ZLATNA PANEGA CEMENT AD
INDEPENDENT AUDITOR'S REPORT
ANNUAL SEPARATE ACTIVITY REPORT
ANNUAL SEPARATE FINANCIAL STATEMENTS
31 DECEMBER 2017

ZLATNA PANEGA CEMENT AD

Contents

Directors
Alexandar Nakov Chakmakov
Konstantinos Derdemezis
Christos Panagopoulos
Adamantios Frantzis
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
Societe General – Expressbank, Sofia
United Bulgarian Bank – Sofia
Raiffeisenbank Bulgaria
First Investment Bank

Auditors
PricewaterhouseCoopers Audit OOD
9-11 Maria Louisa Blvd.
1000 Sofia, Bulgaria

Independent Auditor's Report

To the Shareholders of Zlatna Panega Cement AD

Our opinion

We have audited the separate financial statements of Zlatna Panega Cement AD (the "Company") which comprise the separate statement of financial position as at 31 December 2017, and the separate statement of comprehensive income, the separate statement of changes in equity and the separate statement of cash flows for the year then ended, and the notes to the separate financial statements, which include a summary of significant accounting policies.

In our opinion, the separate financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the interpretation of European Commission Internal Market and Services and the interpretation of the European Commission Internal Market and Services.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Separate Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the ethical requirements of the Independent Financial Audit Act that are relevant to our audit of the separate financial statements in Bulgaria. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and the ethical requirements of the Independent Financial Audit Act.

Information other than the separate financial statements and auditor's report thereon

Management is responsible for the other information. The other information comprises the Separate Annual Activity Report, prepared by the management in accordance with Chapter Seven of the Accountancy Act but does not include the separate financial statements and our auditor's report thereon.

Our opinion on the separate financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Additional matters to be reported under the Accountancy Act

In addition to our responsibilities and reporting in accordance with ISAs, in relation to the Annual Activity Report, we have also performed the procedures added to those required under ISAs in accordance with the "Guidelines Regarding the New and Enhanced Auditor Reporting and Communication by the Auditor" of the professional organisation of registered auditors in Bulgaria, i.e. the Institute of Certified Public Accountants (ICPA). These procedures refer to testing the existence, form and content of this other information to assist us in forming an opinion on whether the other information includes the disclosures and reporting provided for in Chapter Seven of the Accountancy Act and the Public Offerting Securities Act applicable in Bulgaria.

Opinion in connection with art. 37, paragraph 6 of the Accountancy Act

Based on the procedures performed, our opinion is that:

a) The information included in the Separate Annual Activity Report for the financial year for which the separate financial statements have been prepared is consistent with those separate financial statements.

b) The Separate Annual Activity Report has been prepared in accordance with the requirements of Chapter Seven of the Accountancy Act and art.100 (m), para 7, p.2 of the Public Offering Securities Act.

Responsibilities of management for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with IFRS as adopted by the EU, 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.

In preparing the separate financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Lidiya Taseva-Peeva
Registered Auditor

Tsvetana Tsankova
PricewaterhouseCoopers Audit OOD

23 March 2018
Sofia, Bulgaria

София
Рег. № 085

ANNUAL SEPARATE ACTIVITY REPORT

The Directors present their annual separate activity report and the annual separate 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 2017.

GENERAL INFORMATION

The Company is registered in the Republic of Bulgaria and its address and its location are in Zlatna Panega village, "Shipka" street No 2. The principal activity of the Company includes production and sales of cement.

BUSINESS RISKS

The major financial liabilities of the Company include interest bearing loans, other liabilities and trade payables. The primary target of these financial instruments is that financing of the activity of the Company to be secured. The Company possesses financial assets, such as trade and other receivables, cash and cash equivalents, which origin derives from the activity of the Company

The major risks, that occur from the financial instruments of the Company are interest bearing risk, liquidity risk, currency risk and credit risk. The policy, applied by the Management of the Company is for management of all these risk is summarized in Note 26 of the Financial Statements of the Company.

BUSINESS DESCRIPTION

Current period results

The result for the year is considered negative since the profit after tax of the Company amounted to EUR (3,476) thousand (2016: EUR profit of 402 thousand). During the period the Company produced 561 tons of cement (2016: 536 thousand tons) and sold 566 thousand tons of cement (2016: 528 thousand tons).

Dividends and distribution of profits

At the General Meeting of Shareholders held on 27 April 2017, a decision was taken not to distribute dividends (2016: EUR nil).

Ecological requirements

The Company has continuous monitoring of the dust emissions in the waste gases produced from Kiln 4 and Kiln 5, the grate coolers 4 and 5, the coal mill and Cement Mill 8. Other monitored parameters are nitrogen oxides, sulphur oxides, carbon oxide and total organic carbon of kiln 4 and kiln 5. Periodically are monitored the emissions of hydrogen cloride and hydrogen fluoride, heavy metals, dioxins and furanes and ammonia in the waste gases from the both kilns and also the dust emissions from all other dust producing sources in the production area.

No exceeding of the limits of emissions defined as per the Environmental permit are registered in 2017. Periodical analyses are made of waste water, that leave the territory of the plant and also the noise at the border of the plant. All these analysis show no deviations from the norms

Share capital structure

Shareholders	Percentage	Number of shares	Nominal value (EUR thousands)
Aemos Cement Limited, Cyprus	99.99%	32,169,338	16,448
Individuals and State of Bulgaria	0.01%	3,689	2
	100%	**32,173,027**	**16,450**

In 2016 REA Cement Limited, Cyprus merged in its sole owner Aemos Cement Limited Cyprus.

Investments

As at 31 December 2017 Zlatna Panega Cement AD holds interests in the following subsidiaries and associates:
- 100% owner in Titan Investment EAD, Gravel and Sand Pits Bulgaria EAD ("GSPB")

As at 31 December 2016 Zlatna Panega Cement AD holds interests in the following subsidiaries and associates:
- 100% owner in Zlatna Panega Beton EOOD, Gravel and Sand Pits Bulgaria EAD ("GSPB")

On 10 October 2016 an agreement was concluded between Zlatna Panega Cement AD and Zlatna Panega Beton EOOD that the two entities will merge, where Zlatna Panega Cement AD is the acquiring entity and Zlatna Panega Beton EOOD discontinued its existence. The merger of Zlatna Panega Cement AD and Zlatna Panega Beton EOOD has been registered by Registration Agency on 04 January 2017.

These investments are carried at cost in the separate financial statements.

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 addition, as of 31 December 2017 the Company has a 9% (2016: 9%) participation in Granitoid AD (the majority shares of which are owned by Aemos Cement Limited).

Financial Indicators

The Company monitors its equity capital using gearing ratio that as of 31 December 2017 is 17.50% (31 December 2016: 16.11%) and earnings before interest, tax, depreciation and amortization (EBITDA) for the period that as 31 December 2017 is EUR 3,915 thousand (31 December 2016: EUR 6,458 thousand)

Events after the reporting date

No significant events have been identified after the reporting date that may influence the annual separate financial statements.

Research and Development activity of the Company

The Company did not perform any activity, related with research and development in 2017.

Disclosure for acquisition of own shares

The Company owns no shares of the Company and had no such transactions in 2017.

Branches of the Company

The Company has no branches.

OBJECTIVES OF THE COMPANY FOR 2018

The Directors are set to achieve the following objectives for 2018:

- 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 2017 the Board of Directors consists of:
1. Alexandar Nakov Chakmakov
2. Konstantinos Derdemezis
3. Christos Panagopoulos
4. Adamantios Frantzis
5. Loukas Petkidis

Adamantios Frantzis is the Company's Executive Director.

In 2017 no shares of the Company were acquired or assigned by the members of the Board of Directors.
The members do not have rights to acquire shares and bonds of the Company.

The participation of the members of the Board of Directors of the Company as unlimited liability shareholders, ownership more than 25% of the share capital of other companies, as well as participation in the management of their companies is as follows:

Alexander Chakmakov owns 50% of the shares of Stroycem OOD,, member of the Management Board of CSKA Forever Association.

Adamantios Frantzis is member of the Board of Directors of Holcim Karierni Materiali Plovdiv AD and Holcim Karierni Materiali AD and member of the Management Board of the Bulgarian Association of Cement Industry.

Alexander Chakmakov, Kostadinos Derdemezis, Christos Panagopoulos, Adamantios Frantzis and Lukas Petkidis are members of the Board of Directors of Granitoid AD, Gravel and Sand Pits Bulgaria EAD and Executive Director is Adamantios Frantzis

Remuneration of the Board of Directors

The members of the Board of Directors has received EUR 315 thousand in 2017.

Contracts, concluded with members of the Board of Directors

During the reporting period there are no contracts concluded by the company with any member of the Board of the directors that deviate of the ordinary activity of the Company or that deviate from the market conditions

Additional information under Appendix 10 to Ordinance 2/2003

1. Information of the amount and quantity of the main categories goods, products and/or provided services, with indication of their share in the revenues from sales of the Company as a whole and the changes that occurred during the reporting fiscal year.

