IAPETOS LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2014

IAPETOS LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2014

CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Stelios Triantafillides Arta Antoniou Spyroulla Papaeracleous (resigned on 25/07/2014) Maroulla Georgiou (appointed on 25/07/2014)
Company Secretary:	A.T.S. Services Limited 2-4 Arch. Makarios III Avenue CY-1505 Nicosia Cyprus
Independent Auditors:	Ernst & Young Cyprus Limited Certified Public Accountants & Registered Auditors Jean Nouvel Tower 6 Stasinos Avenue, 1060 Nicosia P.O.Box 21656 1511 Nicosia, Cyprus
Registered office:	31 Christodoulou Sozou Ermis Court 1096, Nicosia, Cyprus

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, loans, forwards, derivatives and other financial instruments. Also, the Company markets, franchises and otherwise promotes certain beneficiation technology.

Review of current position, future developments and significant risks
As at 31 December 2014 the Company had a profit for the year of €6,914,428 in comparison to the profit for 2013 of €46,937,888. The main reason for this fluctuation was mainly the dividend income of €174,833 compared to €43,255,859 in 2013. The financial position of the Company as presented in the financial statements is considered satisfactory. The Board of Directors of the Company does not expect any significant changes in the activities of the Company for the foreseeable future.

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

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

Dividends
In 2014 the Board of Directors approved the payment of interim dividends of €6,500,000 (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 Triantafillides
Director

Nicosia, 8 May 2015

Building a better
working world

Ernst & Young Cyprus Ltd
Jean Nouvel Tower
6 Stasinou Avenue
P.O.Box 21656
1511 Nicosia, Cyprus

Tel: +357 22209999
Fax: +357 22209998
ey.com

Independent Auditor's Report

To the Members of Iapetos Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Iapetos 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.

Building a better
working world

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Iapetos 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

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2014

	Note	2014 €	2013 €
Gain from sale of available for sale financial assets		**-**	412
Other income	5	**679,880**	1,138,384
Fair value loss on forward currency contracts		**(172,685)**	(2,348,959)
Profit from investing activities	6	**8,150,394**	49,304,977
Administration expenses		**(802,309)**	(633,408)
Operating profit	7	**7,855,280**	47,461,406
Finance costs	9	**(13)**	-
Profit before tax		**7,855,267**	47,461,406
Tax	10	**(940,839)**	(523,518)
Net profit for the year		**6,914,428**	46,937,888
Other comprehensive income			
Available-for-sale financial assets - Fair value Loss		**(170,643)**	(341,548)
Other comprehensive income for the year		**(170,643)**	(341,548)
Total comprehensive income for the year		**6,743,785**	46,596,340

The notes on pages 10 to 25 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
31 December 2014

	Note	2014 €	2013 €
ASSETS			
Non-current assets			
Property, plant and equipment	12	**5,737**	-
Intangible assets	13	**912,198**	1,114,908
Investments in subsidiaries	14	**348,477,752**	427,977,752
Available-for-sale financial assets	15	**1,254,386**	1,425,029
Loans receivable	16	**-**	215,232,491
		350,650,073	645,750,180
Current assets			
Receivables	17	**306,780**	274,050
Loans receivable	16	**10,966,942**	11,414,675
Refundable taxes		**22,246**	244,114
Cash at bank and in hand	18	**2,263,496**	5,089,351
		13,559,464	17,022,190
Total assets		**364,209,537**	662,772,370
EQUITY AND LIABILITIES			
Equity			
Share capital	19	**379,292**	379,292
Share premium		**42,826,996**	341,426,996
Other reserves		**775,559**	946,203
Special reserve		**250,000,000**	-
Retained earnings		**69,869,268**	319,454,840
Total equity		**363,851,115**	662,207,331
Current liabilities			
Trade and other payables	20	**266,320**	565,039
Current tax liabilities		**92,102**	-
		358,422	565,039
Total equity and liabilities		**364,209,537**	662,772,370

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

....
Stelios Triantafillides   Arta Antoniou
Director   Director

The notes on pages 10 to 25 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2014

