ZLATNA PANEGA CEMENT AD

ANNUAL SEPARATE FINANCIAL STATEMENTS

31 December 2014

ZLATNA PANEGA CEMENT AD

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ZLATNA PANEGA CEMENT AD

General Information

Directors
Alexandar Nakov Chakmakov
Michalis Sigalas
Christos Panagopoulos
Fokion Tasoulas
Loukas Petkidis

Registered office
Zlatna Panega Village, Lovech District,
No 1 Shipka Street

Solicitors
Futekova, Hristova, Tomeshkova EOOD
Penkov, Markov and Partners OOD

Bankers
EFG Eurobank – Lovech Branch
Alpha Bank – Sofia
Societe General – Expressbank, Sofia
BNP Paribas
United Bulgarian Bank – Sofia
Raiffeisenbank Bulgaria
SI bank – Sofia
First Investment Bank

Auditors
Ernst & Young Audit OOD
Polygraphia Office Centre
47A, Tsarigradsko Shose Blvd., fl. 4
1124 Sofia

DIRECTORS' REPORT

The Directors present their report and the annual financial statements that have been prepared in accordance with International Financial Reporting Standards, as adopted for use in the European Union for the year ended 31 December 2014.

GENERAL INFORMATION

The Company is registered in the Republic of Bulgaria. The principal activity of the Company includes production and sales of cement.

BUSINESS DESCRIPTION

Current period results

The result for the year is considered positive since the profit after tax of the Company amounted to EUR 2,791 thousand. During the period the Company sold 546 thousand tons of cement (2013: 507 thousand tons).

Dividends and distribution of profits

At the General Meeting of Shareholders held on 3 June 2014, a decision was taken not to distribute dividends (2013: EUR nil).

Share capital structure

Shareholders	Percentage	Number of shares	Nominal value (EUR thousands)
REA Cement Limited, Cyprus	99.99	32,169,338	16,448
Individuals and State of Bulgaria	0.01	3,689	2

Investments

As at 31 December 2014 Zlatna Panega Cement AD holds interests in the following subsidiaries and associates:

The Company is 100% owner of Zlatna Panega Beton EOOD, Gravel and Sand Pits Bulgaria EAD ("GSPB"), Eco Conception EOOD. These investments are carried at cost as at 31 December 2014. Through GSPB, the Company has an interest of 48.77% in the capital of Holcim Karierni Materiali AD, a 48.72% interest in Holcim Karierni Materiali Plovdiv AD, a 100% interest in Double V Co Ltd., Ruse and significant influence with interest of 48.77 % in Vris EOOD.

In May 2014 the Board of Directors of the Company, in its capacity of sole owner of the capital of Eco Conception EOOD, took a decision to liquidate its subsidiary. As at 31 December 2014 the procedure is not completed yet. Geospan EDOO, Macedonia was liquidated in April 2013.

In addition, as of 31 December 2014 the Company has a 9% (2013: 9%) participation in Granitoid AD (the majority shares of which are owned by REA Cement Limited).

ZLATNA PANEGA CEMENT AD

DIRECTORS' REPORT

For the year ended 31 December 2014

OBJECTIVES OF THE COMPANY FOR 2015

The Directors are set to achieve the following objectives for 2015:

- Increase of the effectiveness of industrial performance;
- Keeping of the market position in the conditions of extremely decreased construction market;
- Decrease of the variable and the fixed costs of the Company;
- Increase the usage of alternative fuels.

We look optimistically at the future of Zlatna Panega Cement AD and believe that if management exercises proper control over the business, this will lead to quality improvement and stability of the Company.

CORPORATE GOVERNANCE

The Company is constituted as a joint stock company in compliance with the Commercial Law of the Republic of Bulgaria and has a one-tier system of governance.

As of 31 December 2014 the Board of Directors consists of:

1. Alexandar Nakov Chakmakov
2. Mihalis Sigalas
3. Christos Panagopoulos
4. Fokion Tasoulas
5. Loukas Petkidis

Alexander Nakov Chakmakov is the Company's Executive Director.

Directors' responsibilities

The Directors are required by Bulgarian law to prepare financial statements each financial year that give a true and fair view of the state of affairs of the Company as at the year end and of the profit or loss and cash-flows for the year then ended.

The Directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgments and estimates have been made in the preparation of the annual financial statements for year ended 31 December 2014.

The Directors also confirm that applicable accounting standards have been followed and that the annual financial statements have been prepared on a going concern basis.

The Directors are responsible for keeping proper accounting records, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Alexandar Chakmakov
Executive director

Zlatna Panega Cement AD
Zlatna Panega

11 February 2015

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Independent auditors' report

To the shareholders of

Zlatna Panega Cement AD

We have audited the accompanying separate financial statements of Zlatna Panega Cement AD, which comprise the separate balance sheet as of 31 December 2014, and the separate statement of comprehensive income, separate statement of changes in equity and separate statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the separate financial statements

Management is responsible for the preparation and presentation of separate financial statements that give a true and fair view in accordance with International Financial Reporting Standards, as adopted for use in the European Union, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these separate 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 separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the separate financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the separate 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 separate 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 management, as well as evaluating the overall presentation of the separate 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 separate financial statements give a true and fair view of the financial position of Zlatna Panega Cement AD as of 31 December 2014, and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted for use in the European Union.

Ernst & Young Audit OOD

Ernst & Young Audit OOD

16 February 2015

Sofia, Bulgaria

ZLATNA PANEGA CEMENT AD
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2014

	Notes	2014	2013
		€000	**€000**
Sale of cement products		30,116	27,746
Rendering of transport services		5,644	5,206
Revenue		**35,760**	**32,952**
Cost of sales	5.1	(28,253)	(27,958)
Gross profit		**7,507**	**4,994**
Other income	5.7	381	1,069
Selling and distribution costs	5.2	(408)	(406)
Administrative expenses	5.3	(3,341)	(3,333)
Other expenses	5.4	(282)	(948)
Operating profit		**3,857**	**1,376**
Finance income	5.8	176	71
Finance costs	5.9	(889)	(1,169)
Profit before tax		**3,144**	**278**
Income tax expense	6	(333)	(40)
Profit for the year		**2,811**	**238**
Actuarial (losses)/gains on defined benefit plans	21	(22)	48
Income tax effect	6	2	(5)
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(20)**	**43**
Other comprehensive income for the year, net of tax		**(20)**	**43**
Total comprehensive income for the year		**2,791**	**281**

Chief Executive Officer
Alexander Chakmakov

The accompanying notes to the annual financial statements on pages 7 to 49 form an integral part of these annual financial statements.

ZLATNA PANEGA CEMENT AD
SEPARATE BALANCE SHEET
As of 31 December 2014

	Notes	2014	2013
ASSETS		**€000**	**€000**
Non-current assets			
Property, plant and equipment	8	68,858	69,641
Investment property	9	61	-
Intangible assets	10	119	81
Investments in subsidiaries	11.1	8,493	8,493
Available-for-sale investment	11.2	24	24
Long - term trade receivables	15	47	-
Other financial assets	12	92	83
		77,694	**78,322**
Current assets			
Inventories	14	7,424	7,762
Trade and other receivables	15	5,909	7,474
Receivables from related parties	23	8,870	7,874
Prepayments	16	161	165
Income tax receivable		4	-
Cash and cash equivalents	17	99	63
		22,467	**23,338**
Non-current assets held for sale	13	966	827
		23,433	**24,165**
TOTAL ASSETS		**101,127**	**102,487**
EQUITY AND LIABILITIES			
Equity			
Issued capital	18.1	28,602	28,602
Legal reserve	18.2	1,645	1,645
Retained earnings		46,849	44,058
Total equity		**77,096**	**74,305**
Non-current liabilities			
Interest-bearing loans to banks	19	2,842	14,780
Finance lease liabilities	25	-	3
Restoration provision	20	2,228	2,311
Retirement benefit liability	21	267	247
Deferred tax liability	6	817	686
		6,154	**18,027**
Current liabilities			
Trade and other payables	22	4,319	3,765
Finance lease liabilities	25	3	66
Interest - bearing loans to banks	19	13,500	6,222
Income tax payable		-	4
Payables to related parties	23	55	98
		17,877	**10,155**
Total liabilities		**24,031**	**28,182**
TOTAL EQUITY AND LIABILITIES		**101,127**	**102,487**

Chief Executive Officer
Alexander Chakmakov

The accompanying notes to the annual financial statements on pages 7 to 49 form an integral part of these annual financial statements.

ZLATNA PANEGA CEMENT AD
SEPARATE STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2014

	Issued capital (Note 18.1)	Legal reserve (Note 18.2)	Retained earnings	Total
	€000	€000	€000	€000
At 1 January 2013	**28,602**	**1,645**	**43,777**	**74,024**
Profit for the year	-	-	238	238
Other comprehensive income for the year	-	-	43	43
Total comprehensive income for the year	-	-	281	281
At 31 December 2013	**28,602**	**1,645**	**44,058**	**74,305**
At 1 January 2014	**28,602**	**1,645**	**44,058**	**74,305**
Profit for the year	-	-	2,811	2,811
Other comprehensive income for the year	-	-	(20)	(20)
Total comprehensive income for the year	-	-	2,791	2,791
At 31 December 2014	**28,602**	**1,645**	**46,849**	**77,096**

Chief Executive Officer
Alexander Chakmakov

The accompanying notes to the annual financial statements on pages 7 to 49 form an integral part of these annual financial statements.

ZLATNA PANEGA CEMENT AD
SEPARATE STATEMENT OF CASH FLOWS
For the year ended 31 December 2014

	Notes	2014	2013
OPERATING ACTIVITIES		**€000**	**€000**
Profit before tax		**3,144**	**278**
Adjustments to reconcile profit before tax to net cash flows			
Non-cash:			
Depreciation of property, plant and equipment	8	5,534	6,157
Amortisation of intangible assets	10	32	41
Loss on disposal of property, plant and equipment		8	(15)
Movement in doubtful debt allowance	15	(6)	(43)
Movement in restoration provision	20	(83)	141
Expenses for employee benefit liability	21	32	-
Write-off of intangible assets		1	-
Impairment loss to fair value less costs to sell	5.4	53	-
Interest income	5.8	(171)	(63)
Interest expense	5.9	723	929
Dividend income	5.8	-	(8)
Working capital adjustments:			
Decrease in inventories		338	1,546
(Increase)/Decrease in trade and other receivables		(957)	230
Increase in prepayments		(100)	(31)
Increase in other financial assets		(9)	(5)
Increase/(Decrease) in trade and other payables		75	(168)
Income tax (paid)/received		(208)	135
Net cash flows from operating activities		**8,406**	**9,124**
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		57	16
Purchase of property, plant and equipment		(3,183)	(1,806)
Purchase of intangible assets		(71)	-
Increase in participation in available-for-sale investment	11.2	-	(3)
Loans granted to related parties		(113)	(4,899)
Loans repaid from related parties		261	258
Dividend received		-	8
Interest received		165	46
Net cash flows used in investing activities		**(2,884)**	**(6,380)**
FINANCING ACTIVITIES			
Proceeds from interest-bearing loans		28,965	23,548
Repayment of interest-bearing loans		(33,625)	(25,742)
Payments of finance lease liabilities		(66)	(65)
Proceeds from loans from related parties		-	77
Repayment of loans from related parties		(39)	-
Interest paid		(721)	(929)
Net cash flows used in financing activities		**(5,486)**	**(3,111)**
Net increase/(decrease) in cash and cash equivalents		**36**	**(367)**
Cash and cash equivalents at 1 January		**63**	**430**
Cash and cash equivalents at 31 December	17	**99**	**63**

Chief Executive Officer
Alexander Chakmakov

The accompanying notes to the annual financial statements on pages 7 to 49 form an integral part of these annual financial statements.

