

AEMOS CEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2014

AEMOS CEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS 31 December 2014

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AEMOS CEMENT LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Arta Antoniou
Spyroulla Papaeracleous (resigned on 25/07/2014)
Stelios Triantafyllides
Maroulla Georgiou (appointed on 25/07/2014)

Company Secretary:

A.T.S. Services Limited
2-4 Arch. Makarios III Avenue
Capital Center, 9th Floor
CY-1505 Nicosia, Cyprus

Independent Auditors:

Ernst & Young Cyprus Limited
Certified Public Accountants & Registered Auditors
Jean Nouvel Tower
6 Stasinou Avenue, 1060 Nicosia
P.O.Box 21656
1511 Nicosia, Cyprus

Registered office:

31 Christodoulou Sozou,
Ermis Court
1096, Nicosia
Cyprus

AEMOS CEMENT LIMITED

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2014.

Principal activities

The principal activities of the Company, which are unchanged from last year, are those of an investment holding company and the investing and trading in shares including but not limited to any form of dividend and interest earning shares, bonds, deposits and loans.

Review of current position, future developments and significant risks

The Company made a profit for the year 2014 of €77,969,251 compared to the profit of €20,675,588 made in 2013. The increase was due to higher dividends received from its subsidiary in the amount of €69,869,181 (2013: €12,099,040). The net assets of the Company as at 31 December 2014 were €490,332,354 compared to €617,863,103 in 2013. The Board of Directors does not expect any significant changes in the activities of the Company in the foreseeable future.

The Company's principal risks and uncertainties are presented in note 3.

Results and Dividends

The Company's results for the year are set out on page 5.

Dividends

In 2014 the Company distributed dividends of the total amount of €105,500,000 (2013: €NIL).

Share capital

There were no changes in the share capital of the Company during the year under review.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2014 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2014.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

By order of the Board of Directors,



Stelios Triantafyllides
Director

Nicosia, 8 May 2015



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1511 Nicosia, Cyprus

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Independent Auditor's Report

To the Members of Aemos Cement Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Aemos Cement Limited (the "Company"), which comprise the statement of financial position as at 31 December 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility for the Financial Statements

The Company's Board of Directors 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 European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 auditor's judgment, 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 auditor considers internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, 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 audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Aemos Cement Limited as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

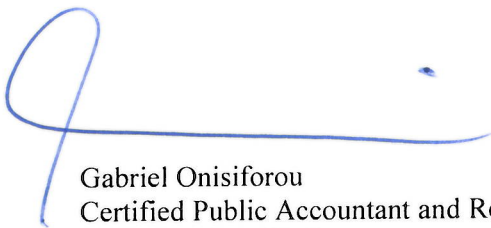
Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Gabriel Onisiforou
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia
8 May 2015

AEMOS CEMENT LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

	Note	2014 €	2013 €
Dividend income	16.1	<u>69,869,181</u>	12,099,040
Administration expenses		(265,088)	(155,082)
Other expenses	5	<u>(519,940)</u>	-
Operating profit	6	69,084,153	11,943,958
Net finance income	8	<u>10,214,372</u>	10,039,877
Profit before tax		79,298,525	21,983,835
Tax	9	<u>(1,329,274)</u>	(1,308,247)
Net profit for the year		77,969,251	20,675,588
Other comprehensive income		-	-
Total comprehensive income for the year		<u>77,969,251</u>	<u>20,675,588</u>

The notes on pages 10 to 23 form an integral part of these financial statements.