	Share capital €	Share premium €	Fair value reserve - available-for-sale financial assets €	Special reserve €	Translation reserve €	Retained earnings €	Total €
Balance at 1 January 2013	**379,292**	**341,426,996**	**(953,060)**	**-**	**2,240,811**	**272,516,952**	**615,610,991**
Comprehensive income							
Net profit for the year	-	-	-	-	-	46,937,888	46,937,888
Other comprehensive income for the year	-	-	(341,548)	-	-	-	(341,548)
Balance at 31 December 2013/ 1 January 2014	**379,292**	**341,426,996**	**(1,294,608)**	**-**	**2,240,811**	**319,454,840**	**662,207,331**
Comprehensive income							
Net profit for the year	-	-	-	-	-	6,914,428	6,914,428
Other comprehensive income for the year	-	-	(170,643)	-	-	-	(170,643)
Transactions with owners							
Reduction of share premium (1)	-	(298,600,000)	-	-	-	-	(298,600,000)
Dividends	-	-	-	-	-	(6,500,000)	(6,500,000)
Other movements							
Transfer from retained earnings	-	-	-	250,000,000	-	-	250,000,000
Transfer to special reserve (2)	-	-	-	-	-	(250,000,000)	(250,000,000)
Total other movements	-	-	-	250,000,000	-	(250,000,000)	-
Balance at 31 December 2014	**379,292**	**42,826,996**	**(1,465,251)**	**250,000,000**	**2,240,811**	**69,869,268**	**363,851,116**

The notes on pages 10 to 25 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2014

Share premium is not available for distribution.

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 €341,426,996 to €42,826,996.

(2) The Company decided to form a Special Reserve, by transferring the amount of €250,000,000 from the Retained Earnings as per the decision of the Board of Directors of December 31st 2014.

STATEMENT OF CASH FLOWS
Year ended 31 December 2014

	Note	2014 €	2013 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**7,855,267**	47,461,406
Adjustments for:			
Depreciation of property, plant and equipment	12	**698**	-
Amortisation of marketing rights	13	**202,710**	202,711
Dividend income	6	**(174,833)**	(43,255,859)
Interest income		**(6,970,045)**	(6,410,297)
Cash flows from/(used in) operations before working capital changes		**913,797**	(2,002,039)
Increase in receivables		**(16,834)**	(51,121)
Decrease in trade and other payables		**(298,719)**	(744,742)
Cash flows from/(used in) operations		**598,244**	(2,797,902)
Tax paid		**(626,869)**	(747,462)
Net cash flows used in operating activities		**(28,625)**	(3,545,364)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	13	**(202,710)**	-
Payment for purchase of property, plant and equipment	12	**(6,435)**	-
Payment for purchase of available-for-sale financial assets		**-**	(40,000)
Loans granted		**(38,000,000)**	(47,380,000)
Loans repayments received		**260,648,436**	6,587,303
Proceeds from reduction of share capital of subsidiary		**79,500,000**	-
Proceeds from disposal of intangible assets		**202,711**	-
Interest received		**1,831**	45,130
Dividends received		**158,937**	43,111,602
Net cash flows from investing activities		**302,302,770**	2,324,035
CASH FLOWS FROM FINANCING ACTIVITIES			
Reduction of share premium		**(298,600,000)**	-
Dividends paid		**(6,500,000)**	-
Net cash flows used in financing activities		**(305,100,000)**	-
Net decrease in cash and cash equivalents		**(2,825,855)**	(1,221,329)
Cash and cash equivalents:			
At beginning of the year		**5,089,351**	6,310,680
At end of the year	18	**2,263,496**	5,089,351

The notes on pages 10 to 25 form an integral part of these financial statements.

1. Incorporation and principal activities

Country of incorporation

The Company Iapetos 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, loans, forwards, derivatives and other financial instruments. Also, the Company markets, franchises and otherwise promotes certain beneficiation technology.

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 except for available for sale financial assets.

These financial statements are the 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 Company.

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.

2. Accounting policies (continued)

Subsidiary companies (continued)

Investment in subsidiaries and other group companies are stated at cost less any impairment in value. The carrying value of the 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 statement of comprehensive income.

Intangible assets: Licenses

Licences are shown at historical cost less accumulated amortisation and any accumulated impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives which is 15 years.

Intangibles are tested annually for impairment losses.

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **Franchise income**

  Franchise income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

- **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) **<u>Functional and presentation currency</u>**
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) **<u>Transactions and balances</u>**
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 profit or loss. Translation differences on available-for-sale financial assets are recognised in other comprehensive income and then included in the fair value reserve in equity.