1. Corporate information

The annual separate financial statements of Zlatna Panega Cement AD (the Company) for the year ended 31 December 2014 were authorized for issue in accordance with a resolution of the Board of Directors on 11 February 2015.

Zlatna Panega Cement AD is a joint stock company. The Company is incorporated and domiciled in Zlatna Panega, Bulgaria with a resolution of the National Register 63/1989 430 and its fiscal year ends being 31 December.

The principal activities of the Company include the production and sale of cement. The plant is located near the village of Zlatna Panega. A nearby quarry is the main source of raw materials.

As of 31 December 2014 the Company was owned by:

- REA Cement Limited, Cyprus 99.99 %
- Individuals of the State of Bulgaria 0.01 %

The Ultimate Parent Company is Titan Cement Company S.A., Greece.

2.1. Basis of preparation

The annual financial statements have been prepared on a historical cost basis except for investment properties which are stated at fair value and non-assets held for sale which are stated at the lower of their carrying value or fair value less costs to sell. They are presented in Euros (EUR) and all values are rounded to the nearest thousand (EUR thousand) except when otherwise indicated.

Statement of compliance

The financial statements of Zlatna Panega Cement AD have been prepared in accordance with International Financial Reporting Standards, as adopted for use in the European Union.

The preparation of these financial statements of the Company is required by the Ultimate Parent company for its consolidation. Therefore, these are the separate financial statements of Zlatna Panega Cement AD where the investments in subsidiaries are accounted for at cost. The Company meets the exemption criteria under IFRS 10 Consolidated Financial Statements, for not preparing and presenting consolidated financial statements, which are as follows:

- The shareholders of the Company have been informed about and do not object to Zlatna Panega Cement AD not presenting consolidated financial statements;
- The Company's debt or equity instruments are not traded in a public market (a domestic or foreign stock exchange or an over-the-counter market, including local and regional markets);
- The Company did not file, nor is in the process of filing, its financial statements with a securities commission or other regulatory organisations for the purpose of issuing any class of instruments in a public market; and
- The ultimate parent company, Titan Cement Company S.A., Greece, prepares and presents consolidated financial statements available for public use that comply with IFRS. These consolidated financial statements are obtainable on the internet address http://www.titan.gr. The address of the registered office of Titan Cement Company S.A. is 22 A Halkidos Str., 111 43 Athens, Greece.

The Company has presented a separate set of statutory financial statements in Bulgarian, expressed in Bulgarian leva, in accordance with IFRS, as adopted for use in the EU. The statutory financial statements were authorized for issue by the Board of Directors on 11 February 2015.

2.2. Summary of significant accounting policies

a) Foreign currency translation

The financial statements are presented in Euros while the functional currency of the Company is Bulgarian Lev (BGN). The Company uses Euro as a presentation currency due to the requirement of the ultimate parent company which is the main user of these financial statements.

As at the reporting date, the assets, liabilities, equity, revenue and expenses of the Company are translated into the presentation currency at the fixed rate of BGN/EUR of 1.95583 (or EUR/BGN of 0.51129) quoted by the Bulgarian National Bank. BGN is pegged to the EUR at the exchange rate of 1.95583 as from 1 January 2002 (BGN was pegged to the DEM as from 1 July 1997, with the introduction of the Currency Board in Bulgaria). In connection to the translation (from functional to presentation currency) no foreign exchange differences have arisen.

Transactions in foreign currencies are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated on a monthly basis by applying the exchange rate published by the Bulgarian National Bank for the last working day of the respective month. All differences are taken to profit or loss. Non monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate as at the dates of initial transactions.

b) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, and other sales taxes or duty. The Company analyses its selling arrangements against specific criteria to determine whether it acts as a principal or as an agent. It has concluded that it acts as principal in all such arrangements. The following specific recognition criteria must also be met before revenue is recognised:

Sale of goods
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods.

Rendering of services
Revenue from transport services is recognised over the period during which the service is performed.

Rental income
Rental income as a result of operating leases is recognised on a straight-line basis over the lease term.

Interest income
Interest income is recorded using the effective interest rate (EIR), which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in finance income in the separate statement of comprehensive income.

Dividend income
Revenue is recognised when the Company's right to receive the dividend payment is established.

c) Taxes

Current income tax
Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date. Tax reliefs are accounted for as a decrease in the income tax expense for the period.

Current income tax is recognised directly in the equity (and not in profit or loss) where the tax relates to items that have been recognised outside profit or loss. Management analyses periodically the individual items of the tax return for which the applicable tax provisions are subject to interpretation and recognises provisions where appropriate.

2.2. Summary of significant accounting policies (continued)

c) Taxes (continued)

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised. Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred taxes relating to items recognised outside the profit or loss are recognised outside the profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred income tax assets and deferred income tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred income taxes relate to the same taxable entity and the same taxation authority.

Value added tax

Revenues, expenses and assets are recognised net of the amount of value added tax (VAT) except:

- where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the balance sheet.

2.2. Summary of significant accounting policies (continued)

d) Financial instruments - initial recognition and subsequent measurement

- **Financial assets**

Initial recognition and measurement

Financial assets within the scope of IAS 39 Financial Instruments: Recognition and Measurement are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments, and available for sale financial assets, as appropriate. The Company determines the classification of its financial assets at initial recognition.

Financial assets are recognised initially, at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way purchases) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Investments in subsidiaries
Investments in subsidiaries are measured at cost (according to IAS 27 Separate financial statements para. 10 (a)) in these separate financial statements. Further details are given in Note 2.1 above and Note 11.1.

Loans and receivables
Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate method (EIR), less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss. The losses arising from impairment are recognised in the profit or loss in other expenses.

Available-for-sale financial investments
Available-for-sale financial assets are those non-derivative financial assets that are designated as available-for-sale or are not classified in any of the other categories. The Company has an available-for-sale investment in equity shares (Note 11.2). As these shares do not have a quoted market price in an active market and their fair value cannot be reliably measured, they are measured at cost.

Derecognition

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Company's continuing involvement in the asset.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.2. Summary of significant accounting policies (continued)

d) Financial instruments - initial recognition and subsequent measurement

- **Financial assets (continued)**

Impairment of financial assets

The Company assesses at each reporting date whether a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy/announce over-indebtedness or undertake other financial reorganisation or where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost
The Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If it is determined that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, the asset is included in a group of financial assets with similar credit risk characteristics and that group of financial assets is collectively assessed for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income in profit or loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is credited to finance costs in profit or loss.

Available-for-sale financial investments
If there is objective evidence that an impairment loss has been incurred on the unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the amount that would be expected to be recovered from it, if reliably measured. The amount of the loss is recognised in profit or loss. Such impairment losses are not reversed.

2.2. Summary of significant accounting policies (continued)

d) Financial instruments - initial recognition and subsequent measurement (continued)

- **Financial liabilities**

Initial recognition

Financial liabilities are classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognised initially, at fair value, and in the case of loans and borrowings, plus directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, other financial liabilities, interest bearing loans and borrowings.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Interest bearing loans and borrowings
After initial recognition, interest bearing loans and borrowings are measured at amortised cost using the effective interest method.
Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

Other non-interest bearing financial liabilities
Other non-interest bearing financial liabilities include retentions for qualitative performance of contractual obligations by construction subcontractors. Upon initial recognition, these liabilities are measured at the present value of all future cash outflows discounted using the prevailing market rates of interest for similar instruments. The Company accretes the discount to profit or loss using the effective interest rate method. The excess of the nominal value of other non-interest bearing financial liabilities over their present value is recognised in profit or loss.

Derecognition

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

Where 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 profit or loss.

e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet 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 assets and settle the liabilities simultaneously.

f) Fair value measurement

The Company measures investment properties at fair value and non-current assets held for sale at the lower of their carrying value or fair value less costs to sell at each balance sheet date. Fair values of financial instruments measured at amortised cost are disclosed in Note 27. Fair values of non-financial assets such as non-current assets held for sale are disclosed in Note 7.

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

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

2.2. Summary of significant accounting policies (continued)

f) Fair value measurement (continued)

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

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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

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

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

The Company's management determines the policies and procedures for both recurring fair value measurement, such as investment properties, and for non-recurring measurement, such as non-current assets held for sale.

External valuers are involved for valuation of significant assets, such as investment properties and non-current assets held for sale. Involvement of valuation experts is decided upon annually by the management. Selection criteria for external valuers include market knowledge, reputation, independence and whether professional standards are maintained. The management decides, after discussions with the valuation experts, which valuation techniques and inputs to use for each case.

At each reporting date, the management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, the management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents. The management, in conjunction with the valuation experts, also compares each the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

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

g) Issued capital

Issued capital represents the par value of shares issued and paid by the shareholders adjusted with the effect of hyperinflation as disclosed in Note 18.1. Any proceeds in excess of par value are recorded in share premium.

2.2. Summary of significant accounting policies (continued)

h) Non-current assets held for sale or for distribution to equity holders of the parent and discontinued operation

The Company classifies non-current assets and disposal groups as held for sale or for distribution to equity holders of the parent if their carrying amounts will be recovered principally through a sale or distribution rather than through continuing use. Such non-current assets and disposal groups classified as held for sale or as held for distribution are measured at the lower of their carrying amount and fair value less costs to sell or to distribute. Costs to distribute are the incremental costs directly attributable to the distribution, excluding the finance costs and income tax expense.

The criteria for held for distribution classification is regarded as met only when the distribution is highly probable and the asset or disposal group is available for immediate distribution in its present condition. Actions required to complete the distribution should indicate that it is unlikely that significant changes to the distribution will be made or that the distribution with be withdrawn. Management must be committed to the distribution expected within one year from the date of the classification. Similar considerations apply to assets or a disposal group held for sale.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for sale or as held for distribution.

Assets and liabilities classified as held for sale or for distribution are presented separately as current items in the balance sheet.

A disposal group qualifies as discontinued operation if it is:

- A component of the Company that is a CGU or a group of CGUs
- Classified as held for sale or distribution or already disposed in such a way, or
- A major line of business or major geographical area

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of comprehensive income.

Additional disclosures are provided in Note 13.

i) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and/ or accumulated impairment losses, if any. Such cost includes the cost of replacing part of the property, plant and equipment when that cost is incurred, if the recognition criteria are met. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is calculated on a straight line basis over the useful life of the assets, as follows:

Buildings	10 to 40 years
Plant and machinery	5 to 40 years
Vehicles	5 to 25 years
Furniture and fittings	2 to 10 years

Spare parts

Spare parts are recognized as non current assets if all of the following recognition criteria are met:

- The spare parts are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes;
- The spare parts are expected to be used during more than one period;
- It is probable that future economic benefits associated with the item will flow to the entity;
- The cost of the item can be measured reliably;
- The unit value of the qualifying major spare part and stand-by equipment exceeds EUR 35 thousand.

2.2. Summary of significant accounting policies (continued)

i) Property, plant and equipment (continued)

The depreciation of a major spare part begins when the spare part is bought into service rather than when it is acquired, as in that moment it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The useful life can not exceed the lesser period between the remaining useful life of the asset to which the spare part is attached and its own useful life.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year the asset is derecognised.

The asset's residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

j) Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

Company as a lessee
Finance leases which transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

Company as a lessor
Leases where the Company does not transfer substantially all the risks and benefits of ownership of the assets are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased and recognized over the lease term on the same bases as rental income. Contingent rents are recognized as revenue in the period in which they are earned.

k) Investment properties

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met; and excludes the costs of day to day servicing of an investment property. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the reporting date. Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the period in which they arise.