Sales of goods and services in 2017 are as follows:

	Quantity	Value (BGN'000)	% of revenue
Sale of cement	513,975	63,262	76%
Sale of clinker	106,350	5,077	6%
Sales of concrete	187,582	14,389	17%
Other revenue – pumping	139,730	956	1%
Other revenue	2,247	95	0%
Revenue	**949,884**	**83,779**	**100%**

2. Information about the revenues allocated by separate categories of activities, domestic and external markets as well as information about the sources for supply of materials required for the manufacture of finished products or the provision of services with indication of the degree of dependence in relation to any individual seller or buyer/user

The revenue of the Company is allocated by markets as follows:

	Value (BGN'000)	% of revenue
Sale of cement	**63,262**	**76%**
Domestic market	59,219	71%
External market	4.046	5%
Sale of clinker	**5,077**	**6%**
Domestic market	4,539	5%
External market	538	1%
Sales of concrete	**14,389**	**17%**
Domestic market	14,389	17%
External market	-	-
Other revenue – pumping	**956**	**1%**
Domestic market	956	1%
External market	-	-
Other revenue	**95**	**0%**
Domestic market	95	0%
External market	-	-
Revenue	83,779	100%

Major raw materials used in the production are delivered mainly from local suppliers. Suppliers of coal, alternative fuels, electricity and strategic spare parts are selected based on tenders, organized on a group level

The Company does not have significant concentration of suppliers and respectively none of the suppliers delivers more than 10% of all purchases of inventory.

The Company does not have significant concentration of clients and respectively no sales to a specific client exceed 10% of total revenue.

Additional information under Appendix 10 to Ordinance 2/2003 (continued)

3. Information about agreed large transactions of significant importance for the Company's activity.

The Company had no significant transactions in 2017 and 2016 except for the ones disclosed in the notes to the separate financial statements.

On 10 October 2016 an agreement was concluded between Zlatna Panega Cement AD and Zlatna Panega Beton EOOD that the two entities will merge, where Zlatna Panega Cement AD is the acquiring entity and Zlatna Panega Beton EOOD discontinued its existence. The merger of Zlatna Panega Cement AD and Zlatna Panega Beton EOOD has been registered by Registration Agency on 04 January 2017.

The impact of the merger on the financial statements is disclosed in details in Note 28 to the separate financial statements.

4. Information about the transactions agreed between the Company and related parties during the reporting period, proposals for conclusion of such transactions as well as transactions, which are outside its usual activity or substantially deviate from the market conditions

The Company does not have transactions which are outside the normal course of business or substantially deviate from market conditions.

Information with regards to transactions of the Company with related parties in 2017 and 2016 are disclosed in Note 23 of the separate financial statements of the Company.

5. Information about events and indicators of unusual for the Company nature, having substantial influence over its operation and the realized revenues and expenses incurred; assessment of their influence over the results during the current year.

The Company had no unusual transactions in 2017 and 2016.

6. Information about off-balance transactions

The Company had no off-balance sheet transactions in 2017 and 2016.

7. Information about holdings of the Company, about its main investments in the country and abroad (in securities, financial instruments, intangible assets and real estate), as well as the investments in equity securities outside its economic group and the sources/ways of financing.

As at 31 December 2017 Zlatna Panega Cement AD holds interests in the following subsidiaries and associates:

- 100% owner in Titan Investment EAD, Gravel and Sand Pits Bulgaria EAD ("GSPB")

As at 31 December 2016 Zlatna Panega Cement AD holds interests in the following subsidiaries and associates:

- 100% owner in Zlatna Panega Beton EOOD, Gravel and Sand Pits Bulgaria EAD ("GSPB")

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 addition, as of 31 December 2017 the Company has a 9% (2016: 9%) participation in Granitoid AD (the majority shares of which are owned by Aemos Cement Limited).

Additional information under Appendix 10 to Ordinance 2/2003 (continued)

8. Information about the concluded by the Company, its subsidiaries or parent company in its capacity as borrower, loan contracts with indication of the terms and conditions thereof, including the deadlines for repayment as well as information on the provided guarantees and assuming of liabilities.

Titan Investment AD has no contracts under which it is in a role of a borrower as at 31 December 2017 and 31 December 2016.

Gravel and Sand Pits Bulgaria EAD has not contracts under which it is in a role of a borrower as at 31 December 2017 and 31 December 2016.

Aemos Cement Limited has a contract for a borrowing received from Titan Global Finance Plc of EUR 40,000 thousand with an interest rate of 1 monthly EURIBOR + 3.30%. The maturity of the contract is 15 August 2018.

Information with regards to borrowings contracts, under which the Company is a borrower are disclosed in Note 18 and 23 of the separate financial statements.

9. Information about the concluded by the Company, its subsidiaries or parent company in its capacity as lender, loan contracts, including the provision of guarantees of any type, including to related persons, with indication of the concrete conditions there under, including the deadlines for repayment and the purpose for which they have been granted.

Titan Investment AD has no contracts under which it is in a role of a lender as at 31 December 2017 and 31 December 2016.

Gravel and Sand Pits Bulgaria EAD has a contract under which it is in a role of a borrower as at 31 December 2017 and 31 December 2016 with Duble Ve Co EOOD. The purpose of the loan is to finance working capital of Duble Ve Co EOOD. The maturity of the loan is October 2018. The Interest rate is 1 month EURIBOR + 2.90%. The unpaid amount as at 31 December 2017 is BGN 205 thousand (2016: BGN 138 thousand).

Aemos Cement Limited has borrowings contracts under which it is a lender, as follows:

- EUR 28,206 thousand to Alcacim Ltd with an interest rate of 6-months EURIBOR + 2.5% and maturity 24 November 2020
- EUR 25,000 thousand to Beni Suev Cement Co SAE with an interest rate of 1-months EURIBOR + 3.5% and maturity 31 July 2018
- EUR 135,500 thousand to Titan Global Finance Plc with an interest rate of 1-months EURIBOR + 3.25% and maturity 30 January 2022.

Information with regards to borrowing contracts, under which the Company is a lender are disclosed in Note 23 of the separate financial statements.

10. Information on the use of the funds from a new issue of securities carried out during the reported period.

The Company had no securities issue in 2017 and 2016.

11. Analysis of the ratio between the achieved financial results reflected in the financial statement for the fiscal year, and previously published forecasts for these results.

The Company has not published forecasted financial results in 2017 and 2016.

Additional information under Appendix 10 to Ordinance 2/2003 (continued)

12.Analysis and assessment of the policy concerning the management of the financial resources with indication of the possibilities for servicing of the liabilities, eventual jeopardizes and measures which the issuer has undertaken or is to undertake with a view to their removal.

The Company repays is liabilities and borrowings incompliance with the agreed payment terms. The borrowings received of the Company are guarantees with corporate guarantee from Titan Cement Company SA.

Unused limits of borrowings, which the Company could use for repayment of its liabilities are disclosed in Note 18 of the separate financial statements.

The management of the Company has not identified any threats with regards to its ability to repay its liabilities.

The major risks, that occur from the financial instruments of the Company are interest bearing risk, liquidity risk, currency risk and credit risk. The policy, applied by the Management of the Company is for management of all these risk is summarized in Note 26 of the Financial Statements of the Company.

13. Assessment of the ability to realise its investment intentions, including the value of the available resoureces and reflecting the possible changes in the financing structure of these activities.

The Company's activity is focused on the management of the current investments as well as improvement of the production efficiency.

Capital commitments, as well as contingent liabilities are disclosed in Note 25 to the separate financial statements.

Unused limits of borrowings are disclosed in Note 18 of the separate financial statements.

14. Information about occurred during the reporting period changes in the basic principles for management of the Company and its economic group.

The Company and its group of companies has not made any changes in the basic principles of management in 2017 and 2016.

15.Information about the main characteristics of the applied by the Company in the course of preparation of the financial statements internal controls system and risk management system.

An internal control system and risk management procedures are implemented in the Company, which guarantee the effectiveness of the reporting systems and the generation of information. The management of the Company is responsible for and has a leading role in designing the internal control system and the risk management. It has a managing and leading role, as well as performs ongoing control and takes necessary measures to avoid and minimize risks.

16. Information on the changes in the management and supervisory bodies during the reporting fiscal year.

In 2017 Adamantios Frantzis was selected to replace Fokion Tasulas as a member of the Board of Directors.

As of 31 December 2017 the Board of Directors consists of:

1. Alexandar Nakov Chakmakov
2. Konstantinos Derdemezis
3. Christos Panagopoulos
4. Adamantios Frantzis
5. Loukas Petkidis

Adamantios Frantzis is the Company's Executive Director.

Additional information under Appendix 10 to Ordinance 2/2003 (continued)

17. Information on the amount of the remunerations of the members of the management and control bodies for the fiscal year under review, paid by the Company

Information with regards to the remuneration of the members of the Board of Directors is disclosed in Note 23 of the separate financial statements.

18. For the public companies - information for shares owned by the members of the boards and the management personnel

The Company is not public.

19. Information about the known by the Company agreements (including also after the fiscal year closing) as a result of which changes may occur in the future in the shareholdings of the current shareholders bondholder.

The Company has no agreements and does not have information, as a result of which changes in the shareholding of the Company may occur.

20. Information about pending court, administrative or arbitration proceedings relating to company's liabilities or receivables of an amount of at least 10 percent of its equity; if the total amount of the Company's liabilities or receivables under all initiated proceedings exceeds 10 per cent of its equity, information shall be submitted for each procedure separately.

The Company has no pending court, administrative or arbitration proceedings exceeding 10% of its share capital

21. For public entities – Information about the investor relations director, including telephone and address for correspondence.

The Company is not public.

Directors' responsibilities

The Directors 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 separate financial statements for year ended 31 December 2017.

The Directors also confirm that applicable accounting standards have been followed and that the annual separate 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.

