Titan Global Finance plc

Annual report and financial statements

for the year ended 31 December 2016

Registered number: 06199510

Titan Global Finance plc

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for the year ended 31 December 2016

Titan Global Finance plc

Company information

Directors:	CR Field KV Fittler G Kyrtatos LH Wilt Jr
Secretary:	Rollits Company Secretaries Limited
Registered Auditors:	PricewaterhouseCoopers LLP 2 Humber Quays Hull HU1 2BN
Registered office:	No. 12 Shed King George Dock Hull HU9 5PR
Registered number:	06199510

Titan Global Finance plc

Strategic report

for the year ended 31 December 2016

The directors present their Strategic report for the year ended 31 December 2016.

Business review

During the course of 2016, the Company continued to carry out its operations as the Group's funding vehicle, drawing from bank facilities and the capital markets and extending finance to other Group companies, i.e. fellow group undertakings of Titan Cement Company S.A. and its subsidiary undertakings. At the same time, the Company has extended finance to Group companies using funds sourced from both the Company's own cash reserves and from other Group subsidiaries with excess cash balances.

The Company borrows and extends finance at arm's length, charging at least an additional five basis points margin on bank credit facilities, fixed interest rate loans and bonds (and a five per cent mark-up on other costs) so as to cover overhead costs and maintain the profitability commitment the Company has agreed with Her Majesty's Revenue and Customs (HMRC).

The Company and a Syndicate of Greek and International banks continued to be party to a €300,000,000 multicurrency forward-start syndicated revolving credit facility, guaranteed by Titan Cement Company S.A., the Company's immediate parent undertaking.

In June 2016, the Company issued €300,000,000 of Guaranteed Notes that are due to mature in June 2021. Simultaneously, the Company launched a Tender Offer for its €200,000,000 8.75% Guaranteed Notes due January 2017, where a principal amount of €109,062,000 of the Notes was successfully and validly tendered and accepted for the purchase price of €113,697,000. The expense from this Tender Offer in the total amount of €4,635,000 is recognised in the Statement of comprehensive income, see Note 14.

As of 31 December 2016, the Company had committed undrawn bank facilities of €300,000,000 (2015: €280,000,000).

The total comprehensive income for the year amounted to €1,377,000 (2015: €2,579,000).

Key performance indicators and financial risk management

The Company is focused on maintaining adequate liquidity to ensure that debt that falls due can always be met with available cash or un-utilized bank facilities.

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

At 31 December 2016, short term third party debt was €87,938,000 which has been fully repaid as of 18 January 2017. Please see note 5 to the financial statements for further information. Given that the directors' key measure is to ensure short term third party debt can be settled when due, the directors feel the Company has met this measure.

The Board of Directors also monitors the Company's profit before tax to ensure the Company is compliant with the HMRC Advance Thin Capitalization Agreement. The Board believes that the HMRC Advance Thin Capitalization Agreement requirements have been met during 2016.

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

Principal risks and uncertainties and exposure to financial risks

The principal risks of the Company are those relating to financial instruments including credit risk, liquidity risk, foreign exchange risk and interest risk. Please see note 3 to the financial statements for further information.

Future developments

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

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

As at the date of approval of these financial statements, the €200,000,000 8.75% Guaranteed Notes have been fully repaid.

This report was approved by the board on 2 March 2017 and signed on its behalf by:

LH Wilt Jr
Director

KV Fittler
Director

Titan Global Finance plc

Directors' report

for the year ended 31 December 2016

The directors present their Directors' Report and audited financial statements of Titan Global Finance plc (the "Company") for the year ended 31 December 2016.

Financial risk management and future developments

The financial risk management and future developments disclosures can be found in note 3 to the financial statements and in the Strategic report respectively.

Going concern

Any potential turmoil of the financial markets is not expected to significantly impact the Company during the next 12 months as the Company retains sufficient cash and committed un-utilised credit facilities to ensure it has sufficient available funds to cover its operating and funding needs including the requirement to repay the 8.75% Guaranteed Notes maturing in 2017. In considering going concern, the directors have also considered the Company's continued compliance with necessary debt covenants to existing lenders over the foreseeable future.