Investment properties are derecognised when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in profit or loss in the period of derecognition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the Company accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use.

2.2. Summary of significant accounting policies (continued)

l) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessary takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

m) Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and/ or any accumulated impairment losses, if any.

The useful lives of intangible assets are assessed to be finite, as follows:

Concession rights	20 years
Licences	10 years
Computer software	10 years

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

CO2 emission rights
Emission rights are tested for impairment annually or when circumstances indicate that the carrying value may be impaired by comparing its carrying amount with its recoverable amount. An impairment charge is recognised in profit or loss in other operating expenses.

n) Inventories

Inventories are valued at the lower of cost and net realisable value.
Costs incurred in bringing each product to its present location and condition are accounted for as follows:

Raw materials	–	Purchase cost on a weighted average basis;
Finished goods and work in progress	–	cost of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.2. Summary of significant accounting policies (continued)

o) Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or available fair value indicators.

Impairment losses of continuing operations are recognised in profit or loss in those expense categories consistent with the function of the impaired asset.

For non-financial assets, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company makes an estimate of recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss.

p) Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and at hand and short term deposits with an original maturity of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash as defined above.

q) Provisions

General
Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of 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. The expense relating to any provision is presented in profit or loss net of any reimbursement. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Restoration provision
In accordance with the quarry concession agreement, the Company is obliged to restore the surface of the quarry upon the cessation of its use. The provision arising during the period reflects the additional amount that would be needed to restore the surface of the quarry that has been excavated during the period. Restoration costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the restoration liability. The unwinding of the discount is expensed as incurred and recognised in profit or loss as a finance cost. The estimated future costs of restoration are reviewed annually and adjusted as appropriate. Changes in the estimated future costs, in the discount rate or in the inflation rate applied are recognised in profit or loss.

2.2. Summary of significant accounting policies (continued)

r) Employee benefits

Short-term employee benefits include salaries, bonuses, social security contributions and paid annual leave of current employees expected to be settled wholly within twelve months after the end of the reporting period. They are recognised as an employee benefit expense in the profit or loss or included in the cost of an asset when service is rendered to the Company and measured at the undiscounted amount of the expected cost of the benefit. Information on short-term employee benefits is disclosed in Note 21.

The Company operates defined benefit plan arising from the requirement of the Bulgarian labour legislation and Collective Labour Agreement to pay two or six gross monthly salaries to its employees upon retirement, depending on the length of their service. If an employee has worked for the Company for 10 years, the retirement benefit amounts to six gross monthly salaries upon retirement, otherwise, two gross monthly salaries. These retirement benefits are unfunded. The cost of providing benefits under the retirement benefit plan is determined using the projected unit credit method. Re-measurements, comprising of actuarial gains and losses, are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises restructuring-related costs.

Interest expense is calculated by applying the discount rate to the defined benefit liability. The Company recognises the following changes in the defined benefit obligation in profit or loss for the period:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements within "Other expense"
- Interest expense within "Finance costs".

s) CO_2 emission rights

Emission rights are accounted under the net liability method, based on which the Company recognizes such a liability from the point when the emissions made are in excess of the allowances allocated. The liability to deliver allowances is measured at fair value (market price) of the emission rights as of year end.

Emission rights acquired in excess of those required to cover its shortages are recognized as an intangible asset, at cost. The intangible asset is not amortized and is subject to an annual impairment test (Note 2.2 m).

Gains from sale of emission rights are presented as reduction of Cost of sales in the profit or loss, in the period in which they arise, net of the cost of additionally purchased emission rights surrendered.

2.3. Changes in accounting policy and disclosures

New and amended standards and interpretations

The accounting policies adopted are consistent with those of the previous financial year. The following amended IFRSs and IFRIC Interpretations have been adopted by the Company as of 1 January 2014:

- IAS 28 *Investments in Associates and Joint Ventures (Revised)*
- IAS 32 *Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities*
- IFRS 10 *Consolidated Financial Statements, IAS 27 Separate Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosures of Interests in Other Entities*
- IAS 39 *Financial Instruments (Amended): Recognition and Measurement - Novation of Derivatives and Continuation of Hedge Accounting*
- IAS 36 *Impairment of Assets (Amended) – Recoverable Amount Disclosures for Non-Financial Assets*
- IFRIC *Interpretation 21: Levies*

When adoption of the standard or interpretation is deemed to have an impact on the financial statements or performance of the Company, its impact is described below:

- **IAS 28 Investments in Associates and Joint Ventures (Revised)**
  As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed to Investments in Associates and Joint Ventures. IAS 28 describes the application of the equity method to investments in joint ventures in addition to associates. The adoption of the above revised standard has no effect on these financial statements.

- **IAS 32 Financial Instruments: Presentation (Amended) - Offsetting Financial Assets and Financial Liabilities**
  This amendment clarifies the meaning of "currently has a legally enforceable right to set-off" and the application of the IAS 32 offsetting criteria to settlement systems. The amendment affects presentation only and has no impact on the Company's financial position or performance as the Company does not have any offsetting arrangements.

- **IFRS 10 Consolidated Financial Statements, IAS 27 Separate Financial Statements (Revised)**
  IFRS 10 replaces the portion of IAS 27 Consolidated and Separate Financial Statements that addresses the accounting for consolidated financial statements. It also addresses the issues raised in SIC-12 Consolidation — Special Purpose Entities. IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled and therefore are required to be consolidated by a parent, compared with the requirements that were in IAS 27. As of the date of the initial adoption of IFRS 10 (1 January 2014), the management of the Company has analyzed all its investments in line with the requirements of the new standard. Based on the analysis made, the Company deems that the adoption of this standard does not affect the accounting treatment of the investments and interests of the Company in other entities.

- **IFRS 11 Joint Arrangements**
  IFRS 11 replaces IAS 31 Interests in Joint Ventures and SIC-13 Jointly-controlled Entities — Non-monetary Contributions by Venturers. IFRS 11 changes the accounting for joint arrangements by moving from three categories under IAS 31 to the following two categories – joint operation and joint venture. Joint ventures are accounted for using the equity method. The option in IAS 31 to account for joint ventures (as defined in IFRS 11) using proportionate consolidation has been removed. As the Company does not report any joint arrangements, the adoption of the new standard has no effect on these separate financial statements.

- **IFRS 12 Disclosures of Interests in Other Entities**
  IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new and more extensive qualitative and quantitative disclosures are also required. The new disclosures required by IFRS 12 do not apply to the separate financial statements of the Company.

2.3 Changes in accounting policy and disclosures (continued)

New and amended standards and interpretations (continued)

- **IAS 39 Financial Instruments: Recognition and Measurement (Amended) - Novation of Derivatives and Continuation of Hedge Accounting**
  Under the amendment there would be no need to discontinue hedge accounting if a hedging derivative was novated, provided certain criteria are met. The adoption of the above amendment has no effect on these separate financial statements.

- **IAS 36 Impairment of Assets (Amended) – Recoverable Amount Disclosures for Non-Financial Assets**
  This amendment removes the unintended consequences of IFRS 13 on the disclosures required under IAS 36. In addition, these amendments require disclosure of the recoverable amounts for the assets or CGUs for which impairment loss has been recognised or reversed during the period. The adoption of the above amendment has no effect on these separate financial statements.

- **IFRIC Interpretation 21: Levies**
  IFRIC 21 clarifies that an entity recognises a liability for a levy when the activity that triggers payment, as identified by the relevant legislation, occurs. For a levy that is triggered upon reaching a minimum threshold, the interpretation clarifies that no liability should be anticipated before the specified minimum threshold is reached. The adoption of this IFRIC has no effect on these separate financial statements.

Reclassifications

Certain reclassifications of the comparative information included in the separate statement of financial position and separate statement of comprehensive income were made in order to maintain consistency with the current year presentation:

- In the separate statement of financial position line items "Interest - bearing loans to banks" as of 31 December 2013 is increased by EUR 42 thousand and line item "Trade and other payables" is decreased by the same amount in order to maintain consistency with the current year presentation;
- In the separate statement of comprehensive income line items "Cost of sales" as of 31 December 2013 is increased by EUR 114 thousand and line item "Administration expenses" is decreased by the same amount in order to maintain consistency with the current year presentation.

3. Significant accounting judgments, estimates and assumptions

Judgments

The preparation of the financial statements requires management to make estimates and assumptions that affect reported income, expenses, assets, liabilities and disclosure of contingent assets and liabilities. Use of available information and application of judgment are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted for in the period the changes become known.

Assessment of control over entities in which the Company holds less than 50% of voting rights

The Company adopted IFRS 10 in the current year. The application of IFRS 10 did not affect the accounting for the Company's 48.77% interest in Holcim Karierni Materiali AD and 48.72% interest in Holcim Karierni Materiali Plovdiv AD. At the date of initial application of IFRS 10 (1 January 2014), the Company assessed that it does not control Holcim Karierni Materiali AD and Holcim Karierni Materiali Plovdiv AD, and continues to treat them as associates in which it has significant influence. The assessment of control focused on which party exercises its voting rights sufficiently to determine the investees' operating and financing policies. The Company considers that as it does not hold the majority of the shares and voting rights, it does not control Holcim Karierni Materiali AD and Holcim Karierni Materiali Plovdiv AD.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, 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.

3. Significant accounting judgments, estimates and assumptions (continued)

Estimates and assumptions (continued)

Restoration provision
The Company recognizes a provision for quarry restoration. This requires the management to make estimates about the cost of materials, labour, third party services and other expenses necessary for the restoration activities. The estimation of these future costs is complex and requires management to make estimates and judgments because the obligation will be fulfilled in the future and the related contract and laws are often not clear regarding what is required. Furthermore, the resulting provision is further influenced by the changing technologies and, environmental, safety, business, political and statutory considerations. At 31 December 2014 the best estimate of the restoration provision was EUR 2,228 thousand (31 December 2013: EUR 2,311 thousand). Further details are provided in Note 20 to the financial statements.

Retirement benefits
The retirement benefit obligation is determined using actuarial valuation for financial year 2014. The actuarial valuation involves making assumptions about discount rates, future salary increases, personnel turnover rates and mortality rates. Due to the long-term nature of the plan, such estimates are subject to significant uncertainty. The net employee liability at 31 December 2014 is EUR 267 thousand (31 December 2013: EUR 247 thousand). Further details are provided in Note 21 to the financial statements.

The Company expects to settle accumulated paid annual leave classified as short-term employee benefits as of 31 December 2014 of EUR 97 thousand (31 December 2013: EUR 95 thousand) (Note 22) entirely within twelve months after the end of the reporting period.

Useful lives of property plant and equipment, and intangible assets
Accounting for property, plant and equipment, and intangible assets involves the use of estimates for determining the expected useful lives of these assets and their residual values. The determination of the useful lives of the assets is based on management's judgment. Further details are provided in Note 2.2 i) and Note 2.2 m).

Impairment of receivables
Management maintains an allowance for doubtful receivables to account for estimated losses resulting from the inability of customers to make required payments. When evaluating the adequacy of an allowance for doubtful receivables, management bases its estimates on the ageing of accounts receivable, balances and historical write-off experience, customer credit worthiness and changes in customer payment terms. If the financial condition of customers were to deteriorate, actual write-offs might be higher than expected. At 31 December 2014 the best estimate of the allowance for impairment of receivables is EUR 1,075 thousand (31 December 2013: EUR 1,652 thousand). Further details are provided in Note 15.

Investment properties
The Company carries its investment properties at fair value, with changes in fair value being recognized in profit or loss. As at 31 December 2014 the fair valuation of the investment property is made by an independent appraiser based on market comparables method and depreciated replacement cost method. Further details are provided in Note 9.