Adamantios Frantzis
Executive director
Zlatna Panega Cement AD
7 March 2018

ЗЛАТНА ПАНЕГА ЦИМЕНТ АД
TITAN

ZLATNA PANEGA CEMENT AD
SEPARATE STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Notes	2017	2016
		€000	**€000**
Sale of cement		32,348	33,699
Sales of clinker		2,594	1,536
Sales of concrete		7,356	-
Other revenue - pumping		489	-
Other revenue		48	85
Revenue		**42,835**	**35,320**
Cost of sales	4.1	(41,031)	(29,895)
Gross profit		**1,804**	**5,425**
Other income	4.7	389	822
Selling and distribution costs	4.2	(528)	(464)
Administrative expenses	4.3	(5,211)	(4,507)
Other expenses	4.4	673	(563)
Operating (loss)/profit		**(2,873)**	**713**
Finance income	4.8	8	123
Finance costs	4.9	(825)	(371)
(Loss)/profit before tax		**(3,690)**	**465**
Income tax expense	5	214	(63)
(Loss)/profit for the year		**(3,476)**	**402**
Actuarial losses on defined benefit plans	20	(81)	(31)
Income tax effect	5	8	3
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net		**(73)**	**(28)**
Total comprehensive income for the year		**(3,549)**	**374**

The financial statements have been approved on 7 March 2018 and signed as follows:

Adamantios Frantzis
Chief Executive Officer

Galina Todorova
Chief Accountant

ЗЛАТНА ПАНЕГА ЦИМЕНТ АД
TITAN

Initialled for identification purposes in reference to the auditor's report:

Lidiya Taseva-Peeva

23 -03- 2018

София
Рег. № 085

Tsvetana Tsankova

PricewaterhouseCoopers Audit OOD

23 -03- 2018

ZLATNA PANEGA CEMENT AD
SEPARATE STATEMENT OF FINANCIAL POSITION
As of 31 December 2017

	Notes	2017	2016
		€000	**€000**
ASSETS			
Non-current assets			
Property, plant and equipment	7	69,999	66,080
Investment property	8	719	719
Intangible assets	9	136	166
Investments in subsidiaries	10.1	849	8,490
Available-for-sale investment	10.2	24	24
Other financial assets	11	153	112
		71,880	**75,591**
Current assets			
Inventories	13	11,432	10,834
Trade and other receivables	14	5,605	5,253
Receivables from related parties	23	8	7,672
Loans to related parties	23	74	4,710
Prepayments	15	26	54
Cash and cash equivalents	16	188	103
		17,333	**28,626**
Assets held for sale	12	353	-
		17,686	**28,626**
TOTAL ASSETS		**89,566**	**104,217**
EQUITY AND LIABILITIES			
Equity			
Issued capital	17.1	28,602	28,602
Legal reserve	17.2	1,645	1,645
Retained earnings		36,970	49,525
Total equity		**67,217**	**79,772**
Non-current liabilities			
Interest-bearing loans from banks	18	4,737	9,815
Finance Lease Liabilities	22	82	-
Restoration provision	19	929	2,289
Retirement benefit liability	20	613	415
Deferred tax liability	5	457	679
		6,818	**13,198**
Current liabilities			
Trade and other payables	21	5,096	5,239
Finance lease liabilities	22	54	
Interest - bearing loans from banks	18	9,705	5,611
Income tax payable		-	20
Payables to related parties	23	391	364
Loans from related parties	23	285	13
		15,531	**11,247**
Total liabilities		**22,349**	**24,445**
TOTAL EQUITY AND LIABILITIES		**89,566**	**104,217**

The financial statements have been approved on 7 March 2018 and signed as follows:

Adamantios Frantzis
Chief Executive Officer

Galina Todorova
Chief Accountant

Initialed for identification purposes in reference to the auditor's report:

Lidiya Taseva-Peeva

Tsvetana Tsankova

PricewaterhouseCoopers Audit OOD

23-03-2018

23-03-2018

ZLATNA PANEGA CEMENT AD
SEPARATE STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2017

	Issued capital (Note 17.1)	Legal reserve (Note 17.2)	Retained earnings	Total
	€000	€000	€000	€000
At 1 January 2016	28,602	1,645	49,151	79,398
Profit for the year	-	-	402	402
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net	-	-	(28)	(28)
Total comprehensive income for the year	-	-	374	374
At 31 December 2016	28,602	1,645	49,525	79,772
At 1 January 2017	28,602	1,645	49,525	79,772
Effect from the merger	-	-	(9,006)	(9,006)
Profit for the year	-	-	(3,476)	(3,476)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods, net	-	-	(73)	(73)
Total comprehensive income for the year	-	-	(73)	(73)
At 31 December 2017	28,602	1,645	36,970	67,217

The financial statements have been approved on 7 March 2018 and signed as follows:

Adamantios Frantzis
Chief Executive Officer

ЗЛАТНА ПАНЕГА ЦИМЕНТ АД
TITAN

Galina Todorova
Chief Accountant

Initialed for identification purposes in reference to the auditor's report:

Lidiya Taseva-Peeva

23 -03- 2018

ОДИТОРСКО ДРУЖЕСТВО
София
Рег. № 085

Tsvetana Tsankova

PricewaterhouseCoopers Audit OOD

23 -03- 2018

ZLATNA PANEGA CEMENT AD
SEPARATE STATEMENT OF CASH FLOW
For the year ended 31 December 2017

	Notes	2017	2016
		€000	€000
OPERATING ACTIVITIES			
Profit before income tax		(3,690)	465
Adjustments to reconcile profit before income tax to net cash flows			
Non-cash:			
Depreciation of property, plant and equipment	7	6,743	5,685
Amortisation of intangible assets	9	45	60
(Profit)/Loss on disposal of property, plant and equipment	4.7, 4.4	(61)	9
Impairment loss of investment property	8	-	10
Movement in doubtful debt allowance	14	316	277
Movement in restoration provision	19	(1,360)	30
Expenses for employee benefit liability	20	60	39
Impairment of investments	10.1	200	-
Interest income	4.8	(1)	(123)
Interest expense	4.9	401	139
Working capital adjustments:			
(Increase)/Decrease in inventories		(446)	(3,033)
(Increase)/Decrease in trade and other receivables		1,667	(1,347)
Increase/(Decrease) in prepayments		55	70
Increase in other financial assets		(13)	(10)
Increase in trade and other payables		(950)	(305)
Income tax (paid)/received		(20)	(211)
Net cash flows from operating activities		**2,946**	**1,755**
INVESTING ACTIVITIES			
Proceeds from sale of property, plant and equipment		98	279
Purchase of property, plant and equipment		(1,763)	(5,858)
Purchase of intangible assets		(2)	(47)
Loans granted to related parties		(40)	(4)
Loans repaid from related parties		51	-
Interest received		-	133
Net cash flows used in investing activities		**(1,656)**	**(5,497)**
FINANCING ACTIVITIES			
Proceeds from interest-bearing loans		34,988	29,181
Repayment of interest-bearing loans		(35,971)	(25,344)
Payments of finance lease liabilities		(50)	-
Repayment of loans from related parties		(98)	-
Interest paid		(400)	(136)
Net cash flows used in financing activities		**(1,531)**	**3,701**
Net increase/(decrease) in cash and cash equivalents		**(241)**	**(41)**
Merger		**326**	**-**
Cash and cash equivalents at 1 January		**103**	**144**
Cash and cash equivalents at 31 December	16	**188**	**103**

The financial statements have been approved on 7 March 2018 and signed as follows:

Adamantios Frantzis
Chief Executive Officer

Galina Todorova
Chief Accountant

Initialled for identification purposes in reference to the auditor's report:

Lidiya Taseva-Peeva

23 -03- 2018

Tsvetana Tsankova

PricewaterhouseCopers Audit OOD

23 -03- 2018

ЗЛАТНА ПАНЕГА ЦЕМЕНТ АД

ПРАЙСУОТЪРХАУСКУПЪРС ОДИТ ООД
София
Рег. № 085

1. Corporate information

The annual separate financial statements of Zlatna Panega Cement AD (the Company) for the year ended 31 December 2017 were authorized for issue in accordance with a resolution of the Board of Directors on 7 March 2018.

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 2017 the Company was owned by:
- Aemos Cement Limited, Cyprus 99.99 %
- Individuals of the State of Bulgaria 0.01 %

The Ultimate Parent Company is Titan Cement Company S.A., Greece, a company listed on the Athens Stock Exchange.

According to the Bulgarian legislation, a decision of the General Meeting for approval of these annual financial statements can be subsequently revoked (by applying the relevant procedure) and in case it is considered appropriate, new revised financial statements can be prepared and issued for the same financial year.

2.1. Basis of preparation

The annual separate financial statements have been prepared on a going concern and historical cost basis except for investment properties which are stated at fair value and 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 separate 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 (IFRS). IFRSs as adopted by the EU is the commonly accepted name of the general purpose framework – the basis of accounting equivalent to the framework definition introduced by § 1, p. 8 of the Additional Provisions of the Accountancy Act "International Accounting Standards" (IASs).

The preparation of these separate 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.

At the time of approval of these separate financial statements the Company has not prepared the related consolidated financial statements in accordance with IFRS for the Company and its subsidiaries (the "Group") as required by IFRS 10. The Company applied an interpretation contained in the agenda paper issued by the European Commission Internal Market and Services for the meeting of the Accounting Regulatory Committee (document ARC/08/2007) about relationship between the IAS regulation and the 4th and 7th Company Law Directives. The Commission Services Department was of the opinion that, if a company chooses or is required to prepare its separate financial statements in accordance with IFRS as adopted by the European Union, it can prepare and file them independently from the preparation and filing of its consolidated financial statements.