2. Accounting policies (continued)

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 and joint ventures does not arise, as the profit on sale of securities is not taxable.

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.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Furniture, fixtures and office equipment	20

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2. Accounting policies (continued)

Financial instruments

Derivative financial instruments which include forward currency contracts are initially recognised in the statement of financial position at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The fair value of forward currency contracts is calculated by reference to current forward exchange rates with similar maturities profiles. Derivatives are included within financial assets at fair value through profit or loss when fair value is positive and within financial liabilities at fair value through profit or loss when fair value is negative. Changes in the fair value of derivatives are recognised in the statement of comprehensive income. Realised gains and losses from forward currency contracts are credited/charged to the income statement in the year in which they are incurred.

Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. This is defined as the fair value of cash consideration given to originate those loans as is determined by reference to market prices at origination date. All loans are recognised when cash is advanced to the borrower.

An allowance for loan impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

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.

- 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.

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

- 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. Gains or losses from Available for sale investments is taken to equity. 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.

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.

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.

2. Accounting policies (continued)

Financial instruments (continued)

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand. Cash and short term deposits in the statement of financial position comprise cash at banks and at hand and short term deposits with an original maturity of three months or less.

Trade payables

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

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).

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.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

Exchange difference retranslation reserve

Following the adoption of the Euro (€) across the participant member countries of the European Union as from 1 January 2002, the Company changed its reporting currency from Greek Drachmas (GRD) to Euro (€). Comparative figures in respect of monetary assets and liabilities, share capital and profit and loss items were restated from GRD to € at the exchange rate prevailing as at 31 December 2001, GRD 340,75/€.

2. Accounting policies (continued)

Non-monetary assets which represent investments in subsidiary undertakings were restated from Greek Drachmas (GRD) to Euro (€) at historic rates. The translation difference arising was credited to exchange difference translation reserve, in shareholders' equity.

In 2006 translation differences of €406,627 which were related to investments already disposed were transferred from the exchange difference translation reserve to retained earnings in the current year. The remaining balance of the exchange difference translation reserve relates to the restatement of the investment in Titan Egyptian Investments Limited from Greek drachmas (GRD) to Euro (€) at historic rates and will be transferred to retained earnings upon the disposal of the investment.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial risk management

Financial risk factors
The Company is exposed to market risk, 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 Market price risk

Market risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's available-for-sale financial assets are susceptible to market price risk arising from uncertainties about future prices of the investments. The Company's market price risk is managed on an ongoing basis.

3.2 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.

3.3 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.

3.4 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 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.

3. Financial risk management (continued)

3.4 Liquidity risk (continued)

31 December 2014	Carrying amounts	3 months or less
	€	€
Trade and other payables	139,283	139,283
	139,283	**139,283**

31 December 2013	Carrying amounts	3 months or less
	€	€
Trade and other payables	22,119	22,119
	22,119	**22,119**

3.5 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. At the year end the Company had certain balances denominated in US Dollar of €317,582 (2013:€599,375) and British Pounds (GBP) of €560,531 (2013:€400,268). The Company trades in forward currency contracts, primarily with respect to Japanese Yen. At year end the fair value of these forward currency contracts was €127,037 liability (2013: €542,920 liability).

3.6 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.

4. Critical accounting estimates and judgments (continued)

- **Impairment of non financial assets**

  The Company periodically evaluates the recoverability of non-financial assets such as investments in subsidiaries, joint ventures, available for sale, tangible and intangible assets 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 amounts associated with these assets would be compared to their carrying amounts to determine if a write-down to the income statement is necessary.

5. Other income

	2014	2013
	€	€
Other income - signing fee	**-**	540,615
Other income franchise fee	**679,880**	597,769
	679,880	1,138,384

6. Profit from investing activities

	2014	2013
	€	€
Loan interest commitment fee	**147,028**	25,287
Interest income - Loan balances (Note 21.2)	**6,968,214**	6,339,880
Interest income - Bank balances	**1,831**	45,130
Exchange profit / (loss)	**858,488**	(361,179)
Dividend income (Note 21.3)	**174,833**	43,255,859
	8,150,394	49,304,977

7. Operating profit

	2014	2013
	€	€
Operating profit is stated after charging the following items:		
Amortisation of intangible assets (included in "Administration expenses") (Note 13)	**202,711**	202,709
Depreciation of property, plant and equipment (Note 12)	**698**	-
Directors' fees	**-**	-
Staff costs (Note 8)	**96,578**	35,417
Auditors' remuneration	**5,700**	5,840