The Board of Directors is confident that the Company has adequate available resources, supported where necessary by its parent and fellow group undertakings to ensure continued operations as a going concern for the foreseeable future. Therefore the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Results and dividends

The comprehensive income for the year amounted to €1,377,000 (2015: €2,579,000). The directors do not recommend the payment of a dividend for the year (2015: €Nil).

Directors

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

CR Field
KV Fittler
G Kyrtatos
LH Wilt Jr

Corporate governance - systems of risk management and internal control over financial reporting

Formal systems of risk management and internal control over financial reporting operate within the Company, including a group policy and procedure manual.

Director's indemnity

As permitted by the Articles of Association, each of the Directors has the benefit of an indemnity, which is a qualifying third-party indemnity as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the tenure of each Director during the last financial year, and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors. No indemnity is provided for the Company's auditor.

Disclosure of information to the auditors

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

Titan Global Finance plc

Directors' report (continued)

for the year ended 31 December 2016

Auditors

During the year PricewaterhouseCoopers LLP continued in office as the Company's auditors and will be deemed to be reappointed in accordance with Section 487 of the Companies Act 2006.

This report was approved by the board on 2 March 2017 and signed on its behalf by:

Karen V. Fittler

LH Wilt Jr
Director

KV Fittler
Director

Titan Global Finance plc

Statement of directors' responsibilities

for the year ended 31 December 2016

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

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

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

- select suitable accounting policies and then apply them consistently;
- make suitable judgements and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

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

Report on the financial statements

Our opinion

In our opinion, Titan Global Finance plc's financial statements (the "financial statements"):

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Statement of financial position as at 31 December 2016;
- the Statement of comprehensive income for the year then ended;
- the Statement of cash flows for the year then ended;
- the Statement of changes in equity for the year then ended; and
- the Notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Strategic report and the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

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

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Strategic report and Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.

Ian Plunkett FCA (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Hull
Date: 2 March 2017

Titan Global Finance plc

Registered no: 06199510

Statement of financial position

as at 31 December 2016

	Note	2016 €'000	2015 €'000
Assets			
Non-current assets			
Loans and other receivables	6	644,049	637,191
		644,049	637,191
Current assets			
Loans and other receivables	6	98,593	14,573
Other current assets	7	841	-
Cash and cash equivalents		7,735	15,594
		107,169	30,167
Total assets		751,218	667,358
Equity and liabilities			
Equity attributable to owners of the parent			
Ordinary shares	8	3,287	3,287
Retained earnings		11,768	10,391
Total equity		15,055	13,678
Liabilities			
Non-current liabilities			
Loans and other payables	9	54,673	141,243
Borrowings	10	581,773	497,507
		636,446	638,750
Current liabilities			
Loans and other payables	9	11,810	14,690
Borrowings	10	87,868	-
Current tax liabilities		39	240
		99,717	14,930
Total liabilities		736,163	653,680
Total equity and liabilities		751,218	667,358

The notes on pages 13 to 28 are an integral part of these financial statements.

The financial statements on pages 9 to 28 were authorized for issue by the Board of Directors on 2 March 2017 and were signed on its behalf by:

LH Wilt Jr
Director

Karen V. Fittler

KV Fittler
Director

Titan Global Finance plc

Statement of comprehensive income

for the year ended 31 December 2016

	Note	2016 €'000	2015 €'000
Administrative expenses	11	**(157)**	(232)
Finance income	14	**48,316**	48,052
Finance costs	14	**(46,306)**	(44,607)
Finance income - net	14	**2,010**	3,445
(Loss)/gain on foreign exchange		**(99)**	20
Profit before income tax		**1,754**	3,233
Income tax expense	15	**(377)**	(654)
Profit and total comprehensive income for the year		**1,377**	2,579

All of the activities of the Company in 2016 and 2015 relate to continuing operations. There are no items of other comprehensive income recorded directly in equity.

The notes on pages 13 to 28 are an integral part of these financial statements.

Titan Global Finance plc

Statement of changes in equity

for the year ended 31 December 2016

	Attributable to owners of the parent		
	Ordinary shares €'000	Retained earnings €'000	Total equity €'000
Balance at 1 January 2015	3,287	7,812	**11,099**
Total comprehensive income for the year	-	2,579	**2,579**
Balance at 31 December 2015	3,287	10,391	**13,678**
Total comprehensive income for the year	-	1,377	**1,377**
Balance at 31 December 2016	3,287	11,768	**15,055**

The notes on pages 13 to 28 are an integral part of these financial statements.