In the consolidated financial statements, subsidiary undertakings - which are those companies in which the Group, directly or indirectly, has an interest of more than half of the voting rights or otherwise has power to exercise control over the operations - will be fully consolidated.

Users of these separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2017, as soon as they become available in order to obtain full information on the financial position, results of operations and cash flows of the Group as a whole.

2.1. Basis of preparation (continued)

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 7 March 2018.

(i) New and amended standards adopted by the Company effective as of 1 January 2017 and endorsed by EU

The accounting policies adopted are consistent with those of the previous financial year. The following amendments to standards have been adopted by the Company as of 1 January 2017:

- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses
- Amendments to IAS 7 Disclosure initiative
- Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12

(ii) Forthcoming requirements

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.

IFRS 9 Financial Instruments (issued on 24 July 2014 and effective for annual periods beginning on or after 1 January 2018). IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The new impairment model requires the recognition of impairment provisions based on expected credit losses (ECL) rather than only incurred credit losses as is the case under IAS 39. It applies to financial assets classified at amortized cost, debt instruments measured at fair value through other comprehensive income (FVOCI), contract assets under IFRS 15 *Revenue* from Contracts with Customers, lease receivables, loan commitments and certain financial guarantee contracts. Based on the assessments undertaken to date, the Company expects impairment of receivables will increase by approximately by EUR 155-360 thousand as a result of adoption of the standard.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Amendments to IFRS 4 Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016) is effective as of 1 January 2018 and endorsed by EU. The amendment is not expected to have an impact on the financial statements, as the Company does not have insurance contracts.

IFRS 15 Revenue from Contracts with Customers (issued on 24 July 2014 and effective for annual periods beginning on or after 1 January 2018) The IASB has issued a new standard for the recognition of revenue. This will replace IAS 18 which covers contracts for goods and services and IAS 11 which covers construction contracts. The new standard is based on the principle that revenue is recognized when control of a good or service transfers to a customer. The standard permits either a full retrospective or a modified retrospective approach for the adoption. Management has assessed the effects of applying the new standard on the Company's financial statements and expect no significant impact resulting from the adoption of IFRS 15 on 1 January 2018.

Amendment of IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2018 and effective for annual periods beginning on or after 1 January 2018) The amendment does not change the underlying principles of the Standard but clarify how those principles should be applied.

IFRS 16 Leases (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019). IFRS 16 was issued in January 2016. It will result in almost all leases being recognized on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognized. The only exceptions are short term and low-value leases. As at the date of reporting the Company does not have non-cancellable operating lease liabilities and does not expect the standard to have impact on the financial performance or results of the Company.

2.1. Basis of preparation (continued)

(ii) Forthcoming requirements (continued)

Annual Improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1 and IAS 28 (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018) The amendment will not have impact on the financial statements of the Company

(iii) Forthcoming requirements not yet endorsed by EU

- **IFRS 14, Regulatory Deferral Accounts** (issued on 30 January 2014 and effective for annual periods beginning on or after 1 January 2016).
- **Amendments to IFRS 10 and IAS 28** (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB) - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- **Amendments to IFRS 2**, Share-based Payment (issued on 20 June 2016 and effective for annual periods beginning on or after 1 January 2018)
- **IFRIC 22 - Foreign Currency Transactions and Advance Consideration** (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018)
- **Amendments to IAS 40** (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2018) - Transfers of Investment Property
- **IFRS 17 Insurance Contracts** (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021).
- **IFRIC 23 Uncertainty over Income Tax Treatments** (issued on 7 June 2017 and effective for annual periods beginning on or after 1 January 2019)
- **Amendments to IFRS 9** (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019) - Prepayment Features with Negative Compensation
- **Amendments to IAS 28** (issued on 12 October 2017 and effective for annual periods beginnig on or after 1 January 2019) Long-term Interests in Associates and Joint Ventures
- **Amendments to IFRS 3, IFRS 11, IAS 12 and IAS 23** (issued on 12 December 2017 and effective for annual periods beginning on or after 1 January 2019) Annual Improvements to IFRSs 2015-2017 cycle.
- **Amendments to IAS 19** (issued on 7 February 2017 and effective for annual periods beginning on or after 1 January 2019)

2.2. Summary of significant accounting policies

a) Foreign currency translation

The separate 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 or receivable, 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, 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.

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.

2.2. Summary of significant accounting policies (continued)

c) Taxes (continued)

Current income tax (continued)
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.

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 relation 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 10.1.

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 10.2). 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 (continued)

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.

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.

2.2. Summary of significant accounting policies (continued)

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

Financial liabilities (continued)

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 and non-current assets held for sale are stated at the lower of carrying amount and fair value less cost 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 12.

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 17.1. 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

The Company classifies non-current assets 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 are measured at the lower of their carrying amount and fair value less costs to sell.

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

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 in the balance sheet.

Additional disclosures are provided in Note 12.

i) Property, plant and equipment

All 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 commence from the date the asset is available for use. Land is not depreciated as it is deemed to have an indefinite life. Assets under construction are not depreciated as not yet available for use.

Depreciation on the other assets 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 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 cannot 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.

2.2. Summary of significant accounting policies (continued)

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.

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.

2.2. Summary of significant accounting policies (continued)

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.

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 using weighted average basis

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.

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.

2.2. Summary of significant accounting policies (continued)

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 separate 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.

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.

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 or more, 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 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".

2.2. Summary of significant accounting policies (continued)

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).

3. Significant accounting judgments, estimates and assumptions

Judgements
The preparation of the separate 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 separate 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 2014. 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 2016), 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.

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. The Company changed the assumptions used with regards to costs per th.sq.m., the area subject to restoration, as well as the period for restoration based on an updated analysis of the restoration liability, as well as activities related to the restoration.

As at 31 December 2017 the major assumptions used for calculation of the restoration provision included: (1) expected costs of EUR 1,227-1,482 per th.sq.m. (2016: EUR 1,330-2,555 per th.sq.m.); (2) area that is subject to restoration from the total disrupted area: 65%-87% (2016:100%); (3) period is expanded till 2032, based on a decision of the Ministry Council; (4) discount factor -1% (2016: 1%); (5) inflation – 2-3% (2016: 2%). At 31 December 2017 the best estimate of the restoration provision was EUR 929 thousand (31 December 2016: EUR 2,289 thousand). Further details are provided in Note 19 to the separate financial statements.

Retirement benefits
The retirement benefit obligation is determined using actuarial valuation for financial year 2016. 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 2017 is EUR 613 thousand (31 December 2016: EUR 415 thousand). Further details are provided in Note 20 to the separate financial statements.

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

Estimates and assumptions (continued)

Retirement benefits (continued)
The Company expects to settle accumulated paid annual leave classified as short-term employee benefits as of 31 December 2017 of EUR 187 thousand (31 December 2016: EUR 117 thousand) (Note 21) 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 2017 the best estimate of the allowance for impairment of receivables is EUR 1,316 thousand (31 December 2016: EUR 1,304 thousand). Further details are provided in Note 14.

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 2016 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 8.

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

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 12.

Impairment of investment in subsidiaries
The Company tested whether investments in subsidiaries have suffered any impairment in accordance with the accounting policy. The recoverable amounts of cash-generating units (CGUs) have been determined based on value-in-use calculations. These calculations require the use of estimates and are based on pre-tax cash flow projections based on financial budgets approved by management covering a five-year period.

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 2017 based on present production levels of clinker are gradually decreasing. For the period ending 31 December 2017 their amount is 735,081 tons. The allowance received in 2017 and the outstanding balance of the CO2 account in the registry will fully cover the estimated consumption of 474,129 tons CO2 for 2017.

4. Expenses and other revenues

4.1 Cost of sales

	2017	2016
	€000	€000
Variable costs		
Distribution expenses – freight	(7,464)	(5,646)
Kiln fuel	(7,342)	(5,253)
Raw materials	(5,109)	(2,645)
Electricity	(3,837)	(3,328)
Refractory	(541)	(739)
Fuel and oil	(426)	(260)
Grinding media	(118)	(104)
Other expenses	(922)	(914)
Fixed costs		
Depreciation	(6,473)	(5,421)
Plant salaries, wages and related expenses	(2,682)	(2,046)
Packaging costs (including related staff cost)	(1,208)	(1,055)
Contract labour	(1,186)	(1,540)
Repair and maintenance – spare parts	(1,052)	(963)
Insurance and taxes	(104)	(84)
Plant utilities	(88)	(66)
Amortization	(36)	(34)
Lining	(22)	(14)
Inventory change	(756)	1,685
Other fixed costs	(1,665)	(1,468)
	(41,031)	**(29,895)**

4.2 Selling and distribution costs

	2017	2016
	€000	€000
Salaries and related expenses	(278)	(284)
Car related expenses	(92)	(62)
Advertising and promotion	(33)	(39)
Insurance and taxes	(32)	(20)
Travel - entertainment	(29)	(20)
Utilities	(10)	(11)
Other	(54)	(28)
	(528)	**(464)**

4. Expenses and other revenues (continued)

4.3 Administrative expenses

	2017 €000	2016 €000
Salaries and related expenses	(1,764)	(1,384)
Management fees	(955)	(832)
Security	(703)	(656)
Depreciation	(270)	(264)
Consultancy fees	(226)	(168)
Car related expenses	(222)	(204)
Utilities	(198)	(198)
Insurance and taxes	(189)	(121)
Donations	(112)	(90)
Travel – entertainment	(96)	(113)
Audit fees	(51)	(48)
Amortization	(9)	(26)
Other	(416)	(403)
	(5,211)	(4,507)