AEMOS CEMENT LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2014

	Note	2014 €	2013 €
ASSETS			
Non-current assets			
Investments in subsidiaries	10	294,974,193	295,494,133
Non-current loans receivable	16.2	194,850,000	306,850,000
		489,824,193	602,344,133
Current assets			
Receivables	11	416,704	1,264,747
Refundable taxes		-	16,025
Cash and cash equivalents	12	240,884	14,251,042
		657,588	15,531,814
Total assets		490,481,781	617,875,947
EQUITY AND LIABILITIES			
Equity			
Share capital	13	114,729	114,729
Share premium		12,813,668	113,054,397
Special reserve		350,000,000	-
Translation reserve		331,713	90,984
Retained earnings		127,072,244	504,602,993
Total equity		490,332,354	617,863,103
Non-current liabilities			
Provisions for other liabilities and charges	14	63,712	-
		63,712	-
Current liabilities			
Trade and other payables	15	22,352	11,475
Current tax liabilities		63,363	1,369
		85,715	12,844
Total liabilities		149,427	12,844
Total equity and liabilities		490,481,781	617,875,947

On 8 May 2015 the Board of Directors of Aemos Cement Limited authorised these financial statements for issue.


Stelios Triantafyllides
Director


Arta Antoniou
Director

The notes on pages 10 to 23 form an integral part of these financial statements.

AEMOS CEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Share capital €	Share premium €	Special reserve €	Translation reserve €	Retained earnings €	Total €
Balance at 1 January 2013	114,729	113,054,397	-	90,984	483,927,405	597,187,515
Comprehensive income						
Net profit for the year	-	-	-	-	20,675,588	20,675,588
Balance at 31 December 2013/ 1 January 2014	114,729	113,054,397	-	90,984	504,602,993	617,863,103
Comprehensive income						
Net profit for the year	-	-	-	-	77,969,251	77,969,251
Transactions with owners						
Reduction of share premium (1)	-	(100,000,000)	-	-	-	(100,000,000)
Correction of share premium's balance (2)	-	(240,729)	-	240,729	-	-
Dividends	-	-	-	-	(105,500,000)	(105,500,000)
Other movements						
Transfer from retained earnings	-	-	350,000,000	-	-	350,000,000
Transfer to special reserve (3)	-	-	-	-	(350,000,000)	(350,000,000)
Total other movements	-	-	350,000,000	-	(350,000,000)	-
Balance at 31 December 2014	114,729	12,813,668	350,000,000	331,713	127,072,244	490,332,354

Share premium is not available for distribution.

The notes on pages 10 to 23 form an integral part of these financial statements.

AEMOS CEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

(1) During 2014 the share premium was reduced from €113,054,397 to €13,054,397.

(2) In 2014 the Company reduced the share premium by €240,729 in order to be in line with the records of the Registrar of Companies.

(3) The Company decided to form a Special Reserve, by transferring the amount of €350,000,000 from the Retained Earnings as per the decision of the Board of Directors of December 31st 2014.

AEMOS CEMENT LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2014

	2014	2013
	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	79,298,525	21,983,835
Adjustments for:		
Loss from sale of investment	10 519,940	-
Dividend income	(69,869,181)	-
Interest income	8 (9,526,646)	(12,099,040)
Interest expense	8 -	(9,968,417)
Cash flows from/(used in) operations before working capital changes	422,638	(83,622)
Increase in provisions	63,712	-
Increase in receivables	(326,317)	(350,731)
Increase/(decrease) in trade and other payables	10,877	(7,999,026)
Cash flows from/(used in) operations	170,910	(8,433,379)
Dividends received	70,224,143	12,099,040
Tax paid	(1,251,255)	(1,345,303)
Net cash flows from operating activities	69,143,798	2,320,358
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of investments in subsidiaries	10 -	(450,000)
Loans granted net	-	(48,150,000)
Loans interest received	10,343,858	9,904,562
Interest received	2,186	278,472
Net cash flows from/(used in) investing activities	10,346,044	(38,416,966)
CASH FLOWS FROM FINANCING ACTIVITIES		
Share premium reduction	(100,000,000)	-
Proceeds from loans from related companies	112,000,000	21,800,000
Dividends paid	(105,500,000)	-
Net cash flows (used in)/from financing activities	(93,500,000)	21,800,000
Net decrease in cash and cash equivalents	(14,010,158)	(14,296,608)
Cash and cash equivalents:		
At beginning of the year	14,251,042	28,547,650
At end of the year	12 240,884	14,251,042

The notes on pages 10 to 23 form an integral part of these financial statements.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

1. Incorporation and principal activities

Country of incorporation

The Company Aemos Cement Limited was incorporated in Cyprus on 9 March 1998 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 31 Christodoulou Sozou, Ermis Court, 1096, Nicosia, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are those of an investment holding company and the investing and trading in shares including but not limited to any form of dividend and interest earning shares, bonds, deposits and loans.

2. Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

These financial statements are separate parent financial statements of the Company. Consolidated financial statements, which would include the financial statements of the Company and its subsidiary undertakings have not been prepared because the Company is a wholly owned subsidiary itself and it does not need to prepare consolidated financial statements as IFRS consolidated financial statements are prepared by its ultimate parent company Titan Cement S.A., a company incorporated in Greece. This exemption is permitted by International Accounting Standard IAS27 "Consolidated and Separate Financial Statements" and by the Cyprus Companies Law, Cap. 113. Consolidated financial statements can be obtained from Titan Cement S.A., 22A Halkidos Street, 11143 Athens, Greece.

Adoption of new and revised IFRSs

The accounting policies adopted are consistent with those of the previous financial year except as follows:

The Company has adopted all the new and amended IFRS and IFRIC interpretations that are effective as of 1 January 2014. The adoption did not have a material effect on the accounting policies of the Group.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

Subsidiary companies

Subsidiaries include all companies that are controlled by the company. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than one half of the voting power of an enterprise.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

2. Accounting policies (continued)

Subsidiary companies (continued)

Investment in subsidiaries are stated at cost less any impairment in value. The carrying values of investments in subsidiaries are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Impairment losses are recognised in the income statement.

Revenue recognition

Revenue comprises the invoiced amount for the sale of goods and services net of Value Added Tax, rebates and discounts. Revenues earned by the Company are recognised on the following bases:

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

- **Dividend income**

Dividend income is recognised when the right to receive payment is established.

Foreign currency translation

(1) **Functional and presentation currency**

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

(2) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax on investments in subsidiaries undertakings does not arise, as the profit on sale of securities is not taxable.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

2. Accounting policies (continued)

Dividends

Interim dividends are recognised in equity in the year in which they are paid. Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

Financial assets

(1) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Company's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months from the reporting date.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

- Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

- Held-to-maturity investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity, that do not meet the definition of loans and receivables. During the year, the Company did not hold any investments in this category.

- Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless management intends to dispose of the investment within twelve months of the reporting date.

(2) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the statement of comprehensive income.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

2. Accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of comprehensive income.

Impairment of non-financial assets

Assets, other than intangibles with an indefinite useful life, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Share capital

Ordinary shares are classified as equity.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

3. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

3.2 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with recognised financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

3.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2014

	Carrying amounts €	3 months or less €
Trade and other payables	22,352	22,352
	22,352	22,352

31 December 2013

	Carrying amounts €	3 months or less €
Trade and other payables	11,475	11,475
	11,475	11,475

3.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from its bank accounts maintained in US Dollar. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

3. Financial risk management (continued)

3.5 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

4. Critical accounting estimates and judgments

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of non-financial assets**

The Company periodically evaluates the recoverability of non-financial assets such as investments in subsidiaries, whenever indicators of impairment are present. Indicators of impairment include such items as declines in market values, revenues, earnings, cash flows or net asset value which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that non-financial assets may be impaired, the estimated recoverable amount of these assets would be compared to their carrying amounts to determine if a write-down to the income statement is necessary.