Titan Global Finance plc

Statement of cash flows

for the year ended 31 December 2016

	Note	2016 €'000	2015 €'000
Cash flows from operating activities			
Cash used in operations	16	**(228)**	(164)
Income tax paid		**(578)**	(845)
Net cash used in operating activities		**(806)**	(1,009)
Cash flows from investing activities			
Loans (granted to)/repaid by related parties		**(92,940)**	18,896
Interest received from related parties		**51,761**	48,186
Net cash (used in)/generated from investing activities		**(41,179)**	67,082
Cash flows from financing activities			
Repayment of loans to related parties		**(86,570)**	(53,607)
Interest and other finance costs paid		**(50,242)**	(45,368)
Repayment of borrowings		**(20,000)**	(15,830)
Proceeds from borrowings		**190,938**	20,712
Net cash generated from/(used in) financing activities		**34,126**	(94,093)
Decrease in cash and cash equivalents		**(7,859)**	(28,020)
Cash and cash equivalents at 1 January		**15,594**	43,614
Cash and cash equivalent at 31 December		**7,735**	15,594

The notes on pages 13 to 28 are an integral part of these financial statements.

Titan Global Finance plc

Notes to the financial statements

for the year ended 31 December 2016

1 Authorization of financial statements

The financial statements of Titan Global Finance plc for the year ended 31 December 2016 were authorized for issue by the Board of Directors on 2 March 2017 and the Statement of Financial Position was signed on the Board's behalf by LH Wilt Jr and KV Fittler. The Company continued to carry out its operations as the Group's funding vehicle, drawing on bank facilities and from the capital markets and extending finance to Group companies, i.e. Titan Cement Company S.A. and its subsidiary undertakings. At the same time, the Company has also been extending finance to Group companies via funds sourced from both the Company's own cash reserves or from other Group subsidiaries with excess cash balances.

The Company is a public limited company, incorporated and domiciled in the United Kingdom. The address of its registered office is No. 12 Shed, King George Dock, Hull, HU9 5PR.

2 Summary of significant accounting policies

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

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

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

Going concern

The continued uncertainty of the financial markets is not expected to significantly impact the Company during the next 12 months as the Company retains sufficient cash and committed un-utilized credit facilities to ensure it has sufficient available funds to cover its operating and funding needs including the requirement to repay the 8.75% Guaranteed Notes maturing in 2017(fully repaid as of 18 January 2017). In considering going concern, the directors have also considered the Company's continued compliance with necessary debt covenants to existing lenders over the foreseeable future.

The Board of Directors is confident that the Company has adequate available resources, supported where necessary by its parent and fellow group undertakings to ensure continued operations as a going concern for the foreseeable future. Therefore the directors continue to adopt the going concern basis of accounting in preparing its financial statements. Further information on the company's borrowings is given in note 10.

2 Summary of significant accounting policies (continued)

Changes in accounting policy and disclosures

a. New and amended standards adopted by the Company

None of the new IFRSs or IFRIC interpretations that are effective have had an impact on the financial statements of the Company.

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

There are a number of new standards and amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2016, that have been considered when preparing these financial statements. None of these new standards, amendments and interpretations are expected to have a significant impact on the financial statements of the Company in their period of adoption.

c. IFRS 9 - Financial instruments

IFRS 9 covers requirements for classification, measurement, impairment and hedge accounting. The standard is effective for accounting periods beginning on or after 1 January 2018. At this stage, the Company is not able to estimate the impact of new rules on the Company's financial statements. The Company will make more detailed assessments of the impact over the next twelve months. The Company plans to adopt the new standard on the required effective date (1 January 2018).

Fair value measurement

The Company discloses the fair value of financial instruments, measured at amortized cost, as disclosed in note 5.

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

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

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

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

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

All assets and liabilities for which fair value is disclosed in the financial statements are categorized 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 recognized at fair value in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

2 Summary of significant accounting policies (continued)

Segment reporting

The Company has designated the Board of Directors as the Chief Operating Decision Maker (CODM). The financial position is presented as one segment and considered as one entity for the purpose of managing the business, as such, any segmental reporting would be identical to that disclosed in the Statement of Financial Position, the Statement of Comprehensive Income and the Statement of Changes in Equity.