8. Staff costs

	2014	2013
	€	€
Wages and salaries	**96,578**	35,417
	96,578	35,417

9. Finance costs

	2014	2013
	€	€
Other finance expenses	13	-
	13	-

10. Tax

	2014	2013
	€	€
Corporation tax - current year	899,102	368,897
Corporation tax - prior years	20,938	132,063
Overseas tax	19,758	15,584
Defence contribution - current year	550	6,974
Tax penalty expense	491	-
Charge for the year	940,839	523,518

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	7,855,267	47,461,406
Tax calculated at the applicable tax rates	981,908	5,932,676
Tax effect of expenses not deductible for tax purposes	41,306	30,862
Tax effect of allowances and income not subject to tax	(124,112)	(5,594,641)
Defence contribution current year	550	6,974
Prior year tax	20,938	132,063
Overseas tax in excess of credit claim used during the year	19,758	15,584
Tax charge	940,839	523,518

The corporation tax rate is 12,5% (2013:12,5%).

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 20% for the tax year 2013, 17% for 2014 and thereafter.

11. Dividends

	2014	2013
	€	€
Interim dividend paid	6,500,000	-
	6,500,000	-

In 2014 the Board of Directors approved the payment of interim dividends of €6,500,000 (2013: €NIL).

Dividends are subject to a deduction of special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter for individual shareholders that are residents of Cyprus.

12. Property, plant and equipment

	Furniture, fixtures and office equipment €
Cost	
Additions	6,435
Balance at 31 December 2014	**6,435**
Depreciation	
Charge for the year (Note 7)	698
Balance at 31 December 2014	**698**
Net book amount	
Balance at 31 December 2014	**5,737**
Balance at 31 December 2013	**-**

During the year, the Company acquired non-current assets with an aggregate cost of €6,435. Cash payments of €6,435 were made to purchase non-current assets.

13. Intangible assets

	€
Cost	
Balance at 1 January 2013	3,040,660
Balance at 31 December 2013/ 1 January 2014	**3,040,660**
Balance at 31 December 2014	**3,040,660**
Amortisations	
Balance at 1 January 2013	1,723,041
Amortisation for the year (Note 7)	202,711
Balance at 31 December 2013/ 1 January 2014	**1,925,752**
Amortisation for the year (Note 7)	202,710
Balance at 31 December 2014	**2,128,462**
Net book amount	
Balance at 31 December 2014	**912,198**
Balance at 31 December 2013	**1,114,908**

In 2004, the Company incurred costs of €3,040,660 to acquire the exclusive licence to franchise, commercialise and otherwise promote certain fly ash beneficiation technology in all nations outside of the United States of America and its territories. Licence acquisition costs are amortised using the straight line method over its estimated useful life which is 15 years.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2014

14. Investments in subsidiaries

	2014	2013
	€	€
Balance at 1 January	**427,977,752**	427,977,752
Reduction of share capital of subsidiary	**(79,500,000)**	-
Balance at 31 December	**348,477,752**	427,977,752

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2014 Holding %	2013 Holding %	2014 €	2013 €
Separation Technologies Canada Limited	Canada	Fly Ash Technology	**100**	100	**1,565,730**	1,565,730
Alexandria Portland Cement Co	Egypt	Production of cement	**0.089**	0.089	**3,443,910**	3,443,910
Beni Suef Cement Company	Egypt	Production of cement	**0.001**	0.001	**3,659**	3,659
Titan Egyptian Investments Limited (1)	Egypt	Investment Holding Company	**100**	100	**343,464,453**	422,964,453
					348,477,752	427,977,752

(1) On 11 December 2014 Titan Egyptian Investments reduced its share capital by an aggregate of €79,500,000.

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

Alexandria Portland is a listed company in Cairo Stock exchange. Alexandria Portland is a subsidiary of the Company's ultimate parent, Titan Cement SA. Certain group companies of Titan Cement SA own various percentage holdings in Alexandria Portland effectively totaling approximately 83%. Therefore it is the Group's policy to account for the sub-holdings in each group company's individual accounts at cost subject to impairment. The Group carried out an impairment test of the investment's relevant CGU as a whole and concluded that its value in use is greater than its carrying amount in the financial statements.