4.4 Other expenses

	2017 €000	2016 €000
Impairment of trade receivables (Note 14)	(316)	(287)
Expenses for demolition	-	(148)
Retirement benefit charge (Note 20)	(45)	(29)
Cost of goods, materials and scrap sold	(63)	(22)
Staff leaving indemnities	(88)	(12)
Impairment loss of Investment Property (Note 8)	-	(10)
Net movement in unused paid leave (Note 21)	(70)	(10)
Losses from sales of fixed assets	-	(9)
Write off of material	(21)	(1)
Expenses for canteen	-	(1)
Restoration provision (Note 19)	1,369	-
Other	(93)	(34)
	673	(563)

4.5 Expenses by nature

	2017 €000	2016 €000
Materials used and recognised as an expense	(20,176)	(15,129)
Hired services	(13,802)	(11,637)
Depreciation (Note 7)	(6,743)	(5,685)
Employee benefits expense (Note 4.6)	(5,114)	(4,072)
Change in work in progress and finished goods	(756)	1,685
Amortisation (Note 9)	(45)	(60)
Other	539	(531)
Total cost of sales, selling and distribution, administrative and other expenses	(46,097)	(35,429)

4. Expenses and other revenues (continued)

4.6 Employee benefits expense

	2017	2016
	€000	€000
Wages and salaries	(3,769)	(2,868)
Social security costs	(649)	(495)
Retirement benefits (Note 20)	(45)	(29)
Other related expenses	(651)	(680)
	(5,114)	**(4,072)**

4.7 Other income

	2017	2016
	€000	€000
Electricity price subsidy	-	378
Sale of scrap and materials	80	257
Refund of excise	70	72
Sale of goods and rent of offices	35	56
Rendering of other services	59	34
Reversal of impairment of receivables (Note 14)	25	10
Profit on sale of property, plant and equipment	61	-
Other	59	15
	389	**822**

4.8 Finance income

	2017	2016
	€000	€000
Interest income from loans provided to related parties (Note 23)	1	121
Bank accounts	3	2
Other	4	-
	8	**123**

4.9 Finance costs

	2017	2016
	€000	€000
Interest expenses:		
Bank loans and overdrafts	(389)	(139)
Loans received from related parties (Note 23)	(7)	-
Finance lease	(5)	-
Impairment of investments (Note 10)	(200)	-
Discounted deferred receivables	(80)	(101)
Fee expense	(92)	(91)
Effect from discounting of restoration provision (Note 19)	(9)	(27)
Other finance costs (Note 20)	(15)	(10)
Foreign exchange losses, net	(28)	(3)
	(825)	**(371)**

5. Income tax

The major components of income tax expense for the years ended 31 December 2017 and 2016 are:

	2017	2016
	€000	€000
Current income tax charge	-	(173)
Deferred tax income	214	110
Income tax expense reported in profit or loss	**214**	**(63)**

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

	2017	2016
	€000	€000
Deferred tax income related to actuarial losses on retirement benefit liability	8	3
Deferred tax charged directly to other comprehensive income	**8**	**3**

In 2017 the nominal statutory tax rate is 10% (2016: 10%). For 2018 it remains unchanged.

Reconciliation between income tax expense and the product of accounting profit multiplied by the statutory tax rate for the years ended 31 December 2017 and 2016 are:

	2017	2016
	€000	€000
Accounting profit before income tax	(3,690)	465
Income tax expense at statutory tax rate of 10% for 2017 (2016: 10%)	369	(47)
Expenses not deductible for tax purposes	(19)	(16)
Tax losses for which no deferred income tax assets was recognised	(136)	-
Income tax expense	**214**	**(63)**

Deferred income tax at 31 December 2017 and 31 December 2016 relates to the following:

	Balance Sheet		Profit or loss for the year		Other Comprehensive Income	
	2017	2016	2017	2016	2017	2016
	€000	€000	€000	€000	€000	€000
Deferred tax liability						
Accelerated depreciation for tax purposes	802	1,101	299	87	-	-
	802	1,101				
Deferred tax asset						
Unused leave allowance	(19)	(12)	7	1	-	-
Restoration provision	(93)	(229)	(136)	3	-	-
Retirement benefits	(61)	(41)	12	3	8	3
Impairment of receivables	(152)	(140)	12	16	-	-
Impairment of investments	(20)	-	20			
	(345)	(422)				
Deferred tax income/(expense)			**214**	**110**	**8**	**3**
Deferred tax liability, net	**457**	**679**				

5. Income tax (continued)

Reconciliation of deferred tax liability:

	2017	2016
	€000	€000
At the beginning of the year	679	792
Tax income during the period, recognized in profit or loss	(214)	(110)
Tax income during the period, recognized in other comprehensive income	(8)	(3)
At the end of the year	**457**	**679**

	2017	2016
	€000	€000
Deferred tax asset		
Deferred tax asset to be recovered after more than 12 months	(173)	(270)
Deferred tax asset to be recovered within 12 months	(172)	(152)
	(345)	(422)
Deferred tax liability		
Deferred tax liability to be recovered after more than 12 months	802	1,101
	802	1,101
Deferred tax liabilities (net)	**457**	**679**

6. 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 2017 and 31 December 2016

			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 22)					
Floating loans to related parties	31.12.2017	-	-	-	-
Floating loans to related parties	31.12.2016	4,627	-	4,627	-
Fixed rate loans to related parties	31.12.2017	74	-	-	74
Fixed rate loans to related parties	31.12.2016	83	-	-	83
Investment properties (Note 8)					
Retail property	31.12.2017	719	-	-	719
Retail property	31.12.2016	719	-	-	719
Liabilities for which fair values are disclosed:					
Interest-bearing loans					
Floating rate loans (Note 18)	31.12.2017	14,442	-	14,442	-
Floating rate loans (Note 18)	31.12.2016	15,426	-	15,426	-
Floating rate loans from related parties	31.12.2017	285	-	285	-
Floating rate loans from related parties	31.12.2016	13	-	13	-

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

7. 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 2016	**21,364**	**89,357**	**1,384**	**1,468**	**13,776**	**127,349**
Additions	11	-	-	-	4,921	4,932
Transfers	1,646	13,632	52	82	(15,412)	-
Transfers to intangible assets(Note 9)		-	-	-	(47)	(47)
Disposals	-	(855)	-	(34)	-	(889)
At 31 December 2016	**23,021**	**102,134**	**1,436**	**1,516**	**3,238**	**131,345**
At 1 January 2017	**23,021**	**102,134**	**1,436**	**1,516**	**3,238**	**131,345**
Effect of merger	4,458	6,992	3,179	356	424	15,409
Additions	-	13	29	8	1,715	1,765
Transfers	474	1,465	-	47	(1,986)	-
Transfers to intangible assets(Note 9)	-	-	-	-	(2)	(2)
Transfers to assets held for sale (Note 8)	(353)	-	-	-	-	(353)
Disposals	(37)	(18)	(274)	(99)	-	(428)
At 31 December 2017	**27,563**	**110,586**	**4,370**	**1,828**	**3,389**	**147,736**
Depreciation:						
At 1 January 2016	**6,560**	**51,352**	**1,301**	**1,247**	-	**60,460**
Depreciation charge for the year	806	4,784	19	76	-	5,685
Disposals	-	(846)	-	(34)	-	(880)
At 31 December 2016	**7,366**	**55,290**	**1,320**	**1,289**	-	**65,265**
At 1 January 2017	**7,366**	**55,290**	**1,320**	**1,289**	-	**65,265**
Effect of merger	708	3,353	1,797	262		6,120
Depreciation charge for the year	914	5,622	136	71	-	6,743
Disposals	-	(18)	(274)	(99)	-	(391)
At 31 December 2017	**8,988**	**64,247**	**2,979**	**1,523**	-	**77,737**
Carrying value:						
At 1 January 2016	**14,804**	**38,005**	**83**	**221**	**13,776**	**66,889**
At 31 December 2016	**15,655**	**46,844**	**116**	**227**	**3,238**	**66,080**
At 31 December 2017	**18,575**	**46,339**	**1,391**	**305**	**3,389**	**69,999**

As at 31 December 2017 major spare parts of EUR 2,314 thousand (2016: EUR 1,589 thousand) are included in plant and machinery. They are not available for use and therefore not depreciated.

Assets under construction
Assets under construction relate to major capital projects as chlorine bypass, civil work-water drainage, clinker B silo and others.

7. Property, plant and equipment (continued)

Borrowing costs
As at 31 December 2017 borrowing costs of EUR 0 thousand (2016: EUR 263 thousand) were capitalized in the costs of qualifying assets.

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 carrying value of the assets exceed their recoverable amount. Therefore, no impairment of property, plant and equipment has been recognized at 31 December 2017 (31 December 2016: Nil).

8. Investment property

	2017	2016
	€000	€000
At 1 January	719	806
Loss from measurement at fair value (Note 4.4)	-	(10)
Disposals	-	(77)
Closing balance at the period end	719	719

As of 31 December 2017 a fair valuation of the investment property is made by an independent appraiser based on market comparables 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.

The fair values of the properties are 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 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 18 December 2017.