Functional and presentational currency

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

Foreign currency translation

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

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

Loans and receivables with related parties

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

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

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

Subsequent recoveries of amounts previously written off are credited against administrative expenses in the Statement of Comprehensive Income.

Cash and cash equivalents

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

Loans and other payables/borrowings

Loans and other payables/borrowings are recognized initially at fair value, net of transaction costs incurred. In subsequent periods, loans and other payables/borrowings are carried at amortized cost using the effective interest method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the loans and other payables/borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transactions costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

Loans and other payables/borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2 Summary of significant accounting policies (continued)

Loans and other payables / borrowings (continued)

Loans and other payables/borrowings are derecognized when the obligation under the liability is discharged, cancelled or expires. When existing loans and other payables/borrowings are replaced by another from the same lender on substantially different terms, or the terms of the existing loans and other payables/borrowings are substantially modified, such an exchange or modification is treated as the derecognition of the original loans and other payables/borrowings and the recognition of a new loans and other payables/borrowings. The derecognition of loans and other payables/borrowings is written off in full in the Statement of Comprehensive Income.

Share capital

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

Trade payables

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

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

Current tax

The income tax expense for the year comprises Corporation tax related to the current year (current tax). Tax is recognised in the Statement of Comprehensive Income.

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

Income and expense recognition

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the group reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loan and receivables is recognised using the original effective interest rate.

Interest income and expense are recorded for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

All other fees, commissions and other income and expense items are generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

3 Financial risk management

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

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

a. Credit risk

Given that the Company is the Group's funding vehicle and its purpose is to raise external bank and non-bank financing and lend to Group companies to cover their borrowing needs, its credit risk arises from the potential inability of its intra-Group counterparties to meet their obligations. Management consider the ability of intra-group counterparties to settle their debt on inception of the loan agreement and monitor throughout the term of the loan. All external borrowings are guaranteed by Titan Cement Company S.A., the immediate and ultimate parent undertaking. The cash balances are deposited with highly rated financial institutions in line with Group Treasury policies, as stated in the Group's Risk Management Policy.

b. Liquidity risk

The Company retains sufficient cash and committed loans and facilities to ensure it has sufficient available funds to cover its operating needs. At 31 December 2016, the Company had guaranteed Notes outstanding of €675,108,000 pre borrowing costs, bank borrowings of €Nil and loans from related parties of €54,673,000. €87,938,000 of the guaranteed Notes is due for repayment within one year of the year end. €587,170,000 of the guaranteed Notes and the €54,673,000 of loans from related parties are due for repayment after more than one year after the year end.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the year end date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

As at 31 December 2016	Less than 3 months €'000	Between 3 months and 1 year €'000	Between 1 and 2 year €'000	Between 2 and 5 years €'000	Total €'000
Listed guarantee notes	**97,888**	**16,602**	**22,705**	**619,522**	**756,717**
Payables to related parties	**404**	**1,271**	**54,696**	**-**	**56,371**
Bank borrowings	**-**	**-**	**-**	**-**	**-**
As at 31 December 2015					
Listed guarantee notes	7,361	22,082	210,114	305,816	545,373
Payables to related parties	1,324	3,972	5,297	141,317	151,910
Bank borrowings	187	562	750	20,010	21,509

c. Interest rate risk

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

The Company has cash balances not earning interest at a floating rate, and as such is not exposed to interest rate risk on those amounts.

At 31 December 2016, if interest rates on loan receivables, payables and bank borrowings had been 1% higher with all other variables held constant, pre-tax profit for the year would have been €58,433 (2015: €75,444) lower, mainly as a result of lower net interest income on floating rate instruments.

3 Financial risk management (continued)

d. Foreign exchange risk

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

At 31 December 2016, if the Euro had strengthened/weakened by 5% against the US Dollar with all other variables held constant, pre-tax profit for the year would have been €14 (2015: €65,316) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US Dollar-denominated loan receivables, payables, bank borrowings and operating expenses.

