financial guarantee contracts

Financial guarantee contracts are initially recognised at fair value, under IAS 39, 'Financial Instruments: Recognition and measurement'. Subsequently the contract is valued at the higher of the amount determined in accordance with IAS 37, and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with IAS 18.

Interest recognition

Interest income and costs are recognised using the effective interest method. When loans or borrowings are impaired, the company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income or costs. Interest income and costs on impaired loans or borrowings are recognised using the original effective interest rate.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements and estimates in applying the entity's accounting policies are set out below:

The company borrows and extends finance at arm's length, charging an additional five basis points margin on bank credit facilities, fixed interest rate loans and bonds (and a five per cent mark-up on other costs) so as to cover overhead costs and maintain the profitability commitment the company has historically agreed with Her Majesty's Revenue and Customs (HMRC) through the Advance Thin Capitalisation Agreement (ATCA). The existing ATCA expired on 31 December 2012, and the company is currently renegotiating a new ATCA on the same terms which will apply retrospectively from 1 January 2013. As such management have made the judgement that HMRC will continue to accept the five basis point margin and moreover that it is sufficient to maintain the margin over the life of the loan as opposed to on a continuous basis. If HMRC were to require the five basis point margin to be maintained on a continuous basis, the income tax expense for the year would increase by €499,000.

4 Financial risk management

The company's operations expose it to a variety of risks, principally financial. The company has in place a risk management programme that seeks to limit adverse effects on the financial performance of the company. The policies set by the board are implemented by the company's management.

The principal activity of the company is to act as an intermediate finance company for the Group's operations by raising and providing funding to other Titan Group companies. Therefore credit risk, liquidity risk, interest rate risk and foreign exchange risk are inherent risks.

a. *Credit risk*

Given that the company is the Group's funding vehicle and its purpose is to raise external bank and non-bank financing and lend to Group companies to cover their borrowing needs, it is not exposed to major credit risk other than the potential inability of its intra-Group counterparties to meet their obligations. All third party obligations are guaranteed by Titan Cement Company S.A., the immediate and ultimate parent undertaking. The cash balances are deposited with highly rated financial institutions in line with Group Treasury policies, as approved by the Board of Directors.

b. *Liquidity risk*

The company retains sufficient cash and committed loans and facilities to ensure it has sufficient available funds to cover its operating needs. At 31 December 2013, the company held listed guarantee notes of €200,000,000, bank borrowings of €260,320,000 and loans from related parties of €582,257,000, €45,000,000 of which was due for repayment within 12 months of the year end.

Further to the exchange offer in December 2012, the company holds in total €200,000,000 8.75% guaranteed notes, expiring on 19 January 2017.

4 Financial risk management (continued)

b. Liquidity risk (continued)

The company has entered into an indemnity deed alongside its parent company in support of a credit agreement held by another Group entity. This instrument is considered a financial guarantee contract as defined by IAS39. The maximum potential out flow the directors feel the company is exposed to is €3,456,000 (2012: €6,604,000). The directors consider it improbable that the company will suffer any cash out flow as a result of this instrument because the entity concerned is in compliance with its obligation and there are no indications that it will not remain in compliance for the foreseeable future. Therefore the instrument continues to be measured at a carrying value of €Nil, which also approximates fair value.

The table below analyses the company's non-derivative financial liabilities (including financial guarantee contracts) into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date:

	Less than 3 months	Between 3 months and 1 year	Between 1 and 2 year	Between 2 and 5 years	Over 5 years	Total
As at 31 December 2013	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**	**€'000**
Listed guarantee notes	**4,375**	**13,125**	**17,500**	**218,459**	**-**	**253,459**
Bank borrowings	**2,059**	**6,176**	**260,432**	**-**	**-**	**268,667**
Payables to related parties	**4,706**	**58,987**	**523,382**	**15,827**	**-**	**602,902**
Financial guarantee contracts	**3,456**	**-**	**-**	**-**	**-**	**3,456**
As at 31 December 2012						
Listed guarantee notes	6,060	112,990	17,500	235,863	-	372,413
Bank borrowings	1,745	5,235	6,980	220,461	-	234,421
Payables to related parties	3,633	413,363	27,065	50,291	-	494,352
Financial guarantee contracts	6,604	-	-	-	-	6,604