Description of valuation techniques and key inputs used to determine the fair value as at 31 December 2017

	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	€89 - € 183
		Ask price discount	15%
Retail properties	Market Comparables Method	Estimated value per sq. m. on the basis of ask prices for comparable properties	€692 - € 989
		Ask price discount	5%
Residential apartments	Market Comparables Method	Estimated value per sq. m. per month on the basis of ask prices for comparable properties	€485 - €682
		Ask price discount	10%-15%

8. Investment property (continued)

Description of valuation techniques and key inputs used to determine the fair value as at 31 December 2016

	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	€100 - € 105
		Ask price discount	10%-13%
Retail properties	Market Comparables Method	Estimated value per sq. m. on the basis of ask prices for comparable properties	€714 - € 1,062
		Ask price discount	17%-30%
Residential apartments	Market Comparables Method	Estimated value per sq. m. per month on the basis of ask prices for comparable properties	€178 - €1,231
		Ask price discount	5% - 40%

9. Intangible assets

	Concession rights	Licences	Computer software	Total
	€000	€000	€000	€000
Cost:				
At 1 January 2016	41	112	341	494
Disposals	-	-	(40)	(40)
Transfer from assets under construction (Note 7)	-	-	47	47
At 31 December 2016	41	112	348	501
At 1 January 2017	41	112	348	501
Effect of merger		56	86	142
Transfer from assets under construction (Note 7)	-	2	-	2
At 31 December 2017	41	170	434	645
Amortisation and impairment:				
At 1 January 2016	37	91	187	315
Amortisation charge for the year	2	21	37	60
Disposals	-	-	(40)	(40)
At 31 December 2016	39	112	184	335
At 1 January 2017	39	112	184	335
Effect of merger		43	86	129
Amortisation charge for the year	2	2	41	45
At 31 December 2017	41	157	311	509
Carrying value:				
At 1 January 2016	4	21	154	179
At 31 December 2016	2	-	164	166
At 31 December 2017	-	13	123	136

9. Intangible assets (continued)

Impairment of intangible assets
The Company has carried out a review for existence of impairment indicators at 31 December 2017. 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 separate financial statements.

10. Investments

10.1 Investments in subsidiaries

	Country of incorporation	% Equity interest 2017	% Equity interest 2016
Zlatna Panega Beton EOOD	Bulgaria	-	100%
Titan Investment EAD	Bulgaria	100%	-
Gravel and Sand Pits – Bulgaria EAD	Bulgaria	100%	100%

The investments in subsidiaries are measured at cost as follows:

	2017	2016
	€000	€000
Zlatna Panega Beton EOOD	-	8,421
Titan Investment EAD	780	-
Gravel and Sand Pits Bulgaria EAD	69	69
	849	**8,490**

The investment acquired in 2017 in Titan Investment EAD was a result of the merger of Zlatna Panega Beton EOOD and Zlatna Panega Cement AD as disclosed in Note 28. The Company has recognized impairment of its investment in Titan Investment EAD of EUR 200 thousand.The shares in subsidiaries do not have a quoted market price in an active market and their fair value cannot be reliably measured.

10.2 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 2017 and 31 December 2016.

11. 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 2017 the amount deposited and restricted for this purpose is EUR 123 thousand (31 December 2016: EUR 112 thousand). It earns interest at 2.5% per annum.

12. Non-current assets held for sale

	2017	2016
	€000	€000
At 1 January	-	202
Transfer from property, plant and equipment (Note 7)	353	-
Disposals	-	(202)
At 31 December	**353**	**-**
Non-current assets held for sale measured at fair value less cost to sell	-	-

13. Inventories

	2017	2016
	€000	€000
Spare parts	6,454	5,839
Work in progress	2,110	2,737
Raw materials	1,813	1,090
Finished goods	575	681
Packaging materials	480	487
	11,432	10,834

14. Trade and other receivables

	2017	2016
	€000	€000
Short - term trade receivables	3,865	2,905
Receivables under court procedure	2,318	2,172
Less: Provision for impairment	(1,316)	(1,304)
Short - term trade receivables, net	**4,867**	**3,773**
VAT receivable	87	147
Electricity subsidy receivable	452	1,165
Other receivables	199	168
Total short – term trade and other receivables, net	**5,605**	**5,253**

Trade receivables are non-interest bearing and are generally payable within 0-75 days terms.
Trade and other receivables EUR 51 thousands are denominated in EUR (31 December 2016: EUR 64).
All other receivables are denominated in BGN.

As at 31 December 2017, trade receivables at nominal value of EUR 1,754 thousand (31 December 2016: EUR 1,667 thousand) were impaired following receivable collectability analysis performed by the Company's management. The value of the collateral approximates the carrying value of the court receivables that are not impaired.

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

	2017	2016
	€000	€000
At 1 January	1,304	1,240
Effect of merger	184	-
Charge for the period (Note 4.4)	316	287
Utilized	(463)	(213)
Unused amounts reversed (Note 4.7)	(25)	(10)
At 31 December	1,316	1,304

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 2017	3,865	2,087	836	322	119	122	379
31 December 2016	2,905	922	826	376	143	291	347

15. Prepayments

	2017	2016
	€000	€000
Prepayments to third parties	26	54
	26	54

16. Cash and cash equivalents

	2017	2016
	€000	€000
Cash at bank (investment grade banks)	183	96
Cash in hand	5	7
	188	103

Cash at bank earns interest at floating rates based on daily bank deposit rates. As of 31 December 2017 the fair value of cash and cash equivalents is EUR 188 thousand (31 December 2016: EUR 103 thousand).

Cash and cash equivalents are denominated in the following currencies:

	2017	2016
	€000	€000
BGN	170	94
EUR	10	7
USD	8	2
	188	103

17. Issued capital and reserves

17.1 Issued capital

	2017	2016
	€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 2016	32,173	16,450
At 31 December 2016	32,173	16,450
At 31 December 2017	**32,173**	**16,450**

All ordinary shares issued were fully paid.

17. Issued capital and reserves (continued)

17.2 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.

18. Interest-bearing loans from banks

	Interest rate %	Maturity	2017	2016
Current			€000	€000
(1) Overdraft facility with limit of BGN 10,000 thousand	1M Sofibor + spread	28 February 2018	3,257	2,538
(2) Long-term bullet loan with total limit of BGN 18,000 thousand for working capital needs and capital expenditure: short-term portion	1M Sofibor + spread	31 August 2018	3,068	1,534
	1M Sofibor + spread	31 August 2017	-	1,534
(3) Revolving credit facility with total limit of BGN 10,757 thousand		31 December 2018	3,377	-
Outstanding balance of credit cards, repayable on 03.01.2018			3	5
			9,705	5,611

	Interest rate %	Maturity	2017	2016
Non-Current			€000	€000
(1) Overdraft facility with limit of BGN 9,000 thousand	1M Sofibor + spread	15 June 2019	3,203	3,328
(2) Revolving credit facility with total limit of BGN 10,757 thousand	1M Sofibor + spread	31 December 2018	-	1,885
(3) Long-term bullet loan with total limit of BGN 18,000 thousand for working capital needs and capital expenditure: long-term portion	1M Sofibor + spread	28 February 2019	1,534	4,602
			4,737	9,815

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

As at 31 December 2017, the Company has available EUR 14,442 thousand (31 December 2016: EUR 15,426 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 2017 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.

18. Interest-bearing loans from banks

Change in loans from banks during the year is as follows:

	2017	2016
	€000	€000
At the beginning of the year	15,426	11,588
Loans received	34,988	29,181
Loans repaid	(35,971)	(25,344)
Interest expense	389	139
Interest paid	(390)	(138)
	14,442	15,426

19. Restoration provision

	2017	2016
	€000	€000
At 1 January	2,289	2,259
Arising during the year (Note 4.1)	(1,369)	3
Unwinding of discount (Note 4.9)	9	27
At 31 December	**929**	**2,289**

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.

20. Retirement benefits

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

	2017	2016
	€000	€000
Current service cost (Note 4.4)	45	29
Interest cost (Note 4.9)	15	10
Net benefit expense recognised in the statement of other comprehensive income	60	39
Actuarial losses recognized in other comprehensive income	81	(31)

Benefit liability

	2017	2016
	€000	€000
Present value of retirement benefit obligation	613	415
Benefit liability recognized in the balance sheet	**613**	**415**

20. Retirement benefits (continued)

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

	2017	2016
	€000	€000
Retirement benefit obligation at 1 January	415	356
Effect of merger	67	-
Interest cost	15	10
Current service cost	45	29
Benefits paid	(12)	(11)
Actuarial losses on obligation	81	31
Retirement benefit obligation at 31 December	613	415

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

	2017	2016
Discount rate	3.0 %	3.0 %
Future salary increases	2.0 %	2.0 %
Staff turnover	0-13 %	0-12 %

A quantitative sensitivity analysis for significant assumptions as at 31 December 2017 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	(17)	18	76	(65)	(66)	65

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:

	2017	2016
	€000	€000
Within the next 12 months	66	12
Between 2 and 5 years	236	142
Between 6 and 10 years	532	235
Beyond 10 years	2,987	2,401
Total expected payments	3,821	2,790

The average duration of the defined benefit plan obligation at the end of the reporting period is 17 years (2016: 17 years).

21. Trade and other payables

	2017	2016
	€000	€000
Trade payables from domestic suppliers	3,099	2,593
Trade payables from foreign suppliers	1,100	1,981
Trade payables	**4,199**	**4,574**
Customer prepayments and other accruals	337	230
Unused paid leave	187	117
Other taxes	80	83
Social security	68	53
Insurance premium payable	17	39
Payroll taxes	35	25
Other payables	173	118
	5,096	5,239

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.