Non-current assets held for sale
The Company values its non-current assets held for sale at the lower of carrying amount and fair value less costs to sell. The Company has engaged an independent appraiser to perform a fair valuation of the properties, based on the market approach, depreciated replacement cost method and capitalization of income method. Further details are provided in Note 13.

CO2 emission rights
A new National Allocation Plan (NAP) 2013 – 2020 of the European scheme for trading with CO2 quotas was approved and quotas have been allocated to entities until 2020. The new NAP suggests a new scheme for allocating CO2 quotas among scoped entities. The basic purpose of the Plan is to gradually decrease quotas ended up in zero quota allocation in 2027 for all sectors apart from electricity: decrease in quota allocation by 20% in 2013 and 70% in 2020. The approved quotas as per the new plan allocated to Zlatna Panega Cement AD for 2014 based on present production levels of clinker are gradually decreasing. For the period ending 31 December 2014 their amount is 397,395 tons. The allowance received in 2014 and the outstanding balance of the CO2 account in the registry will fully cover the estimated consumption of 386,221 tons CO2 for 2014.

4. Standards issued but not yet effective and not early adopted

Standards issued but not yet effective and not early adopted up to the date of issuance of the Company's financial statements are listed below. This listing is of standards and interpretations issued, which the Company reasonably expects to have an impact on disclosures, financial position or performance when applied at a future date. The Company intends to adopt those standards when they become effective.

- **IAS 16 Property, Plant and Equipment and IAS 38 Intangible assets (Amendments): Clarification of Acceptable Methods of Depreciation and Amortization**
  The amendments are effective for annual periods beginning on or after 1 January 2016. They clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, the ratio of revenue generated to total revenue expected to be generated cannot be used to depreciate property, plant and equipment or amortise intangible assets. The amendments have not yet been endorsed by the EU. The Company is in a process of assessing the impact of these amendments on its separate financial statements.

- **IAS 16 Property, Plant and Equipment and IAS 41 Agriculture (Amendments): Bearer Plants**
  The amendments are effective for annual periods beginning on or after 1 January 2016. Bearer plants will now be within the scope of IAS 16 and will be subject to all of the requirements therein. This includes the ability to choose between the cost model and revaluation model for subsequent measurement. Agricultural produce growing on bearer plants (e.g., fruit growing on a tree) will remain within the scope of IAS 41. Government grants relating to bearer plants will now be accounted for in accordance with IAS 20 Accounting for Government Grants and Disclosure of Government Assistance, instead of in accordance with IAS 41. The amendments have not yet been endorsed by the EU. It is not expected that these amendments would be relevant to the Company.

- **IAS 19 Employee benefits (Amended): Employee Contributions**
  The amendment is effective for annual periods beginning on or after 1 February 2015. The amendment applies to contributions from employees or third parties to defined benefit plans. The objective of the amendment is to simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The Company is in a process of assessing the impact of these amendments on its financial statements.

- **IFRS 9 Financial Instruments**
  The standard is applied for annual periods beginning on or after 1 January 2018 with early adoption permitted. The final phase of IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. The standard has not yet been endorsed by the EU. The Company is in the process of assessing the impact of the new standard on its financial position or performance.

- **IFRS 11 Joint Arrangements (Amendment): Accounting for Acquisitions of Interests in Joint Operations**
  The amendment is effective for annual periods beginning on or after 1 January 2016. It adds new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business in accordance with IFRS. The standard has not yet been endorsed by the EU. It is not expected that this amendment would be relevant to the Company.

- **IFRS 10, IFRS 12 and IAS 28: Investment Entities: Applying the Consolidation Exception (Amendments)**
  The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value. Also, the amendments clarify that only a subsidiary that is not an investment entity itself and provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 Investments in Associates and Joint Ventures allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries. The standard has not yet been endorsed by the EU. The Company is in a process of assessing the impact of the new standard on its financial position or performance.

4 Standards issued but not yet effective and not early adopted (continued)

- **IAS 1 Presentation of Financial Statements: Disclosure Initiative (Amendment)**
  The amendments are effective for annual periods beginning on or after 1 January 2016. The amendments to IAS 1 Presentation of Financial Statements further encourage companies to apply professional judgment in determining what information to disclose and how to structure it in their financial statements. They clarify, rather than significantly change, existing IAS 1 requirements. The amendments relate to materiality, order of the notes, subtotals and disaggregation, accounting policies and presentation of items of other comprehensive income (OCI) arising from equity accounted Investments. These amendments have not yet been endorsed by the EU. The Company is in a process of assessing the impact of these amendments on its financial statements.

- **IFRS 14 Regulatory Deferral Accounts**
  The standard is effective for annual periods beginning on or after 1 January 2016. The aim of this standard is to enhance the comparability of financial reporting by entities that are engaged in rate-regulated activities, whereby governments regulate the pricing of particular types of activity. This can include utilities such as gas, electricity and water. The standard requires that the effect of rate regulation must be presented separately from other items and grants exemption to IFRS first-time adopters. This standard has not yet been endorsed by the EU. As the Company has adopted IFRS in prior periods and is not engaged in government regulated activities, it is not expected that the standard would be relevant to the Company.

- **IFRS 15 Revenue from Contracts with Customers**
  The standard is effective for annual periods beginning on or after 1 January 2017. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., sales of property, plant and equipment or intangibles). Extensive disclosures will be required, including disaggregation of total revenue; information about performance obligations and key judgments and estimates. The standard has not been yet endorsed by the EU. The Company is in a process of assessing the impact of the new standard on its financial position or performance.

- **IAS 27 Separate Financial Statements (Amended)**
  The amendment is effective from 1 January 2016. This amendment will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. This amendment has not yet been endorsed by the EU. The Company is in the process of assessing the impact of these amendments on its financial statements.

- **Amendments in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture**
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. A full gain or loss is recognized when a transaction involves a business or a partial gain or loss is recognized when a transaction involves assets that do not constitute a business. The amendments will be effective from annual periods commencing on or after 1 January 2016. The amendments have not yet been endorsed by the EU. It is not expected that these amendments would impact the financial position or performance of the Company. The Company is in a process of assessing the impact of these amendments on its financial statements.

4 Standards issued but not yet effective and not early adopted (continued)

- **Annual improvements to IFRSs 2010-2012 Cycle**

In the 2010-2012 annual improvements cycle, the IASB issued amendments to seven standards which are effective for annual periods beginning on or after 1 February 2015. Summary of amendments and related standards are provided below:

- IFRS 2 Share-based Payments – amended definitions of 'vesting condiitons' and 'market condition' and adding the definitions of 'performance condition' and 'service condition';
- IFRS 3 Business Combinations – clarification on the accounting for contingent consideration arising from business combination;
- IFRS 8 Operating Segments – additional disclosures of management judgement on aggregating operating segments and clarification on reconciliation of total segments' assets to the entity's assets;
- IFRS 13 Fair Value Measurement – clarification on interaction with IFRS 9 as regards short-term receivables and payables;
- IAS 16 Property, Plant and Equipment – amended to state that when an item of property, plant and equipment is revalued, the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount while the accumulated depreciation is calculated as a difference between the gross carrying amount and the carrying amount after taking into account accumulated impairment losses;
- IAS 24 Related Party Disclosures – clarified that a management entity that provides key management services to a reporting entity is deemed to be a related party; disclosure of the service fee paid or payable is required;
- IAS 38 Intangible Assets – same amendment as IAS 16 above.

The Company is in the process of assessing the impact of the amendments on its financial statements.

- **Annual improvements to IFRSs 2011-2013 Cycle**

In the 2011-2013 annual improvements cycle, the IASB issued amendments to four standards which are effective for annual periods beginning on or after 1 January 2015. Summary of amendments and related standards are provided below:

- IFRS 1 First-time Adoption of International Financial Reporting Standards –clarification on the early application of new IFRS that is not yet mandatory;
- IFRS 3 Business Combinations – clarification on scope exclusions regarding the formation of joint arrangement in the financial statements of the joint arrangement itself;
- IFRS 13 Fair Value Measurement – clarification on the application of portfolio exception (measuring fair value of a group of financial assets and financial liabilities on a net basis;
- IAS 40 Investment Property – clarification on the interrelationship between IFRS 3 and IAS 40.

The Company is in the process of assessing the impact of the amendments on its financial statements.

- **Annual improvements to IFRSs 2012-2014 Cycle**

In the 2012-2014 annual improvements cycle, the IASB issued amendments to four standards which are applicable for financial year 2016. These annual improvements have not yet been endorsed by the EU. Summary of amendments and related standards are provided below:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations – clarification that changing from one of the disposal methods to the other (through sale or through distribution to the owners) should not be considered to be a new plan of disposal, rather it is a continuation of the original plan;
- IFRS 7 Financial Instruments: Disclosures – provides examples of continuing involvement in a financial asset and clarifies required disclosures in the condensed financial report;
- IAS 19 Employee Benefits – clarification on long-term liability discount rate determination;
- IAS 34 Financial Reporting – clarification on required disclosures: they must either be in the financial statements or incorporated by cross-reference to other financial information (e.g., in the management report) that is available to users on the same terms as the financial statements and at the same time.

The Company is in the process of assessing the impact of the amendments on its financial statements.

5. Expenses and other revenues

5.1 Cost of sales

	2014	2013
	€000	€000
Variable costs		
Distribution expenses – freight	(5,651)	(5,185)
Kiln fuel	(4,906)	(4,891)
Electricity	(3,277)	(2,983)
Raw materials	(2,441)	(1,914)
Refractory	(547)	(212)
Fuel and oil	(418)	(410)
Grinding media	(3)	(66)
Restoration provision (Note 20)	(1)	(6)
Other expenses	(424)	(484)
Fixed costs		
Depreciation	(5,208)	(5,818)
Plant salaries, wages and related expenses	(1,883)	(1,806)
Other fixed costs	(907)	(867)
Packaging costs (including related staff cost)	(830)	(961)
Contract labour	(784)	(703)
Repair and maintenance – spare parts	(779)	(542)
Plant utilities	(83)	(94)
Insurance and taxes	(63)	(67)
Amortization	(9)	(14)
Lining	(4)	(6)
Inventory change	(35)	(927)
Net expense from transactions with emission rights	-	(2)
	(28,253)	**(27,958)**

Net expense from transactions with emission rights

	2014	2013
	€000	€000
Cost of purchasing additional rights surrendered to cover excess emissions	-	(24)
Utilized provision for emissions in excess of emission rights granted	-	22
	-	**(2)**

5.2 Selling and distribution costs

	2014	2013
	€000	€000
Salaries and related expenses	(245)	(233)
Car related expenses	(59)	(72)
Advertising and promotion	(31)	(30)
Insurance and taxes	(20)	(21)
Travel - entertainment	(17)	(17)
Utilities	(11)	(12)
Other	(25)	(21)
	(408)	**(406)**

5. Expenses and other revenues (continued)

5.3 Administrative expenses

	2014	2013
	€000	€000
Salaries and related expenses	(1,165)	(1,253)
Security	(531)	(459)
Depreciation	(326)	(339)
Car related expenses	(177)	(168)
Utilities	(166)	(163)
Consultancy fees	(144)	(160)
Insurance and taxes	(117)	(109)
Donations	(106)	(112)
Travel – entertainment	(80)	(75)
Audit fees	(50)	(54)
Amortization	(23)	(27)
Repairs and maintenance	(6)	(55)
Other	(450)	(359)
	(3,341)	(3,333)