The remaining shareholding in Alexandria Portland Cement Co and Beni Suef Cement Company is held by other group companies, including the sub-subsidiary of the Company, Alexandria Development Ltd, through Titan Egyptian Investments Ltd.

15. Available-for-sale financial assets

	2014	2013
	€	€
Balance at 1 January	**1,425,029**	1,726,578
Additions	-	40,000
Fair value change through equity	**(170,643)**	(341,549)
Balance at 31 December	**1,254,386**	1,425,029

15. Available-for-sale financial assets (continued)

(1) In 2006, the Company entered into an agreement for the participation in Global Emerging Property Fund Limited Partnership, a Jersey limited partnership. The Company is required to contribute to the fund the amount €3,000,000 for the acquisition of 2% interest in the Fund. As at 31 December 2014 the Company had invested €2,736,284 (2013: €2,736,284).

16. Loans receivable

The loans are repayable as follows:

	2014	2013
	€	€
Loans to related Companies - non current (Note 21.2)	-	215,232,491
Current portion (Note 21.2)	**10,966,942**	11,414,675
	10,966,942	226,647,166

The exposure of the Company to credit risk is reported in note 3.

The fair value of receivable loans approximates to their carrying amounts as presented above.

17. Receivables

	2014	2013
	€	€
Receivables from related companies (Note 21.1)	-	1,651
Dividends receivable (Note 21.1)	**160,153**	144,257
Deposits and prepayments	**25,116**	-
Other receivables	**115,592**	125,690
Refundable VAT	**5,919**	2,452
	306,780	274,050

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 3.

18. Cash at bank and in hand

Cash balances are analysed as follows:

	2014	2013
	€	€
Cash at bank and in hand	**2,263,496**	5,089,351
	2,263,496	5,089,351

Cash at bank represents current and fixed deposit accounts denominated in Euro, British Pounds and USD and carry annual interest in the range 3%-4% per annum.

19. Share capital

	2014 Number of shares	**2014 €**	2013 Number of shares	2013 €
Authorised				
Ordinary shares of €1,71 each	**222,000**	**379,620**	222,000	379,620
Issued and fully paid				
Balance at 1 January	**221,808**	**379,292**	221,808	379,292
Balance at 31 December	**221,808**	**379,292**	221,808	379,292

During 2014 the share premium was reduced from €341,426,996 to €42,826,996.

20. Trade and other payables

	2014 €	2013 €
Fair value of open forward currency contracts	**127,037**	542,920
Accruals	**6,535**	650
Other creditors	**131,138**	21,469
Payables to related companies (Note 21.4)	**1,610**	-
	266,320	565,039

21. 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 party in making financial or operating decisions and as such include all companies which are ultimately controlled by a common management.

The following transactions were carried out with related parties:

21.1 Receivables from related parties (Note 17)

Name	Nature of transactions	**2014 €**	2013 €
Fellow group company	Finance	-	1,651
Dividends receivable	Dividends	**160,153**	144,257
		160,153	145,908

21. Related party transactions (continued)

21.2 Loans to related undertakings (Note 16)

	2014	2013
	€	€
Fellow group companies -current	**10,966,942**	11,414,675
Fellow group companies -non current	-	215,232,491
	10,966,942	226,647,166

(1) On 1 December 2010, the Board of directors of the Company decided to merge loans with Euro currency into one loan with Titan Global Finance Plc, a company under common control. The balance was €103,600,000. The loan is unsecured, bears an interest rate of Euribor 1 month plus 3% per annum. In 2011 further €29,950,000 were drawn out of which €21,000,000 was repaid. In 2012 further €51,000,000 were drawn out of which €31,000,000 was repaid. In 2013 further €480,000 were drawn. Interest payable as at 31 December 2014 is €NIL (2013: €372,130). On 30 December 2013 the Company entered into the fifth amendment agreement extending the repayment date until 5 January 2015. The interest income credited to the statement of comprehensive income for the year amounted to €4,255,192 (2013: €4,277,102). The loan was repaid on 18 November 2014.

(2)On 1 December 2010, the Board of directors of the Company decided to merge two loans with USD currency into one loan with Titan Global Finance Plc. The amounts drawn were €5,070,625. The loan is unsecured, bears an interest rate of Euribor 1 month plus 3% per annum. On 28 January 2011 €1,677,220, on 29 September 2011 €183,161 and on 29 May 2012 €1,074,328 were further drawn, out of which €544,747 were repaid. Interest payable as at 31 December 2014 is €NIL (2013: €20,122). On 30 December 2013 the Company entered into the fifth amendment agreement extending the repayment date until 5 January 2015.The interest income credited to the statement of comprehensive income for the year amounted to €255,528 (2013: €244,246). The loan was repaid on 10 December 2014.