22. Finance lease liabilities

The Company acquired vehicles under finance lease contracts.
As at 31 December 2017 the lease liability is EUR 136 thousand and as at 31 December 2016 EUR 0 thousand.

		2017		2016
	Minimum payments	Present value of payments	Minimum payments	Present value of payments
	€000	€000	€000	€000
Within one year	84	82	-	-
From one to five years	57	54	-	-
Total minimum lease payments	141	136	-	-
Less finance charges	(5)	-	-	-
Present value of minimum lease payments	136	136	-	-

23. Related party disclosures

The ultimate parent
The ultimate parent of the Company is Titan Cement Company SA, incorporated in Greece and listed on the Athens Stock Exchange.

Entity with controlling interest in the Company
The Company is controlled by Aemos 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 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. Zlatna Panega Beton EOOD discontinued its existence after a merger with Zlatna Panega Cement effective from 04 January 2017.

23. Related party disclosures (continued)

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, Adocim Cemento Beton, GAEA – Green Alternative Energy Assets EAD and Zlatna Panega Cement AD are related parties because they are under the common control of Titan Cement Company SA (the ultimate parent).

		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.	2017	-	993	-	222
Titan Cement Company S.A.	2016	-	832	-	143
Subsidiaries					
Zlatna Panega Beton EOOD	2017	-	-	-	-
Zlatna Panega Beton EOOD	2016	2,726	27	7,672	-
Other related parties					
Cementarnica Usje AD	2017	598	-	8	-
Cementarnica Usje AD	2016	51	-	-	-
Adocim Cimento Beton	2017	-	-	-	-
Adocim Cimento Beton	2016	696	-	-	-
Holcim Karierni Materiali AD	2017	-	279	-	66
Holcim Karierni Materiali AD	2016	-	-	-	-
Holcim Karierni Materiali Plovdiv AD	2017	-	44	-	12
Holcim Karierni Materiali Plovdiv AD	2016	-	-	-	-
Vris	2017	-	9	-	-
Vris	2016	-	-	-	-
Adocim Marmara Cimento	2017	1,091	-	-	-
Adocim Marmara Cimento	2016	336	-	-	-
GAEA – Green Alternative Energy Assets EAD	2017	11	130	-	91
GAEA – Green Alternative Energy Assets EAD	2016	10	455	-	221
	2017			8	391
	2016			7,672	364

The receivables from related parties are not past due, as they are payable on demand. The receivables aged more than one year are amounting to EUR 0 thousand as at 31 December 2017 (31 December 2016: EUR 4,106 thousand).

23. Related party disclosures (continued)

		Interest income	Interest expense	Amounts due 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	2017	-	-	-	-
Zlatna Panega Beton EOOD	2016	119	-	4,627	-
Gravel and Sand Pits EAD	2017		7		271
Gravel and Sand Pits EAD	2016	-	-	-	-
Other related parties					
Granitoid AD	2017	1	-	43	-
Granitoid AD	2016	2	-	83	-
GAEA – Green Alternative Energy Assets EAD	2017	-	-	-	14
GAEA – Green Alternative Energy Assets EAD	2016	-	-	-	13
Trojan Cement DOOEL	2017	-	-	31	-
Trojan Cement DOOEL	2016			-	-
	2017			74	285
	2016			4,710	13

As at 31 December 2017 included in the amounts due from related parties in respect of loans granted is interest receivable from Granitoid at the respective amount of EUR 11 thousand (31 December 2016: EUR 9 thousand).

Loans due 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 AD substituted Zlatna Panega Beton EOOD (the initial borrower) in all its obligations and rights toward the bank. In September 2013 Zlatna Panega Cement AD 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 of 2.8%. The intercompany loan is intended to finance the working capital needs of Zlatna Panega Beton EOOD. The loan is unsecured and is repayable on 28 Februay 2017. As disclosed in Note 28, Zlatna Panega Beton EOOD and Zlatna Panega Cement AD merged on 04 January 2017 and the loan was eliminated at the date of the merger.

Granitoid AD
As at 31 December 2017 Zlatna Panega Cement AD has provided a loan to Granitoid AD the amount of EUR 43 thousand (2016: EUR 83 thousand). The intercompany loan is intended to finance the working capital needs of Granitoid. The loan is unsecured and is repayable in April 2018. Interest is charged at 1M Sofibor rate plus spread of 2.2%.

23. Related party disclosures (continued)

Loans owed to related parties

GAEA – Green Alternative Energy Assets EAD
As of 31 December 2017 the Company has obtained a loan from GAEA – Green Alternative Energy Assets EAD at the total amount of EUR 14 thousand (31 December 2016: EUR 13 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 2018. Interest is charged at interest rate of 1 M Sofibor rate plus spread of 2.9%.

Gravel and Sand Pits Bulgaria AD
As of 31 December 2017 the Company has a loan from Gravel and Sand Pits Bulgaria AD at the total amount of EUR 271 thousand (31 December 2016: EUR 0 thousand). The intercompany loan was acquired as a result of the merger with Zlatna Panega Beton EOOD. The loan is unsecured and is repayable until 31 October 2018. Interest is charged at interest rate of 1 M Sofibor rate plus spread of 2.9%.

Change in loans received during the year is as follows:

	2017	2016
	€000	€000
At the beginning of the year	13	16
Loans received	370	-
Loans repaid	(99)	-
Interest expense	7	-
Interest paid	(6)	(3)
	285	13

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. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 December 2017, the Company has not recorded any impairment of receivables relating to amounts owed from related parties (2016: 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

	2017	2016
	€000	€000
Remuneration	315	175
	315	175

24. Dividends distributed

During the year ended 31 December 2017 the General Meeting of Shareholders voted not to distribute any dividends (during 2016: EUR Nil).

25. Commitments and contingencies

	2017	2016
	€000	€000
Capital commitments	1,156	238
Letter of credit	-	20

Capital commitments

At 31 December 2017 the Company has capital commitments of EUR 1,156 thousand (31 December 2016: EUR 238 thousand) related to the completion of capital projects including: Personnel Elevator at the raw meal silos, New AF feeding dosing, Modification of Storage, Suspended Electromag

Legal claims

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

Bank guarantees

As at 31 December 2017 the Company provided a total EUR 986 thousands of bank guarantees (2016: EUR 389 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 2009;
- Social security contributions – until 30 June 2009;
- Local taxes and fees – until 31 December 2004;

Bulgarian tax legislation is subject to varying interpretations and constant changes. Furthermore, the interpretations of tax authorities as applied to the transactions and activity of the Company may not coincide with that of the management. As a result tax authorities may challenge the way of calculating tax losses carried forward as well as assess additional taxes, penalties and interest, which can be significant.

The directors do not believe that, as of 31 December 2017, any material matters exist relating to the evolving fiscal and regulatory environment in the country, which would require adjustment to the accompanying financial statements.

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 2017 and 31 December 2016 are as follows:

	2017	2016
	€000	€000
Within one year	205	144
After one year but not more than five years	272	268
	477	**412**

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
2017		
Loans in BGN	+200	(262)
Loans in BGN	-100	137
2016		
Loans in BGN	+200	(230)
Loans in BGN	-100	115

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.

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

As of 31 December 2017

	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	-	6,395	3,490	4,764	-	14,649
Finance lease liabilities		16	41	85		142
Trade payables	-	4,199	-	-	-	4,199
Other payables	-	173	-	-	-	173
Bank guarantees	-	714	90	182	-	986
Payables to related parties	-	676	-	-	-	676
	-	12,173	3,621	5,031	-	20,825

26. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

As of 31 December 2016

	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	-	4,160	1,759	10,141	-	16,060
Trade payables	-	4,574	-	-	-	4,574
Other payables	-	118	-	-	-	118
Payables to related parties	-	377	-	-	-	377
Bank guarantees	-	389	-	-	-	389
	-	9,618	1,759	10,141	-	21,518

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 pegged 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 14. 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 2017 and 31 December 2016. The Company monitors its equity capital using gearing ratio and 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, gearing ratio and EBITDA is as follows:

	2017	2016
	€000	€000
Total borrowings (note 18)	14,442	15,426
Less: cash and cash equivalents (note 16)	(188)	(103)
Net debt	**14,254**	**15,323**
Total equity	67,217	79,772
Total capital	**81,471**	**95,095**
Gearing ratio	17.50%	16.11%

	2017	2016
	€000	€000
EBITDA	3,915	6,458

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 separate financial statements:

	Carrying amount		*Fair value*	
	2017	2016	2017	2016
	€000	€000	€000	€000
Financial assets				
Loans and receivables				
Trade receivables	4,867	3,773	4,867	3,773
Receivables from related parties	8	7,672	8	7,672
Loans to related parties	74	4,710	74	4,710
Other financial assets	153	112	153	112
Cash and cash equivalents	188	103	188	103
Available for sale investment	24	24	24	24
Financial liabilities				
Financial assets measured at amortized cost				
Interest bearing loans and borrowings	14,442	15,426	14,442	15,426
Trade payables	4,199	4,574	4,199	4,574
Other payables	173	118	173	118
Payables to related parties	391	364	391	364
Loans from related parties	285	13	285	13

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 2017 and 31 December 2016 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 2017 and 31 December 2016 was assessed to be insignificant.