At 31 December 2016, if the Euro had strengthened/weakened by 5% against the Pound Sterling with all other variables held constant, pre-tax profit for the year would have been €152,988 (2015: €91,502) higher/higher, mainly as a result of foreign exchange gains/losses on translation of Pounds Sterling denominated loan receivables, payables and operating expenses.

4 Capital risk management

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

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

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

	2016 €'000	2015 €'000
Listed guarantee notes (note 10)	**87,868**	-
Accrued interest and other finance costs	**3,441**	-
Short-term third-party debt	**91,309**	-
Long-term committed third-party facilities-bank borrowings (note 10)	**300,000**	300,000
Utilized facilities	**-**	(20,000)
Unutilized long-term committed third-party facilities	**300,000**	280,000

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

	2016	2015
Liquidity ratio	**3.29**	-

5 Financial instruments by category

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

	Fair value		Carrying amount	
	2016	2015	**2016**	2015
Financial assets	**€'000**	€'000	**€'000**	€'000
Financial assets at amortized cost				
Cash and cash equivalents	**7,735**	15,594	**7,735**	15,594
Receivables from related parties	**759,037**	646,207	**731,901**	637,191
Accrued income	**10,735**	14,573	**10,735**	14,573
Total	**777,507**	676,374	**750,371**	667,358
Financial liabilities				
Financial liabilities at amortized cost				
Borrowings	-	18,321	-	18,321
Listed guaranteed notes	**696,892**	487,496	**669,641**	479,186
Payables to related parties	**54,673**	141,243	**55,707**	141,243
Accrued expenses	**10,702**	14,638	**10,702**	14,638
Total	**762,267**	661,698	**736,050**	653,388

Management have assessed that the fair value of cash and cash equivalents and trade payables approximate their carrying amounts largely due to the short term maturities of these instruments. The fair values of related party payables and receivables, bank borrowings and listed guarantee notes are determined using discounted cash flows using a rate that reflects the Company's borrowing rate as at the year end. The inputs used in these discounted cash flow calculations are at level 2 (2015: level 2) in the fair value hierarchy with the exception of cash and cash equivalents, which are categorised as level 1 (2015: level 1).

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

Listed guarantee notes are not actively traded and therefore the fair value was established using a valuation technique based on observable market data and an interest rate in relation to the €87,938,000 guaranteed notes expiring on 19 January 2017 of 8.75%, 4.25% in relation to the €287,170,000 guaranteed notes expiring on 10 July 2019 and 3.5% in relation to the €300,000,000 guaranteed notes expiring on 17 June 2021 and discount rates of 1.62%, 2.19% and 2.54% respectively. There has been no change in the valuation technique used.

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

Please refer to the fair value measurement accounting policy on page 14 for details of how the Company assesses fair value.

6 Loans and other receivables

	Note	2016 €'000	2015 €'000
Amounts falling due after more than one year			
Receivables from related parties	17	**649,716**	644,714
Unamortized loan arrangement fees		**(5,667)**	(7,523)
		644,049	637,191

	Note	2016 €'000	2015 €'000
Amounts falling due within one year			
Receivables from related parties	17	**87,938**	-
Unamortized loan arrangement fees		**(86)**	-
Accrued income		**10,735**	14,573
Other debtors		**6**	-
		98,593	14,573

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

Amounts are drawn down from each facility for periods up to 180 days, however each tranche is considered as part of one of the long-term revolving credit facilities granted by the Company to the related party. During the period of the facilities, either partially or in full at the option of the related party or at maturity it may be renewed for another period, upon agreement of both parties. Accordingly, the amounts drawn down have been classified as receivable after more than one year in accordance with the terms of the facilities. Amounts drawn down under flexible drawdown facility/loan agreements are subject to interest rates which are either equal to 30, 60, 90 or 180 days LIBOR or EURIBOR rate plus a margin or at fixed interest rates

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

Loans and other receivables are denominated in the following currencies:

	2016 €'000	2015 €'000
Euros	**742,642**	651,764
	742,642	651,764

7 Other current assets

	2016 €'000	2015 €'000
Amounts falling due within one year		
Unamortized credit facility arrangement fees from third parties	**841**	-
	841	-

8 Ordinary shares

	2016 €'000	2015 €'000
Authorised, issued and fully paid		
2,500,000 (2015: 2,500,000) ordinary shares of £1 each	**3,287**	3,287