c. *Interest rate risk*

The company has floating rate assets and liabilities, in the form of bank borrowings and corresponding intercompany debtors (representing the bank borrowings on loan at floating rate plus a margin), and fixed rate assets and liabilities, being listed guarantee notes and corresponding intercompany debtors (representing those amounts on loan at fixed rates plus a margin). As the fixed and floating rate assets and liabilities are essentially matched, the related interest rate risk is naturally mitigated.

The company has cash balances earning interest at a floating rate, and as such is exposed to interest rate risk on those amounts. The company does not currently use derivative financial instruments to hedge its interest rate risk.

At 31 December 2013, if interest rates on loan receivables, payables and bank borrowings had been 1% higher with all other variables held constant, pre-tax profit for the year would have been €17,000 (2012: €151,000) lower, mainly as a result of lower net interest income on floating rate instruments.

4 Financial risk management (continued)

d. *Foreign exchange risk*

Funding is denominated in the same currency as the currency of funding provided to Titan Group's subsidiaries. As a consequence the exposure to exchange rate risk is significantly offset.

At 31 December 2013, if the Euro had strengthened/weakened by 5% against the US Dollar with all other variables held constant, pre-tax profit for the year would have been €304,000 (2012: €308,000) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US Dollar-denominated loan receivables, payables, bank borrowings and operating expenses.

At 31 December 2013, if the Euro had strengthened/weakened by 5% against the Pound Sterling with all other variables held constant, pre-tax profit for the year would have been €150,000 (2012: €146,000) lower/higher, mainly as a result of foreign exchange gains/losses on translation of Pounds Sterling denominated loan receivables, payables and operating expenses.

5 Capital risk management

The company's objectives when managing capital are to safeguard the company's ability to continue as a going concern in order to provide liquidity across the Group via the usage of excess cash from operations and third party debt.

The Board of Directors therefore monitor the liquidity ratio, which is defined as the ratio of unutilised long term committed third party facilities (excluding facilities granted by members of Titan Group) and cash over short term third party debt (excluding borrowings granted by members of Titan Group) plus accrued interest associated with the short term borrowings.

For the purpose of the liquidity ratio, short-term third-party debt and unutilised long-term committed third-party facilities are calculated as follows:

	2013 **€'000**	2012 €'000
Listed guarantee notes (note 10)	-	97,070
Accrued interest and other finance costs	-	3,392
Short-term third-party debt	-	100,462
Long-term committed third-party facilities (note 10)	**585,000**	585,000
Utilised facilities	**(260,320)**	(220,365)
Unutilised long-term committed third-party facilities	**324,680**	364,635

The company's liquidity ratio as of 31 December was:

	2013	2012
Liquidity ratio	-	3.76 : 1

At 31 December 2013, there was no short term third party debt. Given the directors key measure is to ensure short term third party debt can be settled when due, the directors feel the company has met this measure.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, capital returned to the immediate parent undertaking or issue new shares.

Titan Global Finance plc

Notes to the financial statements

for the year ended 31 December 2013

6 Financial instruments by category

Set out below is a comparison by category of carrying amounts and fair values of the company's assets and liabilities, that are carried in the statement of the financial position:

	Fair value		Carrying amount	
	2013	2012	**2013**	2012
Assets	**€'000**	€'000	**€'000**	€'000
Loans and receivables				
Receivables from related parties	**1,062,370**	979,672	**1,037,459**	979,672
Accrued income	**12,290**	10,551	**12,290**	10,551
Cash and cash equivalents	**6,070**	13,524	**6,070**	13,524
Total	**1,080,730**	1,003,747	**1,055,819**	1,003,747
Liabilities				
Other financial liabilities at amortised cost				
Bank borrowings	**258,087**	217,994	**258,300**	217,994
Listed guarantee notes	**216,039**	291,185	**195,563**	291,185
Trade payables	**17**	48	**17**	48
Payables to related parties	**578,817**	478,676	**582,257**	478,676
Accrued expenses	**10,723**	6,951	**10,723**	6,951
Total	**1,063,683**	994,854	**1,046,860**	994,854