(3)On 14 April 2010, the Board of directors of the Company resolved to grant a loan facility up to €25,000,000 to Kocem Limited. The amounts drawn were €25,000,000, out of which €4,412,372 have been repaid in 2012 and €10,035,000 up to 31 December 2011. There is no repayment date set therefore the loan is shown as current. The loan is unsecured, bears an interest rate of Euribor 1 month plus 3% per annum. Interest payable as at 31 December 2014 is €414,314 (2013: €259,856). The interest income credited to the statement of comprehensive income for the year amounted to €154,458 (2013:€152,536).

(4)On 29 June 2011 the Company granted a loan facility up to €25,000.000 to Titan Global Finance Plc. The amounts drawn in 2011 were €19.300.000. The loan is unsecured, bears an interest rate of one month Euribor plus 3% per annum. The capital element was due for repayment by 5 January 2015 and the interest element within a year. Interest payable as at 31 December 2014 is €NIL (2013: €69,933). On 3 January 2012 €2.850.000 and on 28 May 2012 €2.850.000 were drawn further. The interest income credited to the statement of comprehensive income for the year amounted to €833,557 (2013: €804,718). The loan was repaid on 18 November 2014.

(5)On 28 May 2012 the Company granted a loan facility up to €3.150.000 to Titan Global Finance Plc. The amounts drawn were €3.150.000. Interest payable as at 31 December 2014 is € NIL (2013: €8,812). The loan is unsecured, bears an interest rate of one month Euribor plus 3% per annum. The capital element was due for repayment by May 2015 and the interest element within a year. The interest income credited to the statement of comprehensive income for the year amounted to €87,761 (2013: €101,394). The loan was repaid on 24 September 2014.

(6)On 10 July 2013 the Company granted a loan facility up to €41,600,000 to Titan Global Finance Plc. The amounts drawn were €41,600,000. Interest payable as at 31 December 2014 is €NIL (2013: €116,369). The loan is unsecured, bears an interest rate of one month Euribor/Libor plus 3% per annum. The capital element was due for repayment by 05 January 2015 and the interest element within a year. The interest income credited to the statement of comprehensive income for the year amounted to €1,158,996 (2013: €622,083). The loan was repaid on 24 September 2014.

21. Related party transactions (continued)

(7)On 11 March 2013 the Company granted a loan facility up to €5,300,000 to Titan Global Finance Plc. The amounts drawn were €5,300,000. Interest payable as at 31 December 2014 is € NIL (2013: €14,826). The loan is unsecured, bears an interest rate of one month Euribor/Libor plus 3% per annum. The capital element was due for repayment by March 2016 and the interest element within a year. The interest income credited to the statement of comprehensive income for the year amounted to €147,660 (2013: €173,801). The loan was repaid on 24 September 2014.

(8)On 19 June 2014 the Company granted a loan facility up to €8,000,000 to Titan Global Finance Plc. The amounts drawn were €8,000,000. Interest payable as at 31 December 2014 is € NIL. The loan is unsecured, bears an interest rate of one month Euribor/Libor plus 3% per annum. The capital element was due for repayment by March 2016 and the interest element within a year. The interest income credited to the statement of comprehensive income for the year amounted to €75,062. The loan was repaid on 24 September 2014.

21.3 Dividend income (Note 6)

	2014	2013
	€	€
Dividend income	174,833	43,255,859
	174,833	43,255,859

21.4 Payables to related companies (Note 20)

		2014	2013
Name	Nature of transactions	€	€
Fellow group company	Finance	1,610	-
		1,610	-

22. Contingent liabilities

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

23. Commitments

On June 2006, the Company entered into an agreement for the participation in Global Emerging Property Fund LP, a Jersey limited partnership. The Company is required to contribute to the Fund the amount of €3,000,000 for the acquisition of approximately 2% interest in the Fund. As of 31 December 2014 the amount of €2,736,284 (31 December 2013: €2,736,284) has been paid.The Company had no capital or other commitments as at 31 December 2014.

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

24. 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