28. Merger of entities under common control

Business combinations under common control are accounted for using predecessor accounting method. Under this method, the Company incorporates the assets and liabilities of the acquired entity using the acquired entity's carrying amounts of assets and liabilities from the consolidated financial statements of the parent entity ('predecessor value method'); these amounts include any goodwill recognised in the consolidated financial statements of the parent related to the acquired entity. Any difference between the carrying amount of the investment in the acquiree (if the surviving entity owned acquiree before the legal merger) or the consideration transferred and the net assets of the acquiree is recognised in equity.

The acquired entity's results are included in the Company's financial statements prospectively: the financial statements reflect the result of both entities from the date on which the business combination between the entities under common control occurred in these separate financial statements. The corresponding amounts for the previous year are not restated.

Intercompany balances and unrealized gains and losses on transactions with the acquired entity are eliminated. The share capital reflects the share capital of the acquirer for all periods presented.

On 10 October 2016 an agreement was concluded between Zlatna Panega Cement AD and Zlatna Panega Beton EOOD that the two entities will merge, where Zlatna Panega Cement AD is the acquiring entity and Zlatna Panega Beton EOOD discontinued its existence.

The merger of Zlatna Panega Cement AD and Zlatna Panega Beton EOOD has been registered by Registration Agency on 04 January 2017. The merger is effectively accounted for as at 4 January 2017. The merger transaction is accounted for applying the predecessor accounting method.

In accordance with the accounting policy for the predecessor accounting, the carrying amounts of assets and liabilities of Zlatna Panega Beton EOOD recognised in the consolidated financial statements of Titan Cement Group (higher level controlling party) should be used. As these are the same amounts as the amounts which are recognised in the separate financial statements of Zlatna Panega Beton EOOD thus in effect the carrying amounts from the separate financial statements of Zlatna Panega Beton EOOD have been used. The share capital of Zlatna Panega Beton EOOD was eliminated; as the carrying amount of the investment held by Zlatna Panega Cement AD in Zlatna Panega Beton EOOD equals the share capital of Zlatna Panega Beton EOOD thus there was no difference arising on this merger; the only impact on equity is the recognition of other equity items of Zlatna Panega Beton EOOD (i.e. retained earnings and other reserves arising from other comprehensive income) generated before the legal merger.

As a result of the merger, the share capital of Zlatna Panega Cement AD remained unchanged, as Zlatna Panega Beton EOOD was a fully owned subsidiary of Zlatna Panega Cement AD.

The transaction was accounted for prospectively from the date of the legal merger 04 January 2017, therefore the statement of financial position as at 31 December 2016 does not include the assets, liabilities, equity of Zlatna Panega Beton EOOD, as well as the statement of comprehensive income and the cash flow statement for the year ended 31 December 2016 do not include the income, expense and cash flows of the same entity.

The tables below present the statement of financial position and statement of comprehensive income as if the merger was effective on the first date of the earliest period presented for information purposes.

The merger was shortly after the year end of comparative period, the impact of the merger at the date of the legal merger (04 January 2017) is the same as the impact on 31 December 2016 thus the Company does not present additional table with the impact on the date of the legal merger.

28. Merger of entities under common control (continued)

28.1. Impact on Statement of Financial Position at 1 January 2016

	Zlatna Panega Beton EOOD	Zlatna Panega Cement AD	Adjustments	Comparative information as if the merger was recognised retrospectively
	€000	€000	€000	€000
ASSETS				
Non-current assets				
Property, plant and equipment	9,389	66,889	-	76,278
Investment property	-	806	-	806
Intangible assets	15	179	-	194
Investments in subsidiaries	-	8,490	(8,421)	69
Investments available for sale	-	24	-	24
Deferred tax asset	20	-	-	20
Other financial assets	21	102	-	123
	9,445	**76,490**	**(8,421)**	**77,514**
Current assets				
Inventories	135	7,801	-	7,936
Trade and other receivables	3,618	4,723	-	8,341
Receivables from related parties	1	7,129	(7,127)	3
Borrowings to related parties	-	4,718	(4,641)	77
Current income tax receivable	24	-	-	24
Advances paid	-	167	-	167
Cash and cash equivalents	106	145	-	251
	3,884	**24,683**	**(11,768)**	**16,799**
Assets held for sale	-	202	-	202
Total assets	**13,329**	**101,375**	**(20,189)**	**94,515**
Equity				
Share capital	8,421	28,602	(8,421)	28,602
Other reserves	-	1,645	-	1,645
Retained earnings	(8,151)	49,151	-	41,000
	270	**79,398**	**(8,421)**	**71,247**
LIABILITIES				
Non-current liabilities				
Bank borrowings	-	8,227	-	8,227
Provisions	-	2,259	-	2,259
Retirement benefits obligations	54	356	-	410
Deferred tax liabilities	-	792	-	792
	54	**11,634**	**-**	**11,688**
Current liabilities				
Trade and other payables	674	5,727	-	6,401
Bank borrowings	1	3,361	-	3,362
Payables to related parties	7,209	1,181	(7,127)	1,263
Borrowings from related parties	5,121	16	(4,641)	496
Current income tax payable	-	58	-	58
	13,005	**10,343**	**(11,768)**	**11,580**
Total liabilities	**13,059**	**21,977**	**(11,768)**	**23,268**
Total equity and liabilities	**13,329**	**101,375**	**(20,189)**	**94,515**

Adjustments in related party receivables, payables and borrowings represent the elimination of outstanding balances between the two entities.

28. Merger of entities under common control (continued)

28.2. Impact on Statement of Financial Position at 31 December 2016

	Zlatna Panega Beton EOOD	Zlatna Panega Cement AD	Adjustments	Comparative information as if the merger was recognised retrospectively
	€000	€000	€000	€000
ASSETS				
Non-current assets				
Property, plant and equipment	9,289	66,080	-	75,369
Investment property	-	719	-	719
Intangible assets	13	166	-	179
Investments in subsidiaries	980	8,490	(8,421)	1,049
Investments available for sale	-	24	-	24
Other financial assets	29	112	-	141
	10,311	**75,591**	**(8,421)**	**77,481**
Current assets				
Inventories	152	10,834	-	10,986
Trade and other receivables	2,349	5,253	-	7,602
Receivables from related parties	-	7,672	(7,672)	-
Borrowings to related parties	-	4,710	(4,627)	83
Current income tax receivable	24	-	-	24
Advances paid	-	54	-	54
Cash and cash equivalents	326	103	-	429
	2,851	**28,626**	**(12,299)**	**19,178**
Assets held for sale	-	-	-	-
Total assets	**13,162**	**104,217**	**(20,720)**	**96,659**
Equity				
Share capital	8,421	28,602	(8,421)	28,602
Other reserves	-	1,645	-	1,645
Retained earnings	(9,006)	49,525	-	40,519
	(585)	**79,772**	**(8,421)**	**70,766**
LIABILITIES				
Non-current liabilities				
Bank borrowings	-	9,815	-	9,815
Finance lease liabilities	136	-	-	136
Provisions	-	2,289	-	2,289
Retirement benefits obligations	67	415	-	482
Deferred tax liabilities	-	679	-	679
	203	**13,198**	**-**	**13,401**
Current liabilities				
Trade and other payables	744	5,239	-	5,983
Bank borrowings	1	5,611	-	5,612
Finance lease liabilities	50	-	-	50
Payables to related parties	7,752	364	(7,672)	444
Borrowings from related parties	4,997	13	(4,627)	383
Current income tax payable	-	20	-	20
	13,544	11,247	(12,299)	12,492
Total liabilities	13,747	24,445	(12,299)	25,893
Total equity and liabilities	13,162	104,217	(20,720)	96,659

Adjustments in related party receivables, payables and borrowings represent the elimination of outstanding balances between the two entities.

28. Merger of entities under common control (continued)

28.3. Impact on the Statement of comprehensive income for the period ended 31 December 2016

	Zlatna Panega Beton EOOD	Zlatna Panega Cement AD	Adjustments	Comparative information as if the merger was recognised retrospectively
	€000	€000	€000	€000
Sale of cement	-	33,699	(2,726)	30,973
Sales of clinker	-	1,536	-	1,536
Sales of concrete	6,444	-	-	6,444
Other revenue - pumping	443	-	-	443
Other revenue	-	85	-	85
Total revenue	**6,887**	**35,320**	**(2,726)**	**39,481**
Cost of sales	(7,115)	(29,895)	2,726	(34,284)
Gross profit	**(228)**	**5,425**	**-**	**5,197**
Other income	85	822	(27)	880
Distribution and marketing costs	(108)	(464)	-	(572)
Administrative expenses	(303)	(4,507)	27	(4,783)
Other expenses	(100)	(563)	-	(663)
Operating profit	**(654)**	**713**	**-**	**59**
Finance income	-	123	(119)	4
Finance expense	(178)	(371)	119	(430)
Profit before income tax	**(832)**	**465**	**-**	**(367)**
Income tax expense	(20)	(63)	-	(83)
Profit for the year	**(852)**	**402**	**-**	**(450)**
Actuarial losses on retirement benefit obligations	(3)	(31)	-	(34)
Income tax effect	-	3	-	3
Total comprehensive income for the year	**(855)**	**374**	**-**	**(481)**

Adjustments in revenue, cost of sales, other income and administrative expenses reflect the transactions between Zlatna Panega Beton EOOD and Zlatna Panega Cement AD for the year ended 31 December 2016, including sales of services and inventory. Adjustments in finance income and expense reflect the elimination of interest charged on loans between the two companies.

29. Events after the reporting date

No significant events have been identified after the reporting date that may influence the Interim Condensed separate financial statements.