All of the above financial instruments are categorised as level 2 (2012: level 2) in the fair value hierarchy

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

Listed guarantee notes are not held on an actively traded market and therefore the fair value was established using a valuation technique based on observable market data and an assumed 8.75% interest rate and 5.625% discount rate and reflects non-performance risk. There has been no change in the valuation technique used.

All other financial instruments are evaluated by the company based on parameters such as interest rates and price quotations at the reporting date.

Please refer to the fair value measurement accounting policy on pages 14 to 15 for details of how the company assesses fair value.

7 Loans and other receivables

	Note	2013 €'000	2012 €'000
Amounts falling due after more than one year			
Receivables from related parties	17	**983,969**	880,039

	Note	2013 €'000	2012 €'000
Amounts falling due within one year			
Receivables from related parties	17	**53,490**	99,633
Accrued income		**12,290**	10,551
		65,780	110,184

Receivables from related parties represent intra-group facilities and loans.

Amounts are drawn down from each facility for periods up to 180 days, however each tranche is considered as part of one of the long-term revolving credit facilities which are repayable either partially or in full at the option of the company or it may be renewed for another period. Accordingly, the amounts drawn down have been classified as payable within one year or after more than one year in accordance with the term of the facilities. Amounts drawn down under floating rate facility/loan agreements are subject to interest rates which are equal to 30, 60, 90 or 180 days LIBOR or EURIBOR rate plus a margin or at fixed interest rates. All amounts are guaranteed by Titan Cement Company S.A., the company's immediate parent undertaking, with the exception of €753,878,000 (2012: €699,321,000) due from Titan Cement Company S.A..

Credit risk with respect to loan receivables is limited due to the company's customer base being group undertakings for whom there is no recent history of default. Due to this, management believe there is no credit risk provision required for doubtful debtors in both this and the prior year.

As of 31 December 2013, loans and other receivables of €Nil (2012: €Nil) were past due and not impaired.

Loans and other receivables are denominated in the following currencies:

	2013 €'000	2012 €'000
Euros	**908,797**	855,473
US Dollars	**140,864**	134,582
Pounds sterling	**88**	168
	1,049,749	990,223

8 Ordinary shares

	2013 €'000	2012 €'000
Authorised, issued and fully paid		
2,500,000 ordinary shares of £1 each	**3,287**	3,287

9 Loans and other payables

	Note	2013 €'000	2012 €'000
Amounts owed after more than one year			
Payables to related parties	17	**537,257**	74,813
Amounts owed within one year			
Trade payables		**17**	48
Payables to related parties	17	**45,000**	403,863
Accrued expenses		**10,723**	6,951
		55,740	410,862

Amounts owed to related parties represent intra-group facilities and loans.

Amounts are drawn down from each facility for periods between 30 and 180 days, however each tranche is considered as part of one of the long-term Revolving Credit Facilities which are repayable either partially or in full at the option of the related party or it may be renewed for another period. Accordingly, the amounts drawn down have been classified as payable between one and three years in accordance with the terms of the facility. Amounts drawn down under floating rate facility/loan agreements are subject to interest rates which are equal to 30, 60, 90 or 180 days LIBOR or EURIBOR rate plus a margin.