5.4 Other expenses

	2014	2013
	€000	€000
Impairment loss to fair value less cost to sell (Note 13)	(53)	-
Write off of materials	(30)	(1)
Third party fees	(28)	(23)
Retirement benefit charge (Note 21)	(24)	(25)
Impairment of trade receivables (Note 15)	(21)	(44)
Cost of goods, materials and scrap sold	(18)	(667)
Staff leaving indemnities	(10)	(72)
Expenses for canteen	(8)	(12)
Losses from sales of fixed assets	(8)	-
Expenses pertaining to disposal of property, plant and equipment	(3)	(1)
Net movement in unused paid leave (Note 22)	(2)	-
Other	(77)	(103)
	(282)	(948)

5. Expenses and other revenues (continued)

5.5 Expenses by nature

	2014	2013
	€000	€000
Materials used and recognised as an expense	(13,725)	(12,409)
Hired services	(9,186)	(8,764)
Depreciation (Note 8)	(5,534)	(6,157)
Employee benefits expense (Note 5.6)	(3,550)	(3,556)
Change in work in progress and finished goods	(35)	(927)
Amortisation (Note 10)	(32)	(41)
Net expense from transactions with emission rights	-	(2)
Other	(222)	(789)
Total cost of sales, selling and distribution, administrative and other expenses	**(32,284)**	**(32,645)**

5.6 Employee benefits expense

	2014	2013
	€000	€000
Wages and salaries	(2,505)	(2,536)
Social security costs	(457)	(451)
Retirement benefits (Note 21)	(24)	(25)
Other related expenses	(564)	(544)
	(3,550)	**(3,556)**

5.7 Other income

	2014	2013
	€000	€000
Income from changes in estimates of restoration provision (Note 20)	115	-
Rendering of other services	82	75
Refund of excise	52	65
Sale of goods and rent of offices	50	47
Reversal of impairment of receivables (Note 15)	27	51
Sale of scrap and materials	15	697
Net movement in unused paid leave (Note 22)	-	36
Profit on disposal of fixed assets	-	15
Other	40	83
	381	**1,069**

5.8 Finance income

	2014	2013
	€000	€000
Loans provided to related parties (Note 23)	168	61
Income from participation (Note 23)	-	8
Bank accounts	3	2
Foreign exchange gains, net	5	-
	176	**71**

5. Expenses and other revenues (continued)

5.9 Finance costs

	2014	2013
	€000	€000
Interest expenses:		
Bank loans and overdrafts	(720)	(925)
Interest expense on finance lease	(1)	(4)
Loans received from related parties (Note 23)	(2)	-
Effect from discounting of restoration provision (Note 20)	(31)	(135)
Fee expense	(127)	(80)
Foreign exchange losses, net	-	(15)
Other finance costs (Note 21)	(8)	(10)
	(889)	**(1,169)**

6. Income tax

The major components of income tax (expense)/ income for the yearss ended 31 December 2014 and 2013 are:

	2014	2013
	€000	€000
Current income tax charge	(200)	(45)
Deferred income tax (expense)/ income	(133)	5
Income tax expense reported in profit or loss	**(333)**	**(40)**

Income tax related to items that are charged or credited directly to equity:

	2014	2013
	€000	€000
Deferred income tax benefit/(expense) related to actuarial losses/gains on defined benefit plans	2	(5)
Deferred tax charged directly to other comprehensive income	**2**	**(5)**

In 2014 the nominal statutory tax rate is 10% (2013: 10%). For 2015 it remains unchanged.

Reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rate for the year ended 31 December 2014 and 2013 are:

	2014	2013
	€000	€000
Accounting profit before income tax	3,144	278
Income tax expense at statutory tax rate of 10% for 2014 (2013: 10%)	(314)	(28)
Expenses not deductible for tax purposes	(19)	(12)
Income tax expense	**(333)**	**(40)**

6. Income tax (continued)

As per the provisions of Bulgarian Corporate Income Tax Act (CITA) any taxable person is eligible to income tax relief up to 100% of the income tax for the fiscal year, only if the following requirements are simultaneously met:

- the taxable person carries out manufacturing activities solely in municipalities where the rate of unemployment for the year preceding the current year is by 35% or more higher than the average for Bulgaria for the same period;
- additional requirements, the most important of which are as follows:
    - the income tax holiday should be invested in property, plant and equipment and intangible assets, part of an initial capital expenditure plan;
    - the initial investment (i.e. qualifying capital expenditure projects) should be made within four years following the beginning of the year for which the income tax relief is claimed;
    - the initial investment must be made in municipalities where the rate of unemployment for the year of tax holiday claim is by 35% or more higher than the average for Bulgaria for the same period;
    - the activity, related to the initial investment, should continue to be performed in the respective municipality for a period of at least five years after the year of completion of the initial investment; this circumstance shall be declared annually in the annual tax returns until the lapse of a five-year period;
    - at least 25% of the value of the property, plant and equipment and intangible assets, forming part of the initial investment, should be self-financed or debt-financed by the taxable person;
    - the income tax relief should not exceed 50% of the present value of the property, plant and equipment, included in the initial investment plan, determined as at 31 December of the year of the tax holiday.

As of 31 December 2014 the Company considers that it is eligible for the following tax relieves as all the above mentioned requirements of CITA are considered satisfied:

- EUR 4,010 thousand related to qualifying capital expenditure project "Vertical Cement Mill" (with total budgeted amount of EUR 10,000 thousand) declared in 2007 annual tax return. This tax relief was recognised as a reduction of current income tax expense in the statement of comprehensive income for the financial year 2008.
- EUR 1,331 thousand related to qualifying capital expenditure project "Raw Material silos" (with total budgeted amount of EUR 3,000 thousand) which was declared in 2008 annual tax return. This tax relief was recognised as a reduction of current income tax expense in the statement of comprehensive income for the financial year 2008.
- EUR 141 thousand related to qualifying capital expenditure project "Tyres feeding installation for Kiln 5" (with total budgeted amount of EUR 300 thousand) which was declared in 2009 annual tax return. This tax relief was recognised as a reduction of current income tax expense in the statement of comprehensive income for the financial year 2009.
- EUR 2,309 thousand related to qualifying capital expenditure project "RDF Installation" (with total budgeted amount of EUR 4,793 thousand) which was declared in 2010 annual tax return. This tax relief was recognized as a reduction of current income tax expense in the statement of comprehensive income for the financial year 2010 and 2011.
- EUR 491 thousand related to qualifying capital expenditure project SNCR (the selective noncatalytic reduction) installation that is carried out in 2013 and 2014 with total budgeted amount of EUR 1,000 thousand. This tax relief was recognised as a reduction of current income tax expense in the statement of comprehensive income for the financial year 2012.

6. Income tax (continued)

Deferred income tax at 31 December 2014 and 31 December 2013 relates to the following:

	Balance Sheet		Profit or loss for the year		Other Comprehensive Income	
	2014	2013	2014	2013	2014	2013
	€000	€000	€000	€000	€000	€000
Deferred tax liability						
Accelerated depreciation for tax purposes	1,191	1,120	(71)	47	-	-
	1,191	1,120				
Deferred tax asset						
Unused leave allowance	(10)	(10)	-	(3)	-	-
Restoration provision	(223)	(231)	(8)	14	-	-
Retirement benefits	(26)	(24)	-	-	2	(5)
Impairment of receivables	(108)	(165)	(57)	(4)	-	-
Impairment loss to fair value less costs to sell	(7)	(2)	5	-	-	-
Impairment of Intangible assets - CO_2 emission rights	-	(2)	(2)	(47)	-	-
Other	-	-	-	(2)	-	-
	(374)	(434)				
Deferred tax (expense)/income			(133)	5	2	(5)
Deferred tax liability, net	817	686				

Reconciliation of deferred tax liability:

	2014	2013
	€000	€000
Opening balance as of 1 January	686	686
Tax expense/(income) during the period, recognised in profit or loss	133	(5)
Tax (income)/expense during the period, recognised in other comprehensive income	(2)	5
Closing balance as of 31 December	817	686

7. Fair value measurement

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

Quantitative disclosures of fair value measurement hierarchy as of 31 December 2014 and 31 December 2013

		Fair value measurement using			
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		€000	€000	€000	€000
Assets for which fair values are disclosed:					
Loans and receivables (Note 23)					
Floating loans to related parties	31.12.2014	4,504	-	4,504	-
Floating loans to related parties	31.12.2013	4,658	-	4,658	-
Fixed rate loans to related parties	31.12.2014	72	-	-	72
Fixed rate loans to related parties	31.12.2013	62	-	-	62
Investment properties (Note 9)					
Retail property	31.12.2014	61	-	-	61
Assets held for sale measured at lower of carrying amount and fair value less costs to sell (Note 13)					
Land	31.12.2014	286	-	-	286
Land	31.12.2013	373	-	-	373
Retail property	31.12.2014	69	-	-	69
Retail property	31.12.2013	75	-	-	75
Residential appartments	31.12.2014	155	-	-	155
Residential appartments	31.12.2013	379	-	-	379
Administrative building floor	31.12.2014	89	-	-	89
Liabilities for which fair values are disclosed:					
Interest-bearing loans					
Floating rate loans (Note 19)	31.12.2014	16,342	-	16,342	-
Floating rate loans (Note 19)	31.12.2013	21,002	-	21,002	-
Floating rate loans from related parties (Note 23)	31.12.2014	40	-	40	-
Floating rate loans from related parties (Note 23)	31.12.2013	77	-	77	-

There have been no transfers between Level 1 and Level 2 during the period.

8. Property, plant and equipment

	Land and buildings	Plant and machinery	Vehicles	Furniture and fittings	Assets under construction	Total
	€000	€000	€000	€000	€000	€000
Cost:						
At 1 January 2013	**17,286**	**88,295**	**5,153**	**1,474**	**9,559**	**121,767**
Additions	74	61	-	3	2,285	2,423
Transfers	160	1,509	136	40	(1,845)	-
Transfers from investment properties (Note 9)	56	-	-	-	-	56
Disposals	(52)	(17)	(53)	(98)	-	(220)
At 31 December 2013	**17,524**	**89,848**	**5,236**	**1,419**	**9,999**	**124,026**
At 1 January 2014	**17,524**	**89,848**	**5,236**	**1,419**	**9,999**	**124,026**
Additions	23	183	-	-	4,681	4,887
Transfers	3,190	1,221	(2,899)	48	(1,560)	-
Transfers to intangibles (Note 10)		-	-	-	(71)	(71)
Disposals	(57)	(47)	-	(93)	-	(197)
At 31 December 2014	**20,680**	**91,205**	**2,337**	**1,374**	**13,049**	**128,645**
Depreciation:						
At 1 January 2013	**3,340**	**40,690**	**3,192**	**1,225**	-	**48,447**
Depreciation charge for the year	584	5,147	342	84	-	6,157
Disposals	(51)	(16)	(54)	(98)	-	(219)
At 31 December 2013	**3,873**	**45,821**	**3,480**	**1,211**	-	**54,385**
At 1 January 2014	**3,873**	**45,821**	**3,480**	**1,211**	-	**54,385**
Depreciation charge for the year	702	4,661	105	66	-	5,534
Transfers	1,437	-	(1,437)	-		-
Disposals	(2)	(47)	-	(83)	-	(132)
At 31 December 2014	**6,010**	**50,435**	**2,148**	**1,194**	-	**59,787**
Net book value:						
At 1 January 2013	**13,946**	**47,605**	**1,961**	**249**	**9,559**	**73,320**
At 31 December 2013	**13,651**	**44,027**	**1,756**	**208**	**9,999**	**69,641**
At 31 December 2014	**14,670**	**40,770**	**189**	**180**	**13,049**	**68,858**

As at 31 December 2014 major spare parts of EUR 1,411 thousand (2013: EUR 1,176 thousand) are included in Plant and Machinery. They are not available for use and therefore not depreciated.

