



ANNUAL REPORT AND  
FINANCIAL STATEMENTS 2014



## Contents

	Page
Officers, professional advisors and bankers	1
Statement of the Members of the Board of Directors	2
Board of Directors' report	3
Corporate governance report	7
Remuneration report	12
Directors' Curricula Vitae	14
Independent auditors' report	17
Consolidated statement of comprehensive income	19
Company statement of comprehensive income	20
Consolidated statement of financial position	21
Company statement of financial position	22
Consolidated statement of changes in equity	23
Company statement of changes in equity	24
Consolidated statement of cash flows	25
Company statement of cash flows	26
Notes to the financial statements	27



## Officers, Professional Advisors and Bankers

<b>Directors</b>	ANTONIOS ANTONIOU	(Executive Chairman)
	MAURIZIO CANEPPELE	(Executive Vice-Chairman)
	GEORGE ST. GALATARIOTIS	
	COSTAS ST. GALATARIOTIS	
	STAVROS G. GALATARIOTIS	
	COSTAS KOUTSOS	
	CHARALAMBOS PANAYIOTOU	
	LEONDIOS LAZAROU	
	SERGE SCHMIDT	
	MAURIZIO MANSI MONTENEGRO	
	ANTONIS MIKELLIDES	(Appointed 20/11/2014)
	RENA ROUVITHA PANOU	(Resigned 20/10/2014)
<b>General Manager</b>	GEORGE A. SIDERIS	
<b>Financial Manager</b>	GEORGE S. SAVVA	
<b>Secretary</b>	GEORGE S. SAVVA	(Appointed 31/7/2014)
<b>Independent Auditors</b>	KPMG LIMITED 14, ESPERIDON STREET 1087 NICOSIA CYPRUS	
<b>Legal Advisors</b>	TASSOS PAPADOPOULOS & ASSOCIATES CHRYSSSES DEMETRIADES & CO. LLC L. PAPAPHILIPPOU & CO LLC LEONIDAS G. GEORGIOU HERMES S. STYLIANIDES LLC	
<b>Bankers</b>	ALPHA BANK LTD BANK OF CYPRUS PUBLIC COMPANY LTD CCS MAKRASYKAS LARNAKAS EPARXIAS AMMOCHOSTOU LTD EUROBANK EFG CYPRUS LTD HELLENIC BANK PUBLIC COMPANY LTD NATIONAL BANK OF GREECE (CYPRUS) LTD NATIONAL BANK OF GREECE SA	
<b>Registered office</b>	1A, KYRIAKOS MATSIS AVENUE CY-1082 NICOSIA CYPRUS	
<b>Registered number</b>	1210	
<b>Internet website</b>	www.vassiliko.com	



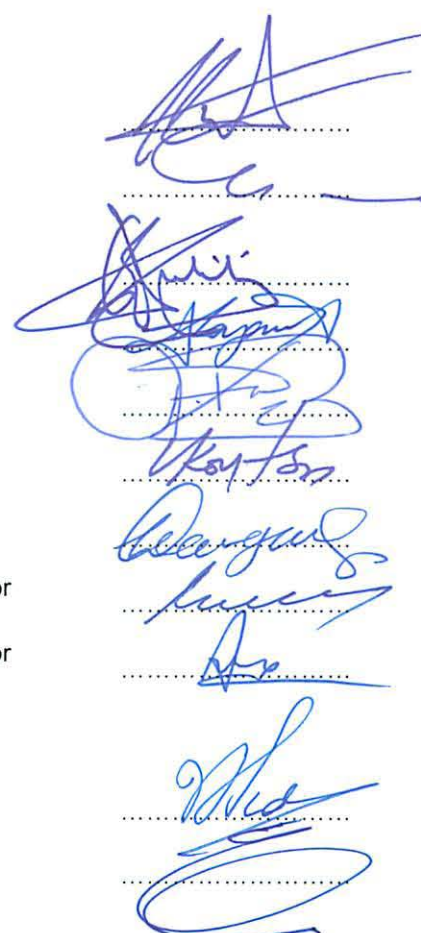
**Statement of the members of the Board of Directors and other responsible persons of the Company for the financial statements**

In accordance with Article 9 sections (3)(c) and (7) of the Transparency Requirements (Securities for Trading on Regulated Market) Law 2007 ("Law"), we the members of the Board of Directors and the other responsible persons for the financial statements of Vassiliko Cement Works Public Company Ltd for the year ended 31 December 2014, confirm that, to the best of our knowledge:

- a. The annual financial statements that are presented on pages 19 to 57:
  - i. were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, and in accordance with the provisions of Article 9, section (4) of the Law, and
  - ii. give a true and fair view of the assets and liabilities, the financial position and the profits or losses of Vassiliko Cement Works Public Company Ltd and the businesses that are included in the consolidated financial statements as a total.
- b. The Directors' report gives a fair review of the developments and the performance of the business as well as the financial position of Vassiliko Cement Works Public Company Ltd and the businesses that are included in the consolidated financial statements as a total, together with a description of the principal risks and uncertainties that they are facing.