9 Loans and other payables

	Note	2016 €'000	2015 €'000
Amounts payable after more than one year			
Payables to related parties	17	**54,673**	141,243
		54,673	141,243
Amounts payable within one year			
Trade payables		**30**	52
Accrued expenses		**10,702**	14,638
Deferred income on credit facility arrangement fees from related parties		**1,034**	-
Other creditors		**44**	-
		11,810	14,690

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

Amounts are drawn down from each facility for periods between 30 and 180 days, however each tranche is considered as part of one of the long-term revolving credit facilities which is repayable, during the period of the facilities either partially or in full at the option of the related party or at maturity it may be renewed for another period, upon agreement of both parties. Accordingly, the amounts drawn down have been classified as payable after more than one year in accordance with the terms of the facilities. Amounts drawn down under floating rate facility/loan agreements are subject to interest rates which are equal to 30, 60, 90 or 180 days EURIBOR rate plus a margin.

Loans and other payables are denominated in the following currencies:

	2016 €'000	2015 €'000
Euros	**66,309**	155,855
Pounds Sterling	**174**	78
	66,483	155,933

10 Borrowings

	2016 €'000	2015 €'000
Amounts payable after more than one year		
Bank borrowings (net of transaction costs)	-	18,321
Listed guaranteed notes (net of transaction costs)	581,773	479,186
	581,773	497,507
Amounts payable within one year		
Listed guaranteed notes (net of transaction costs)	87,868	-
	669,641	497,507

Bank borrowings

The Company entered into a €455,000,000 multi-currency forward start revolving credit facility with a syndicate of Greek and international banks. The contract was signed on 30 January 2014, in London. The facility, which is guaranteed by Titan Cement S.A. (the "Titan Group"), matures in January 2018 and it was used for refinancing credit facilities and financing general corporate purposes. The revolving credit facility's amount was partially cancelled by Company's request and was reduced to €300,000,000 as of December 2014.

Amounts are drawn down for periods between 30 and 180 days, however each tranche is considered as part of the long-term revolving credit facility which is repayable at any time during the period of the facility either partially or in full at the option of the Company or at maturity it may be renewed for another period upon agreement of both parties. Accordingly, the amounts drawn down have been classified as payable between one and three years in accordance with the terms of the facility. Amounts drawn down from floating rate facility/loan agreements are subject to interest rates equal to 30, 60, 90 or 180 days LIBOR or EURIBOR rates plus a margin. The agreement contains a financial covenant on the Titan Group's consolidated net debt to consolidated EBITDA ratio and another one on the Titan Group's Consolidated Total Net Debt to Titan Group's Total Equity. The Titan Group was in compliance with its covenants as at 31 December 2016.

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

	2016 €'000	2015 €'000
Euros	-	18,321
	-	18,321

Listed guaranteed notes

The Company holds €87,938,000 8.75% guaranteed notes, expiring on 19 January 2017. The Company continues to have on issue €287,170,000 4.25% guaranteed notes expiring on 10 July 2019 and €300,000,000 3.5% guaranteed notes, expiring on 17 June 2021.

In June 2016, the Company issued €300,000,000 of Guaranteed Notes that are due to mature in June 2021. Simultaneously, the Company launched a Tender Offer for its €200,000,000 8.75% Guaranteed Notes due January 2017, where a principal amount of €109,062,000 of the Notes was successfully and validly tendered and accepted for the purchase price of €113,697,000. The expense from this Tender Offer in the total amount of €4,635,000 is recognised in the Statement of comprehensive income, see Note 14.

All notes are guaranteed by Titan Cement Company S.A., the Company's immediate parent undertaking.

11 Administrative expenses

	Note	2016 €'000	2015 €'000
Employee benefit expenses	13	**29**	26
Other expenses		**128**	206
Total administrative expenses		**157**	232

12 Auditor's remuneration

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

	2016 €'000	2015 €'000
Audit of the financial statements	**24**	30
Audit related assurance services	**-**	21

13 Employees and directors

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

	2016 €'000	2015 €'000
Directors		
Aggregate emoluments	**29**	26

The amounts disclosed above represent key management compensation (directors only). A number of directors are remunerated by other Group undertakings with no recharge to the Company. The amount of remuneration paid to directors in respect of their services to the Company was €29,433 (2015: €26,380). Administrative work is outsourced to a company affiliate.