The net book value of plant and machinery acquired through finance lease as of 31 December 2014 is EUR 344 thousand (2013: EUR 355 thousand).

Assets under construction

Assets under construction relate to major capital projects as vertical mill 9, raw material carriages, water drainage system, SNCR (the selective non-catalytic reduction) installation project, raw mill 5 and others.

Impairment of property, plant and equipment

Based on the review of the tangible fixed assets, the Company's management has not found indicators that the book value of the assets exceed their recoverable amount. Therefore, no impairment of property, plant and equipment has been recognized at 31 December 2014 (31 December 2013: Nil).

9. Investment property

	2014	2013
	€000	€000
At 1 January	-	56
Additions	61	-
Transfers to PPE	-	(56)
Closing balance at 31 December	**61**	**-**

During the period the Company acquired a new apartment in Veliko Tarnovo in exchange for settlement of trade receivables of a client and classified it as investment property as management's intentions is to use it for capital appreciation.

As of 31 December 2014 a fair valuation of the investment property is made by an independent appraiser based on market comparables method and depreciated replacement cost method. Based on the valuation made by the appraiser, the carrying amount of the investment property is equal to its fair value and therefore no change in the fair value is recognized in the profit or loss for the year.

Description of valuation techniques and key inputs used to determine the fair value as at 31 December 2014

	Valuation technique	Significant unobservable inputs	Range (weighted average)
Retail properties	Market Comparables Method/ Depreciated replacement cost	Estimated value per sq. m. on the basis of ask prices for comparable properties	€511 - € 671
		Adjustment coefficient reflecting differences in plot's characteristics and the comparables	0.9
		Ask price discount	15%
		Adjusting coefficients of depreciation – physical, functional and economic wearing out	1.02%

The fair value of retail properties is determined by an independent licensed appraiser by using the weighted average of the depreciated replacement cost method and market comparables method in the following proportion – 40% for the depreciated replacement cost method and 60% for the market comparables method.

The calculation of the fair value of retail properties using the method of the depreciated replacement cost has been performed on the basis of actual value of the different types of construction and repairing works, adjusted in way to reflect the physical, economic and functional wearing out. In addition the fair values of the properties are also measured with the market comparables method by using observable offer prices of three comparable properties. The prices are significantly adjusted to reflect the location, usage, size and condition of the valued properties. Also the appraiser has offered an adjustment for offer discount in the used offers of 15% in order to reflect the difference between the offers and the actual prices of the deals. The measurement of the fair values is performed with effective date 31 December 2014.

10. Intangible assets

	Concession rights	Licences	Computer software	Other	Total
	€000	€000	€000	€000	€000
Cost:					
At 1 January 2013	41	112	186	511	850
Disposals	-	-	(5)	-	(5)
Surrender of emission rights	-	-	-	(24)	(24)
At 31 December 2013	**41**	**112**	**181**	**487**	**821**
At 1 January 2014	41	112	181	487	821
Disposals	-	-	(9)	(1)	(10)
Transfer from assets under construction (Note 8)	-	-	71	-	71
Surrender of emission rights	-	-	-	(486)	(486)
At 31 December 2014	**41**	**112**	**243**	**-**	**396**
Amortisation and impairment:					
At 1 January 2013	31	26	161	486	704
Amortisation charge for the year	2	22	17	-	41
Disposals	-	-	(5)	-	(5)
Surrender of emission rights	-	-	-	-	-
At 31 December 2013	**33**	**48**	**173**	**486**	**740**
At 1 January 2014	33	48	173	486	740
Amortisation charge for the year	2	21	9	-	32
Disposals	-	-	(9)	-	(9)
Surrender of emission rights	-	-	-	(486)	(486)
At 31 December 2014	**35**	**69**	**173**	**-**	**277**
Net book value:					
At 1 January 2013	**10**	**86**	**25**	**25**	**146**
At 31 December 2013	**8**	**64**	**8**	**1**	**81**
At 31 December 2014	**6**	**43**	**70**	**-**	**119**

10. Intangible assets (continued)

In 2014 emission rights amounting to EUR 486 thousand (2013: EUR 24 thousand) were surrendered in settlement of Company's obligation related to the emissions emitted in excess of the rights held/ granted.

Impairment of intangible assets
The Company has carried out a review for existence of impairment indicators at 31 December 2014. No indicators have been found that the carrying amount of the intangible assets exceeds their recoverable amount and therefore, no impairment loss has been recognised in the financial statements

11. Investments

11.1 Investments in subsidiaries

	Country of incorporation	% Equity interest	
		2014	**2013**
Zlatna Panega Beton EOOD	Bulgaria	100%	100%
Gravel and Sand Pits – Bulgaria EAD	Bulgaria	100%	100%
Eco Conception EOOD	Bulgaria	100%	100%

The investments in subsidiaries are measured at cost as follows:

	2014	2013
	€000	€000
Zlatna Panega Beton EOOD	8,421	8,421
Gravel and Sand Pits Bulgaria EAD	69	69
Eco Conception EOOD	3	3
	8,493	8,493

The shares in subsidiaries do not have a quoted market price in an active market and their fair value cannot be reliably measured.

11.2 Available-for-sale investment

The Company has a 9% participation in Granitoid AD, the majority shareholder of which is REA Cement Limited. Granitoid AD is a joint stock company, incorporated in Bulgaria. The equity shares are measured at cost because they do not have a quoted market price in an active market. Transactions for sales and purchases of shares are made over the counter at prices negotiated through financial intermediaries. In 2013 Zlatna Panega Cement AD increased its participation in Granitoid AD through purchase of 552 shares for the amount of EUR 3 thousand. The cost of the available-for-sale investment is EUR 24 thousand as of 31 December 2014 and 31 December 2013.

12. Other financial assets

In accordance with the quarry concession agreement, the Company is obliged to maintain a deposit equal to 10% of the amount of the average three-month excavated material, during the concession period (20 years). As of 31 December 2014 the amount deposited and restricted for this purpose is EUR 92 thousand (31 December 2013: EUR 83 thousand). It earns interest at 2.481% per annum.

13. Non-current assets held for sale

	2014	2013
	€000	€000
At 1 January	827	668
Additions	192	159
Impairment loss to fair value less cost to sell (Note 5.4)	(53)	-
At 31 December	**966**	**827**
of which measured at fair value less cost to sell	**599**	**827**

As of 31 December 2014 the non-current assets held for sale at the amount of EUR 966 thousand comprise of two regulated land plots located in Boyana and Malinova Dolina in Sofia, a retail store in Sofia – Luylin, one apartment in Sofia, two apartments in Sunny Beach, an administrative building floor in Gabrovo, two apartments and a house in Pirin Golf Holiday Club in Razlog and two garages in Slatina, Sofia.

As of 31 December 2014 the Company performed valuation of the non-current assets held for sale and reduced the amount of the assets to the lower of the carrying amount and fair value less cost to sell. Assets held for sale valued at fair value less costs to sell as of 31 December 2014 are at the amount of EUR 599 thousand and assets at the amount of EUR 367 thousand are presented at net book value (Note 7).

Description of valuation techniques and key inputs used to determine the fair value as at 31 December 2014

	Valuation technique	**Significant unobservable inputs**	**Range (weighted average)**
Land	Market Comparables Method	Estimated value per sq. m. on the basis of ask prices for comparable properties	€110 - € 116
		Ask price discount	5%
Retail properties	Market Comparables Method/ Depreciated replacement cost/ Capitalisation of income method	Estimated value per sq. m. on the basis of ask prices for comparable properties	€413 - € 1,361
		Adjustment coefficient reflecting differences in plot's characteristics and the comparables	0.8 – 1.35
		Ask price discount	5% -10%
Residential apartments	Market Comparables Method	Estimated value per sq. m. per month on the basis of ask prices for comparable properties	€682 - €936
		Adjustment coefficient reflecting differences in plot's characteristics and the comparables	0.95 – 1.00
		Ask price discount	5% - 10%

Non-current assets held for sale are valued at lower of carrying amount and fair value less costs to sell. The Company has engaged an independent appraiser to perform a fair valuation of the properties. The effective date of the valuations is 1 December 2014 and the appraiser confirmed that they were valid also as of 31 December 2014. The fair value of land and residential apartments were determined by the accredited valuer using market comparables approach. The fair value of the retail properties was determined by the accredited valuer using market comparables approach and depreciated replacement cost for one of the properties (the two values were weighted as the market approach was assigned 90% and depreciated replacement cost approach – 10%) and depreciated replacement cost method and capitalisation of income method for the other (the two values were weighted as the depreciated replacement cost method was assigned 50% and capitalization income method – 50%).

Under the market approach, the Appraiser used ask prices and adjusted them to reflect the differences in comparison to the valued property (such as location, accessibility, infrastructure, construction potential). In addition the Appraiser applied an ask price discount which varied depending on the property type and location. Under the depreciated cost method the Appraiser determined the new replacement cost of each property on the basis of the benchmark construction prices and adjusted it to reflect physical obsolescence.

13. Non-current assets held for sale (continued)

Description of valuation techniques and key inputs used to determine the fair value as at 31 December 2013

	Valuation technique	Significant unobservable Inputs	Range (weighted average)
Land	Market Comparables Method	Estimated value per sq. m. on the basis of ask prices for comparable properties	€73 - € 282
		Adjustment coefficient reflecting differences in plot's characteristics and the comparables	0.7 - 1
		Marketability discount	5% - 10%
		Ask price discount	10%
Retail properties	Market Comparables Method/ Depreciated cost	Estimated value per sq. m. on the basis of ask prices for comparable properties	€367 - € 1,104
		Adjustment coefficient reflecting differences in plot's characteristics and the comparables	1 – 1.15
		Ask price discount	15%
Residential apartments	Market Comparables Method/ Depreciated cost	Estimated value per sq. m. per month on the basis of ask prices for comparable properties	€413 - €1,361
		Adjustment coefficient reflecting differences in plot's characteristics and the comparables	0.8 – 1.35
		Ask price discount	10%

14. Inventories

	2014	2013
	€000	€000
Spare parts	4,741	5,035
Raw materials	1,172	1,145
Finished goods	579	603
Work in progress	562	622
Packaging materials	370	357
	7,424	**7,762**

15. Trade and other receivables

	2014	2013
	€000	€000
Long – term trade receivables	47	-
Long – term trade receivables, net	**47**	**-**
Short - term trade receivables	4,079	5,902
Receivables under court procedure	2,633	3,126
Less: Provision for impairment	(1,075)	(1,652)
Short - term trade receivables, net	**5,637**	**7,376**
VAT receivable	123	-
Other receivables	149	98
Total short – term trade and other receivables, net	**5,909**	**7,474**

15. Trade and other receivables (continued)

Trade receivables are non-interest bearing and are generally on 0-75 days terms.

As at 31 December 2014, trade receivables at nominal value of EUR 1,723 thousand (31 December 2013: EUR 2,326 thousand) were impaired following receivable collectability analysis performed by the Company's management.

As at 31 December 2014 the balance of the provision for impairment of receivables includes EUR 364 thousand impairment loss on receivables to amortized cost (31 December 2013: EUR 429 thousand). The impairment loss was calculated based on the expected repayment dates and the original effective interest rate estimated at 10.3%. Following an analysis on the aging of receivables and the experienced delinquency in counterparties' payments, the management did not recognize additional impairment loss on receivables as at 31 December 2014.