Loans and other payables are denominated in the following currencies:

	2013 €'000	2012 €'000
Euros	**460,138**	477,797
US Dollars	**132,717**	7,743
Pounds sterling	**142**	135
	592,997	485,675

10 Borrowings

	2013	2012
	€'000	€'000
Amounts owed after more than one year		
Bank borrowings (net of transaction costs)	**258,300**	217,994
Listed guaranteed notes (net of transaction costs)	**195,563**	194,115
	453,863	412,109

	2013	2012
	€'000	€'000
Amounts owed within one year		
Listed guaranteed notes (net of transaction costs)	**-**	97,070

Bank borrowings

Bank borrowings represent amounts drawn down on the €585,000,000 (2012: €585,000,000) multi-currency forward-start Revolving Credit Facility with Banc of America Securities Limited, HSBC Bank plc and BNP Paribas as arrangers and Banc of America Securities Limited as agent. The forward-start Revolving Credit Facility is committed for a fixed period and expires on 5 January 2015. These borrowings are guaranteed by Titan Cement Company S.A., the company's immediate parent undertaking.

Amounts are drawn down for periods between 30 and 180 days, however each tranche is considered as part of the long-term revolving credit facility which is repayable either partially or in full at the option of the company or it may be renewed for another period. Accordingly, the amounts drawn down have been classified as payable within two years in accordance with the terms of the facility. Amounts drawn down from floating rate facility/loan agreements are subject to interest rates equal to 30, 60, 90 or 180 days LIBOR or EURIBOR rates plus a margin. The agreement contains a financial covenant on the Titan Group's consolidated net debt to consolidated EBITDA ratio. The Titan Group was in compliance with its covenants as at 31 December 2013.

The amount of bank facilities available for draw down at 31 December 2013 was €324,680,000 (2012: €364,635,000).

Bank borrowings (net of transaction costs) are denominated in the following currencies:

	2013	2012
	€'000	€'000
Euros	**132,810**	97,630
US Dollars	**125,490**	120,364
	258,300	217,994

10 Borrowings (continued)

Listed guaranteed notes

On 30 July 2009, the company issued €200,000,000 6.9% fixed rate guaranteed notes, which are quoted on the Luxembourg stock exchange. The notes were redeemable at par on 30 July 2013 and interest was payable semi-annually.

On 19 December 2012, the company offered to renew the €200,000,000 6.9% guaranteed notes in advance of their maturity on 30 July 2013. Under the terms of the renewal, the new guaranteed notes bear interest at 8.75% and expire on 19 January 2017.

Holders of 6.9% guaranteed notes amounting to €102,346,000 accepted the renewal.

Holders of €97,654,000 6.9% guaranteed notes did not accept the renewal, and as a consequence the company has repaid €97,654,000 on expiration in July 2013.

On 19 December 2012, the company issued €97,654,000 8.75% guaranteed notes, expiring on 19 January 2017. Consequently, the company holds €200,000,000 8.75% guaranteed notes, expiring on 19 January 2017. All notes are guaranteed by Titan Cement Company S.A., the company's immediate parent undertaking. As a result, the company has proactively secured a further four years funding. The notes are recognised in the statement of financial position at amortised cost. The fair value of borrowings is disclosed in note .

11 Expenses by nature

		2013	2012
	Note	**€'000**	€'000
Employee benefit expenses	13	**15**	37
Foreign exchange		**264**	274
Other expenses		**243**	286
Total administrative expenses		**522**	597

12 Auditor's remuneration

The company obtained the following services from the company's auditor.

	2013	2012
	€'000	€'000
Audit of the financial statements	**24**	20
Audit related assurance services	**-**	22

13 Employees and directors

During the current and previous financial year there were no employees other than directors.

	2013 €'000	2012 €'000
Directors		
Aggregate emoluments	**15**	37

The amounts disclosed above represent key management compensation (directors only). A number of directors are remunerated by other Group undertakings with no recharge to the company. The amount of remuneration paid to directors in respect of their services to the company was €15,000 (2012: €37,000). Administration work is outsourced to a company affiliate.