14 Finance income and costs

	Note	2016 €'000	2015 €'000
Finance income:			
Interest income on loans to related parties	17	**35,217**	39,016
Loan arrangement, commitment and utilization fees		**7,494**	9,030
Tender offer income		**4,867**	-
Finance income from financial instruments		**734**	-
Interest income on cash and cash equivalents		**4**	6
Finance income on financial assets		**48,316**	48,052
Finance costs:			
Interest payable on loans from related parties	17	**(4,019)**	(5,025)
Interest payable on bank borrowings		**(30,131)**	(33,135)
Loan arrangement, commitment and utilization fees		**(6,734)**	(6,440)
Tender offer expense		**(4,635)**	-
Finance expense from financial instruments		**(734)**	-
Other interest expense		**(53)**	(7)
Finance costs on financial liabilities		**(46,306)**	(44,607)
Finance income - net		**2,010**	3,445

15 Taxation

Recognised in the income statement

	2016 €'000	2015 €'000
Current tax expense:		
Current year	**351**	656
Adjustments for prior years	**26**	(2)
Current tax expense	**377**	654
Deferred tax expense:		
Origination and reversal of temporary differences	**-**	-
Deferred tax expense	**-**	-
Total tax expense	**377**	654

Reconciliation of effective tax rate

	2016 €'000	2015 €'000
Profit excluding taxation	**1,754**	3,233
Tax using the UK corporation tax rate of 20.00% (2015: 20.25%)	**351**	655
Non-deductible expenses	**-**	1
Under/(over) provided in prior years	**26**	(2)
Current tax charge for the year	**377**	654

Factors affecting current and future tax charges

A reduction in the UK corporation tax rate from 21% to 20% (effective from 1 April 2015) was substantively enacted on 2 July 2013. Further reductions to 19% (effective from 1 April 2017) and to 18% (effective 1 April 2020) were substantively enacted on 26 October 2015, and an additional reduction to 17% (effective 1 April 2020) was substantively enacted on 6 September 2016. This will reduce the company's future current tax charge accordingly.

16 Notes to the cash flow statement

	Note	2016 €'000	2015 €'000
Profit before income tax		**1,754**	3,233
Adjustments for:			
Finance income	14	**(48,316)**	(48,052)
Finance costs	14	**46,306**	44,607
Changes in working capital:			
Loans and other receivables		**6**	-
Borrowings, loans and other payables		**22**	48
Cash used in operations		**(228)**	(164)

17 Related party transactions

The following transactions were carried out with related parties.

a. Purchase of services

	2016 €'000	2015 €'000
Purchase of services		
Other related parties	**28**	55

Legal services totalling €28,000 (2015: €55,000) at normal market rates were incurred from Rollits Solicitors. The amount payable to Rollits solicitors as at 31 December 2016 was €6,000 (2015 €17,000). A partner of Rollits Solicitors, CR Field, is also a director of the Company.

b. Key management compensation

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

	2016 €'000	2015 €'000
Key management compensation		
Salaries and other short term employee benefits	**29**	26

17 Related party transactions (continued)

c. Loans receivable and payable to/from related parties

	2016 €'000	2015 €'000
Receivables from related parties		
Immediate parent undertaking	**353,352**	300,819
Fellow group undertakings	**378,549**	336,372
Payables to related parties		
Fellow group undertakings	**55,707**	141,243

Interest arising from financing activities were as follows:

	2016 €'000	2015 €'000
Receivable from related parties		
Immediate parent undertaking	**16,366**	18,838
Fellow group undertakings	**18,851**	20,178
Paid to related parties		
Fellow group undertakings	**4,019**	5,025

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

	2016 €'000	2015 €'000
Received from related parties		
Immediate parent undertaking	**2,691**	3,463
Fellow group undertakings	**4,804**	4,644
Paid to related parties		
Fellow group undertakings	**671**	1,151

Tender Offer income and finance costs from financial instruments was as follows:

	2016 €'000	2015 €'000
Received from related parties		
Immediate parent undertaking	**2,433**	-
Fellow group undertakings	**2,433**	-
Paid to related parties		
Fellow group undertakings	**734**	-

18 Parent undertakings and controlling party

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

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