5. Other expenses

	2014	2013
	€	€
Loss from sale of participation (Note 10)	<u>519,940</u>	-
	<u>519,940</u>	-

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

6. Operating profit

	2014	2013
	€	€
Operating profit is stated after charging the following items:		
Directors' fees	-	-
Staff costs (Note 7)	153,778	109,992
Auditors' remuneration	6,786	6,909

7. Staff costs

	2014	2013
	€	€
Wages and salaries	153,778	109,992
	153,778	109,992

8. Finance income/cost

	2014	2013
	€	€
Loan interest income (Note 16)	9,524,460	9,689,945
Bank interest income	2,186	278,472
Loan interest commitment fee	687,698	71,471
Exchange profit	34	14
Finance income	10,214,378	10,039,902
Net foreign exchange transaction losses	(6)	(25)
Finance costs	(6)	(25)
Net finance income	10,214,372	10,039,877

9. Tax

	2014	2013
	€	€
Corporation tax - current year	1,243,388	1,201,494
Corporation tax - prior years	84,631	64,920
Defence contribution - current year	655	41,833
Tax penalty expense	600	-
Charge for the year	1,329,274	1,308,247

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

9. Tax (continued)

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2014	2013
	€	€
Profit before tax	<u>79,298,525</u>	<u>21,983,835</u>
Tax calculated at the applicable tax rates	9,912,316	2,747,979
Tax effect of expenses not deductible for tax purposes	64,993	-
Tax effect of allowances and income not subject to tax	(8,733,920)	(1,546,485)
Defence contribution current year	655	41,833
Tax penalty expense	600	-
Prior year tax	<u>84,631</u>	<u>64,920</u>
Tax charge	<u>1,329,274</u>	<u>1,308,247</u>

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (2013:30%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17% for the tax year 2014, 20% for 2013.

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

10. Investments in subsidiaries

	2014 €	2013 €
Balance at 1 January	295,494,133	295,044,133
Additions	-	450,000
Transfer of shares	(519,940)	-
Balance at 31 December	<u>294,974,193</u>	<u>295,494,133</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2014 Holding %	2013 Holding %	2014 €	2013 €
Rea Cement Limited	Cyprus	Holding Company	100	100	65,501,726	65,501,726
Alvacim Limited	Cyprus	Holding Company	100	100	97,130,619	97,130,619
Feronia Limited	Cyprus	Holding Company	100	100	256,900	256,900
Titan Cement Cyprus Ltd (1)	Cyprus	Holding Company	88.15	88.5	126,175,986	126,695,926
Themis Holdings Ltd	Cyprus	Holding Company	100	100	201,000	201,000
Dancem ApS (2)	Denmark	Holding Company	100	100	5,707,962	5,707,962
					<u>294,974,193</u>	<u>295,494,133</u>

(1) In 2014 the Company transferred 559 shares of €930,124,116 each of Titan Cement Cyprus Limited to International Finance Corporation at Nil consideration, thus realising a loss of €519,940 (note 5).

(2) On 26 September 2013 the Company paid €450,000 to Dancem ApS against share capital increase.

In the opinion of the directors and management, the carrying amounts of the investment in subsidiaries are lower than their recoverable amounts.

11. Receivables

	2014 €	2013 €
Receivables from related companies (Note 16.4)	376,511	51,423
Dividends receivable (Note 16.4)	-	354,962
Deposits and prepayments	1,230	-
Loans receivable from related parties (Note 16.2)	38,963	858,362
	<u>416,704</u>	<u>1,264,747</u>

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

12. Cash and cash equivalents

Cash balances are analysed as follows:

	2014	2013
	€	€
Cash at bank and in hand	<u>240,884</u>	14,251,042
	<u>240,884</u>	<u>14,251,042</u>

Cash at bank represents current and fixed deposit accounts denominated in Euro and US Dollar and earn interest at the rate of 3-4% per annum.

13. Share capital

	2014	2014	2013	2013
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1,71 each	<u>70,000</u>	<u>118,322</u>	70,000	118,322
Issued and fully paid				
Balance at 1 January	<u>67,093</u>	<u>114,729</u>	67,093	114,729
Balance at 31 December	<u>67,093</u>	<u>114,729</u>	67,093	114,729

(1) During 2014 the share premium was reduced from €113,054,397 to €13,054,397.