14 Finance income and costs

	Note	2013 €'000	2012 €'000
Finance income:			
Interest income on loans to related parties	17	**48,365**	43,909
Loan arrangement, commitment and utilisation fees		**7,598**	5,961
Interest income on cash and cash equivalents		**10**	108
Other interest		**-**	3
Finance income on financial assets at amortised cost		**55,973**	49,981
Finance costs:			
Interest payable on loans from related parties	17	**(16,490)**	(15,425)
Interest payable on bank borrowings		**(31,237)**	(26,814)
Loan arrangement, commitment and utilisation fees		**(7,623)**	(5,594)
Other interest		**-**	(84)
Finance costs on financial liabilities at amortised cost		**(55,350)**	(47,917)
Finance income - net		**623**	2,064

15 Income tax expense

	2013 €'000	2012 €'000
Current tax:		
UK corporation tax on profits for the year	**23**	359
Adjustment in respect of prior periods	**-**	48
Income tax expense	**23**	407

The tax on the company's profit before income tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the entity as follows:

	2013 €'000	2012 €'000
Profit before income tax	**101**	1,467
Profit before income tax multiplied by the weighted average rate of corporation tax in the UK of 23.25% (2012: 24.5%)	**23**	359
Tax effects of:		
Adjustments to income tax charge in respect of prior years	**-**	48
Income tax expense	**23**	407

Factors affecting current and future tax charges

A reduction in the UK main corporation tax rate to 21% was substantively enacted on 2 July 2013 and will be effective from 1 April 2014.

16 Cash generated from/(used in) operations

	Note	2013 €'000	2012 €'000
Profit before income tax		**101**	1,467
Adjustments for:			
Finance income	14	**(55,973)**	(49,981)
Finance costs	14	**55,350**	47,917
Changes in working capital:			
Loans and other receivables		**2,686**	299
Borrowings, loans and other payables		**2,198**	(200)
Cash generated from/(used in) operations		**4,362**	(498)

17 Related party transactions

The following transactions were carried out with related parties.

a. Purchase of services

	2013	2012
	€'000	€'000
Purchase of services		
Other related parties	**15**	37

Legal services totaling €15,000 (2012: €37,000) at normal market rates were incurred from Rollits Solicitors. A partner of Rollits Solicitors, CR Field, is also a director of the company.

b. Key management compensation

Key management includes statutory directors only. The compensation paid or payable to key management for employee services is shown below:

	2013	2012
	€'000	€'000
Key management compensation		
Salaries and other short term employee benefits	**15**	37

c. Loans receivable and payable to/from related parties

Year end balances arising from financing activities are as follows:

	2013	2012
	€'000	€'000
Receivables from related parties		
Immediate parent undertaking	**742,918**	692,362
Fellow group undertakings	**294,541**	287,310
Payables to related parties		
Fellow group undertakings	**582,257**	478,676

Interest arising from financing activities were as follows:

	2013	2012
	€'000	€'000
Receivable from related parties		
Immediate parent undertaking	**33,572**	27,184
Fellow group undertakings	**14,793**	16,725
Paid to related parties		
Fellow group undertakings	**16,490**	15,425

17 Related party transactions (continued)

c. Loans receivable and payable to/from related parties (continued)

Arrangement fees, commitment fees and utilisation fees arising from financing activities were as follows:

	2013	2012
	€'000	€'000
Receivable from related parties		
Immediate parent undertaking	**4,365**	3,654
Fellow group undertakings	**3,233**	2,307
Paid to related parties		
Fellow group undertakings	**105**	286

18 Events after the reporting period

On 30 January 2014, the company and a syndicate of Greek and International banks executed, in London, (UK), a new €455,000,000 multicurrency forward start syndicated revolving credit facility, guaranteed by the Titan Cement Company S.A. The new facility will be used for refinancing the company's existing syndicated facility maturing in January 2015 and therefore for general corporate purposes.

19 Parent undertakings and controlling party

The company's immediate and ultimate parent undertaking and controlling party is Titan Cement Company S.A., a company incorporated in Greece.

The largest and smallest group in which the results of the company are consolidated is that headed by Titan Cement Company S.A. The consolidated financial statements of this group may be obtained from Titan Cement Company S.A., 22A Halkidos Street, Athens, 111-43 Greece.