Movements in the allowance for impairment of receivables were as follows:

	Individually impaired receivables
	€000
At 1 January 2013	1,695
Charge for the period (Note 5.4)	44
Utilized	(36)
Unused amounts reversed (Note 5.7)	(51)
At 31 December 2013	**1,652**
At 1 January 2014	1,652
Charge for the period (Note 5.4)	21
Utilized	(571)
Unused amounts reversed (Note 5.7)	(27)
At 31 December 2014	**1,075**

The ageing analysis of trade receivables is as follows:

			Past due but not impaired				
	Total	**Neither past due nor impaired**	**< 30 days**	**31-60 days**	**61-90 days**	**91-120 days**	**>120 days**
	€000	**€000**	**€000**	**€000**	**€000**	**€000**	**€000**
31 December 2014	5,684	1,763	1,094	541	172	120	1,994
31 December 2013	6,702	1,456	912	845	297	159	3,033

16. Prepayments

	2014	**2013**
	€000	**€000**
Prepayments to third parties	161	165
	161	**165**

17. Cash and cash equivalents

	2014	**2013**
	€000	**€000**
Cash at bank	89	58
Cash in hand	10	5
	99	**63**

Cash at bank earns interest at floating rates based on daily bank deposit rates. As of 31 December 2014 the fair value of cash and cash equivalents is EUR 99 thousand (31 December 2013: EUR 63 thousand).

18. Issued capital and reserves

18.1 Issued capital

	2014	2013
	€000	€000
Ordinary shares of EUR 0.51 each, as per court registration	16,450	16,450
Hyperinflation adjustment	12,152	12,152
	28,602	**28,602**

In the period 1990-1997 the Bulgarian economy has experienced hyperinflation. According to IAS 29 Financial Reporting in Hyperinflationary Economies in such circumstances the Company has to hyper-inflate the amounts in its financial statements and to use them as a basis for the carrying amounts in its subsequent financial statements. The amount of EUR 12,152 thousand represents the effect of hyperinflation in the share capital from its nominal and legally registered value of EUR 16,450 thousand to EUR 28,602 thousand. The hyperinflation is performed using the movement in the exchange rate between Bulgarian Lev and German Mark (DEM) as the most representative and reasonable measure of inflation during that period.

	Number of ordinary shares (thousands)	Authorised capital
At 1 January 2013	32,173	16,450
At 1 January 2014	32,173	16,450
At 31 December 2014	**32,173**	**16,450**

All ordinary shares issued were fully paid.

18.2 Reserves

Legal reserve
Legal reserves are formed as per article 246 of the Bulgarian Commercial Act stipulating reserve requirements for joint stock companies such as Zlatna Panega Cement AD. Legal reserves are required to equal one-tenth of the authorized capital. The source of the legal reserves comes from not less than one-tenth of earnings, premiums on share or debenture issues and other sources established by the articles of association of a company or the general meeting of its shareholders. The legal reserves can only be used to offset current year and prior year losses.

19. Interest-bearing loans to banks

Current	Interest rate %	Maturity	2014 €000	2013 €000
(1) Overdraft facility with limit of BGN 9,000 thousand	1M Sofibor + spread	15 December 2014	-	682
(2) Overdraft facility with limit of BGN 10,000 thousand	1M Sofibor + spread	31 January 2015	1,156	4,883
(3) Revolving credit facility with total limit of BGN 11,735 thousand	1M Sofibor + spread	30 December 2014	-	615
(4) Overdraft facility with limit of BGN 5,865 thousand	1M Sofibor + spread	20 April 2015	31	-
(5) Long-term bullet loan with total limit of BGN 24,000 thousand for working capital needs and capital expenditure: short-term portion	1M Sofibor + spread	28 February 2015	12,271	-
Interest payable on loans			42	42
			13,500	6,222

Non-Current	Interest rate %	Maturity	2014 €000	2013 €000
(1) Overdraft facility with limit of BGN 9,000 thousand	1M Sofibor + spread	15 June 2016	2,029	-
(3) Revolving credit facility with total limit of BGN 10,757 thousand	1M Sofibor + spread	30 December 2018	813	-
(4) Overdraft facility with limit of BGN 5,865 thousand	1M Sofibor + spread	20 April 2015	-	2,531
(5) Long-term bullet loan with total limit of BGN 24,000 thousand for working capital needs and capital expenditure: long-term portion	1M Sofibor + spread	28 February 2015	-	12,271
Amortized cost adjustment (negative)			-	(22)
			2,842	14,780

Interest-bearing loans are secured by Corporate Guarantee issued by Titan Cement S.A.

As at 31 December 2014, the Company has available EUR 14,185 thousand (31 December 2013: EUR 10,002 thousand) of undrawn committed borrowing facilities in respect of which all precedent conditions had been met.

As part of the loans conditions of the short-term loans are included certain covenants based on the consolidated audited financial statements of Titan Cement Co SA, Greece and separate financial statements of Zlatna Panega Cement AD. As of 31 December 2014 the management of the Company is informed that Titan Cement Co S.A. is in compliance with all covenants. All covenants based on the separate financial statements of Zlatna Panega Cement AD are fully met.

The existing loan facilities (1) and (3) are classified as non-current, as the Company expects, and has the discretion, to refinance or roll over these obligations for at least 12 months after the reporting period, i.e. after 31 December 2015.

20. Restoration provision

	Restoration provision
	€000
At 1 January 2013	2,170
Arising during the period (Note 5.1)	6
Discount rate adjustment and imputed interest (Note 5.9)	135
At 31 December 2013	**2,311**
At 1 January 2014	2,311
Arising during the period (Note 5.1)	1
Changes in estimates for discount rate and inflation rate (5.7)	(115)
Unwinding of discount (Note 5.9)	31
At 31 December 2014	**2,228**

A provision has been recognized for restoration costs, associated with the quarry concession agreement, under which the Company is obliged to restore the surface of the quarry upon the cessation of its use.

21. Retirement benefits

According to the Bulgarian labour legislation and Company's collective labour agreement, Zlatna Panega Cement AD, as an employer is obliged to pay five or nine gross monthly salaries to its employees upon retirement, depending on the length of their service. If an employee has worked for the same employer for 10 years, the retirement benefit amounts to nine gross monthly salaries upon retirement (six gross monthly salaries as per Bulgarian labour legislation, plus three additional gross monthly salaries in accordance with the Company's Collective Labour Agreement), otherwise - five gross monthly salaries (two gross monthly salaries as per Bulgarian labour legislation, plus three additional gross monthly salaries in accordance with the Company's Collective Labour Agreement). The retirement benefits are unfunded.

The Company performs actuarial assessment of the retirement benefit obligation once a year as part of the annual financial statement close procedures.

The following tables summarise the components of net benefits expense recognised in the statement of comprehensive income and amounts recognised in the balance sheet for the retirement benefit plan.

Net benefits expense

	2014	2013
	€000	€000
Current service cost (Note 5.4)	24	25
Interest cost (Note 5.9)	8	10
Net benefit expense recognised in the statement of other comprehensive income	**32**	**35**
Actuarial (losses)/gains recognized in other comprehensive income	**(22)**	**48**

21. Retirement benefits (continued)

Benefit liability

	2014	2013
	€000	€000
Present value of retirement benefit obligation	267	247
Benefit liability recognised in the balance sheet	**267**	**247**

Changes in the present value of the retirement benefit obligation are as follows:

	Amount
	€000
Retirement benefit obligation at 1 January 2013	**302**
Interest cost	10
Current service cost	25
Benefits paid	(35)
Actuarial gains on obligation	(55)
Retirement benefit obligation at 31 December 2013	**247**
Interest cost	8
Current service cost	24
Benefits paid	(34)
Actuarial losses on obligation	22
Retirement benefit obligation at 31 December 2014	**267**

The principal assumptions used in determining retirement benefit obligation are shown below:

	2014	2013
Discount rate	3.25 %	3.25 %
Future salary increases	2.0 %	2.0 %
Staff turnover	0-12 %	0-12 %

A quantitative sensitivity analysis for significant assumptions as at 31 December 2014 is as shown below:

Assumptions	**Discount rate**		**Future salary increases**		**Staff turnover**	
Sensitivity Level	0.25% increase	0.25% decrease	1% increase	1% decrease	1% increase	1% decrease
	EUR '000	*EUR '000*	*EUR '000*	*EUR '000*	*EUR '000*	*EUR '000*
Impact on the defined benefit obligation	(9)	9	39	(34)	(32)	32

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The following undiscounted payments are expected contributions to be made in the future years out of the defined benefit plan obligation:

	2014	2013
	€000	€000
Within the next 12 months	15	27
Between 2 and 5 years	29	37
Between 6 and 10 years	257	250
Beyond 10 years	3,278	3,061
Total expected payments	**3,579**	**3,375**

The average duration of the defined benefit plan obligation at the end of the reporting period is 19 years (2013: 20 years).

22. Trade and other payables

	2014	2013
	€000	€000
Trade payables from domestic suppliers	3,071	2,517
Trade payables from foreign suppliers	656	597
Trade payables	**3,727**	**3,114**
Customer prepayments and other accruals	126	184
Unused paid leave	97	95
Social security	48	47
Payroll taxes	24	13
V.A.T payable	-	114
Other taxes	55	49
Insurance premium payable	49	31
Other payables	193	118
	4,319	3,765

Terms and conditions of the financial liabilities, set out in the tables above, are as follows:
- Trade payables are non-interest bearing and are normally settled on 1-90 day terms;
- Tax payables are non-interest bearing and are settled according to the legal deadlines;
- Other payables are non-interest bearing and have an average term of 15 days.

23. Related party disclosures

The Ultimate parent
The Ultimate parent of the Company is Titan Cement Company SA, incorporated in Greece.

Entity with controlling interest in the Company
The Company is controlled by REA Cement Limited, Cyprus, holding 99.99% of its shares. The remaining 0.01% of the shares is held by individuals of the State of Bulgaria.

Subsidiaries
Zlatna Panega Beton EOOD, Eco Conception EOOD and Gravel and Sand Pits – Bulgaria EAD ("GSPB") are wholly-owned subsidiaries of the Company. Zlatna Panega Cement AD has also control over Double V Co, Ruse, Bulgaria, which is wholly owned by GSPB. In May 2014 the Board of Directors of the Company, in its capacity of sole owner of the capital of Eco Conception EOOD, took a decision to liquidate its subsidiary. As at 31 December 2014 the procedure is not completed yet.

Associates
Zlatna Panega Cement AD has a significant influence over Holcim Karierni Materiali AD, with interest of 48.77% and in Holcim Karierni Materiali Plovdiv AD, with interest 48.72% through its wholly-owned subsidiary Gravel and Sand Pits – Bulgaria EAD. During 2010 Holcim Karierni Materiali AD acquired 100% of Vris EOOD. As a result of the transaction, Zlatna Panega Cement has a significant influence with interest of 48.77% in Vris EOOD, through its subsidiary Gravel and Sand Pits – Bulgaria EAD.

Other related parties
Granitoid AD, Cementarnica Usje AD, Antea Cement SHA, Shar Beteiligung, GAEA – Green Alternative Energy Assets EAD, Titan Florida and Zlatna Panega Cement AD are related parties because they are under the common control of Titan Cement Company SA (the ultimate parent).