14. Provisions for other liabilities and charges

	Post retirement obligations €
Balance at 1 January 2013	-
Balance at 31 December 2013/ 1 January 2014	-
Charged/(credited) to profit or loss	<u>63,712</u>
Balance at 31 December 2014	<u>63,712</u>

15. Trade and other payables

	2014	2013
	€	€
Accruals	8,575	1,575
Other creditors	7,251	9,900
Payables to related companies (Note 16.3)	<u>6,526</u>	-
	<u>22,352</u>	<u>11,475</u>

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

16. Related party transactions

The Company is controlled by Titan Cement S.A., incorporated in Greece, which owns 100% of the Company's shares.

For the purpose of these financial statements, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other part in making financial and operating decisions and as such include companies which are ultimately controlled by a common management.

The following transactions were carried out with related parties:

16.1 Dividend income

	2014	2013
	€	€
Dividend income	<u>69,869,181</u>	12,099,040
	<u>69,869,181</u>	<u>12,099,040</u>

In 2014 the Company received dividends from Titan Cement Cyprus Limited in the amount of €69,079,181 (2013: €12,099,040).

In 2014 the Company received dividends from Alvacim Limited in the amount of €790,000 (2013: €NIL).

16.2 Loans due from related parties (Note 11)

	2014	2013
	€	€
Balance brought forward	307,708,362	281,572,979
Loan given	-	48,150,000
Loan repayment	(122,343,858)	(31,704,562)
Interest charge	<u>9,524,460</u>	9,689,945
	<u>194,888,964</u>	<u>307,708,362</u>

On 1 December 2010, the Company entered into a new loan facility €250,000,000 consolidating existing loans at that date with Titan Global Finance Plc. The total principal utilised from the loans was €249,200,000. During 2014 additional amounts drawn were €NIL (2012: €35,950,000) and repaid €120,029,794 (2013: €29,877,961). The loan is unsecured, bears an interest rate of Euribor plus 1.30 % per annum. On 1 February 2014 the Company entered into the sixth amendment agreement with Titan Global Finance extending the repayment date of the loan up to 5 January 2018. Interest is payable within one year. The total interest income for the year was €7,360,376 (2013: €7,864,271).

On 2 January 2012, the Company entered into a new loan facility for €2,650,000 with Titan Global Finance Plc. No additional amounts were drawn in 2014 and 2013. The amount repaid in 2014 was €106,371 (2013: €NIL). The loan is unsecured and bears an interest rate of Euribor plus 3% per annum. The interest income for the year was €99,476 (2013: €85,300). On 1 February 2014 the Company entered into the first amendment agreement with Titan Global Finance extending the repayment date up to 5 January 2018. The interest is payable within one year.

On 22 June 2012, the Company entered into a new loan facility for €55,000,000 with Titan Global Finance Ltd. Up to 31 December 2014 no additional amounts were drawn (2013: €12,200,000) and repaid €2,207,693 (2013: €NIL). The loan is unsecured and bears an interest rate of Euribor plus 3% per annum. On 1 February 2014 the Company entered into the first amendment agreement with Titan Global Finance extending the repayment date up to 5 January 2018. The interest is payable within one year. The interest income for the year was €2,064,608 (2013: €1,740,374).

AEMOS CEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

16. Related party transactions (continued)

16.3 Payables to related parties

		2014	2013
	<u>Terms</u>	€	€
Payable to related party	Trading	<u>6,526</u>	-
		<u>6,526</u>	-

The payable to related party bears no interest and is repayable on demand.

16.4 Receivables from related companies (Note 11)

		2014	2013
	<u>Terms</u>	€	€
Receivable from related company	Finance	324,901	1,423
Receivable from own subsidiaries	Finance	50,000	50,000
Dividends receivable from subsidiary	Dividends	-	354,962
Receivable from related company	Trading	<u>1,610</u>	-
		<u>376,511</u>	406,385

The receivables from related parties are interest free, and they have no specified repayment date.

17. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2014 and 2013.

18. Commitments

The Company had no capital or other commitments as at 31 December 2014 and 2013.

19. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 3 and 4