The following table provides the total amount of transactions, which have been entered into with related parties during the year ended 31 December 2014 and 31 December 2013 as well as balances with related parties as of 31 December 2014 and 31 December 2013:

23. Related party disclosures (continued)

		Sales to related parties	Purchases from related parties	Amounts due from related parties	Amounts due to related parties
		€000	€000	€000	€000
In respect of sales / purchases from related parties					
Ultimate parent company					
Titan Cement Company S.A.	2014	15	4	-	4
Titan Cement Company S.A.	2013	3	-	-	-
Subsidiaries					
Zlatna Panega Beton EOOD	2014	2,528	49	4,284	-
Zlatna Panega Beton EOOD	2013	1,752	33	3,154	-
Other related parties					
Cementarnica Usje AD	2014	2	-	-	-
Cementarnica Usje AD	2013	-	2	-	-
Shar Beteiligung	2014	-	-	-	-
Shar Beteiligung	2013	33	-	-	-
Titan Florida	2014	1	-	10	-
Titan Florida	2013	-	-	-	-
GAEA – Green Alternative Energy Assets EAD	2014	11	271	-	11
GAEA – Green Alternative Energy Assets EAD	2013	8	279	-	21
ANTEA Cement Sh. A.	2014	4	-	-	-
ANTEA Cement Sh. A.	2013	-	-	-	-
	2014			4,294	15
	2013			3,154	21

		Interest income	Interest expense	Amounts owed from related parties	Amounts owed to related parties
		€000	€000	€000	€000
In respect of loans from / to related parties					
Subsidiaries					
Zlatna Panega Beton EOOD	2014	165	-	4,504	-
Zlatna Panega Beton EOOD	2013	55	-	4,658	-
Other related parties					
Granitoid AD	2014	3	-	72	-
Granitoid AD	2013	6	-	62	-
GAEA – Green Alternative Energy Assets EAD	2014	-	2	-	40
GAEA – Green Alternative Energy Assets EAD	2013	-	-	-	77
	2014			4,576	40
	2013			4,720	77

23. Related party disclosures (continued)

As at 31 December 2014 included in the amounts owed from related parties in respect of loans granted is interest receivable from Granitoid at the respective amount of EUR 6 thousand (31 December 2013: EUR 2 thousand).

As at 31 December 2014 included in the amounts owed from related parties in respect of loans granted is interest receivable from Zlatna Panega Beton EOOD at the respective amount of EUR 14 thousand (December 2013: EUR 14 thousand).

As at 31 December 2013 Zlatna Panega Cement AD received dividends of EUR 8 thousand from its subsidiary Geospan, which was liquidated in 2013.

Loans owed from related parties

Zlatna Panega Beton EOOD
In September 2013 Zlatna Panega Cement signed an agreement for substitution of bank debt obligations, whereas Zlatna Panega Cement substituted Zlatna Panega Beton (the initial borrower) in all its obligations and rights toward the bank. In September 2013 Zlatna Panega Cement granted a loan to Zlatna Panega Beton EOOD at the total limit of EUR 5,113 thousand. Interest is charged at 1M Sofibor rate plus spread. The intercompany loan is intended to finance the working capital needs of Zlatna Panega Beton EOOD. The loan is unsecured and is repayable on 31 January 2015. During the year the Company received principal repayment of EUR 261 thousand (2013: 204 thousand), interest repayment of EUR 165 thousand (2013: 41 thousand) and new grants made of EUR 107 thousand.

Granitoid AD
As at 31 December 2014 Zlatna Panega Cement AD has borrowed to Granitoid AD the amount of EUR 66 thousand (2013: EUR 60 thousand). The intercompany loan is intended to finance the working capital needs of Granitoid. The loan is unsecured and is repayable in January 2015. Interest is charged at 1M Sofibor rate plus spread of 3.6% but not less than 4.3%.

Loans owed to related parties

GAEA – Green Alternative Energy Assets EAD
As of 31 December 2014 the Company has obtained a loan from GAEA – Green Alternative Energy Assets EAD at the total amount of EUR 37 thousand (31 December 2013: EUR 77 thousand). The intercompany loan is intended to finance the working capital needs of Zlatna Panega Cement AD. The loan is unsecured and is repayable until 13 November 2015. Interest is charged at interest rate of 1 M Sofibor rate plus spread of 2.9%. During 2014 the Company repaid EUR 39 thousand of the loan.

Terms and conditions of transactions with related parties

The sales and purchases from related parties are made at contracted prices. Outstanding balances at period end are unsecured, interest free (except for loans) and settlement occurs in cash. Except as disclosed in Note 19, there have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2014, the Company has not recorded any impairment of receivables relating to amounts owed from related parties (2013: Nil). This assessment is undertaken each financial period by examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel

	2014	2013
	€000	€000
Short-term employee benefits including social security expenses	706	804
	706	**804**

24. Dividends distributed

During the year ended 31 December 2014 the General Meeting of Shareholders voted not to distribute dividends (during 2013: EUR Nil).

25. Commitments and contingencies

	2014	2013
	€000	€000
Capital commitments	153	685
Promissory Note for supply of electricity	256	780
Promissory Note to banks and leasing companies	55	55

Capital commitments

At 31 December 2014 the Company has capital commitments of EUR 153 thousand (31 December 2013: EUR 685 thousand) related to the completion of capital projects including: Water drainage, RM carriages, AERSEN Compressor, Safety projects. The decrease of the capital commitments compared to 2013 is due to the completion of the major investments in SNCR project as at 31 December 2014.

Legal claims

No significant legal claims are foreseen by the management of the Company.

Finance lease commitments – Company as a lessee

As of 31 December 2014 and 2013 there is only one asset, subject to finance lease arrangement – a concrete centre.

The future minimum lease payments under finance leases together with the present value of net minimum lease payments are as follows:

	2014		2013	
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	€000	€000	€000	€000
Within one year	3	3	67	66
After one year but not more than five years	-	-	3	3
Total minimum lease payments	3	3	70	69
Less amounts representing finance charges	-	-	(1)	-
Present value of minimum lease payments	3	3	69	69

Bank guarantees

As at 31 December 2014 the Company provided a total EUR 259 thousand of bank guarantees (2013: EUR 587 thousand).

Other

The Company was last audited by the tax authorities for compliance with the following tax laws:

- Corporate income tax – until 31 December 2009;
- VAT – until 31 October 2010;
- Personal income tax – until 31 December 2008;
- Social security contributions – until 30 June 2009;
- Local taxes and fees – until 31 December 2004;
- Holiday tax – period 2010-2012.

The directors do not believe that, as of 31 December 2014, any material matters exist relating to the evolving fiscal and regulatory environment in the country, which would require adjustment to the accompanying financial statements.

25. Commitments and contingencies (continued)

Operating lease commitments – Company as a lessee

The Company has entered into operating leases with regard to certain motor vehicles. These leases have an average life of between 3 and 5 years with no renewal option included in the contracts. There are no restrictions placed upon the lessee by entering into these leases.

Future minimum rentals payable under non-cancellable operating leases as of 31 December 2014 and 31 December 2013 are as follows:

	2014	2013
	€000	€000
Within one year	168	167
After one year but not more than five years	136	241
	304	408

26. Financial risk management objectives and policies

The Company's principal financial liabilities comprise bank loans and borrowings, trade and other payables. The main purpose of these financial instruments is to raise finance for the Company's operations. The Company has various financial assets such as trade and other receivables and cash, which arise directly from its operations.

The main risks arising from the Company's financial instruments are cash flow interest rate risk, liquidity risk, foreign currency risk and credit risk. The management reviews and agrees policies for managing each of these risks which are summarised below.

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's short-term and long-term debt obligations with floating interest rates. The Company's policy is to manage its interest cost through continuous negotiations with financial institutions (banks) aimed at achieving the most favourable terms and conditions that are on offer.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Company's profit before tax (through the impact on the floating rate borrowings). There is no impact on the Company's equity.

	Increase/decrease in basis points	Effect on profit before tax
	€000	€000
2014		
Loans in BGN	+200	(326)
Loans in BGN	-100	163
2013		
Loans in BGN	+200	(420)
Loans in BGN	-100	210

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, availability of funding through an adequate amount of committed credit facilities. Due to the dynamic nature of the underlying businesses, the Company aims at maintaining flexibility in funding by keeping committed credit lines available.

26. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

The table below summarises the maturity profile of the Company's financial liabilities as based on contractual undiscounted payments.

As of 31 December 2014

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	€000	€000	€000	€000	€000	€000
Interest bearing loans	-	13,491	70	2,962	-	16,523
Finance lease liabilities	-	3	-	-	-	3
Trade payables	-	3,727	-	-	-	3,727
Other payables	-	193	-	-	-	193
Payables to related parties	-	-	55	-	-	55
	-	17,414	125	2,962	-	20,501

As of 31 December 2013

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	> 5 years	Total
	€000	€000	€000	€000	€000	€000
Interest bearing loans	-	5,020	1,708	14,913	-	21,641
Finance lease liabilities	-	17	50	3	-	70
Trade payables	-	3,114	-	-	-	3,114
Other payables	-	118	-	-	-	118
Payables to related parties	-	21	-	77	-	98
	-	8,290	1,758	14,993	-	25,041

Foreign exchange risk

The Company's exposure to foreign currency risk is minimal due to the fact that the majority of foreign currency transactions relating to purchases are denominated in euro, which is currently fixed at BGN 1.95583 for 1 EUR.

Credit risk

The Company trades only with recognised, creditworthy third parties. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis. The maximum exposure is the carrying amount as disclosed in Note 15. There are no significant concentrations of credit risk within the Company.

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents, available-for-sale financial investments and other financial assets (non-current), receivables from related parties the Company's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business as a going concern and to maximise shareholder value.

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares, following the shareholders' approval. No changes were made in the objectives, policies or processes during the period ended 31 December 2014 and 31 December 2013.

The Company monitors its equity capital using earnings before interest, tax, depreciation and amortization (EBITDA) for the period. On the basis of the rules and principles followed consistently by Titan Group in this respect, EBITDA is as follows:

26. Financial risk management objectives and policies (continued)

Capital management (continued)

	2014	2013
	€000	€000
EBITDA	9,423	7,574

As disclosed in Note 19 the Company is subject to externally imposed capital requirements under its short-term loan contracts. The structure and management of debt capital is determined at TITAN Group level.

27. Fair value of financial instruments

Set out below is a comparison by class of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements:

	Carrying amount		*Fair value*	
	2014	2013	2014	2013
	€000	€000	€000	€000
Financial assets				
Trade receivables	5,684	7,376	5,684	7,376
Receivables from related parties	8,870	7,874	8,870	7,874
Other financial assets	92	83	92	83
Cash and cash equivalents	99	63	99	63
Financial liabilities				
Interest bearing loans and borrowings	16,345	21,071	16,345	21,071
Trade payables	3,727	3,114	3,727	3,114
Other payables	193	118	193	118
Payables to related parties	55	98	55	98

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

- Cash and cash equivalents, trade receivables, trade payables, and other current assets and liabilities approximate their carrying amounts due to the short-term maturities of these instruments;
- Other non-current financial assets represent a deposit restricted in accordance with the quarry concession agreement. As of 31 December 2014 and 31 December 2013 the carrying amount of these assets was not materially different from their fair value.
- The fair value of fixed-rate and variable-rate interest bearing loans is estimated by discounting future cash flows using rates currently available for debt or similar terms and remaining maturities. The fair value approximates their carrying value. The own non-performance risk as of 31 December 2014 and 31 December 2013 was assessed to be insignificant.

28. Events after the reporting date

An annex to the intercompany loan agreement with Granitoid AD was signed on 5 January 2015 to extend the term with one more year – until 5 January 2016. All other terms of the contract remain unchanged.

The loan granted to Zlatna Panega Beton EOOD with repayment date 31 January 2015 was renewed with annex dated 1 February 2015 until 28 February 2015 at the same terms and conditions.

The interest-bearing bank loan with repayment date on 31 January 2015 was renewed with an annex from 30 January 2015 until 28 February 2015 at the same terms and conditions.

Apart from that, no other significant events have been identified after the reporting date that may influence the annual separate financial statements.