**Members of the Board of Directors**

Antonios Antoniou	Executive Chairman
Maurizio Caneppele	Executive Vice Chairman
George St. Galatariotis	Non Executive Director
Costas St. Galatariotis	Non Executive Director
Stavros G. Galatariotis	Non Executive Director
Costas Koutsos	Non Executive Director
Charalambos Panayiotou	Non Executive Director
Leondios Lazarou	Independent Non Executive Director
Antonis Mikellides	Independent Non Executive Director



**Company Officials**

George A. Sideris	General Manager
George S. Savva	Financial Manager



Mr. Serge Schmidt and Mr. Maurizio Mansi Montenegro were not present during the meeting for the approval of the financial statements and therefore did not sign this statement.

23 April 2015



## **Board of Directors' report**

The Board of Directors of Vassiliko Cement Works Public Company Ltd (the 'Company') presents to the members its annual report together with the audited financial statements for the year ended 31 December 2014.

### **Financial statements**

The consolidated financial statements for the year 2014 include the results of the holding company, its subsidiaries and associate companies.

### **Principal activities**

The Group's principal activities are the production of clinker and cement, which are distributed in the local and international markets. The Group also has a presence in aggregates quarrying through its subsidiary and associate companies.

### **Review of developments, position and performance of the operations**

Total revenues for 2014 reached €84.110.000 compared to €79.594.000 for 2013. Revenues increased despite the continuing contraction of domestic demand, as during the course of the year the Company expanded its sales in overseas markets, mitigating the impact of the recession in the Cyprus economy.

The successful efforts to expand sales further, together with cost containment measures, resulted in the improvement of the operating results for the year to a profit of €8.909.000 (2013: loss €2.966.000. Other operating income of €2.504.000 (2013: €3.215.000) included gains from carbon emissions allowances trading of €1.539.000 (2013: €2.782.000).

Financial expenses for 2014 decreased to a total of €1.811.000 from €2.628.000 in 2013 following the repayment of €18.738.000 in loans.

### **Financial results**

The results of the Group are presented in the consolidated statement of comprehensive income. The profit after taxation for the year ended 31 December 2014 amounted to €5.155.000 compared to a net loss of €11.001.000 in 2013.

### **Dividends**

On 20 November 2014, the Board of Directors approved the payment of an interim dividend of 2 cents per share of €1.439.000.

### **Main risks and uncertainties**

Statements made in this report that are not historical facts, including the expectations for future volume and pricing trends, demand for the products, energy costs and other market developments are forward looking statements. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions ("Factors"), which are difficult to predict.

Some of the Factors that could cause actual results to differ materially from those expressed in the forward-looking statements include, but are not limited to: the cyclical nature of the Company's business; national and regional economic conditions; currency fluctuations; energy prices; emission rights price fluctuation; seasonal nature of the Company's operations; levels of construction spending and, in particular, in Government infrastructure projects announced; supply/demand structure of the industry; competition from new or existing competitors; unfavourable weather conditions during peak construction periods; changes in and implementation of environmental and other governmental regulations. In general, the Company is subject to the risks and uncertainties of the construction industry. The forward-looking statements are made as of this date and the Company undertakes no obligation to update them, whether as a result of new information, future events or otherwise.



Further information for risks and uncertainties to which the Group is exposed, is disclosed in note 35 of the financial statements.

### **Future developments**

The operating cost base of the Company went through an optimisation process, to achieve the full benefits from the new production line through process optimisation, and further reposition according to the new market conditions in the Cyprus economy. The Company has managed to establish itself as a key regional cement producer in the Mediterranean basin, utilising effectively the plant capacity which, in turn, will affect positively the operating results of the Company.

### **Events after the reporting period**

No important events have occurred after the reporting period (note 37 of the financial statements).

### **Share capital**

The issued share capital of the Company comprises 71.935.947 ordinary shares of €0,43 per share. There were no changes to the share capital of the Company during 2014. The Company's shares are listed on the Cyprus Stock Exchange.

There are no restrictions on the transfer of the Company's shares other than the requirements of the Directive on Insider Dealing and Market Manipulation, which relates to transactions with related parties.

The Company does not have any shares in issue which carry special control rights.

### **Agreements which are effective upon a change of control of the Company**

The Company has not contracted any agreement which becomes effective, is amended or ceases to apply in case of change of control following a public tender offer to the Company's shareholders or the proposal of a resolution to the general meeting of the Company for a merger, acquisition or sale of its operations.

There are no agreements with the Executive Directors or employees of the Company providing for compensation in case of resignation or dismissal without a valid reason or for termination of their employment due to a public tender offer for the acquisition of the shares of the Company. In case of termination by the Company of the employment of Executive Directors or employees, prior to their retirement, the Company has to compensate them according to the provisions of the Law and the Company's agreements with the Trade Unions.

### **Directors' interest in the share capital of the Company**

The beneficial interest in the Company's shares held by members of the Board of Directors, directly or indirectly, at 31 December 2014 and 17 April 2015, is set out in note 30 of the Financial Statements.

### **Branches**

During the year, the Group did not operate any branches.

### **Board of Directors**

The members of the Board of Directors on the date of the report appear on page 1. In accordance with the Company's Articles of Association (Article 92), at the next Annual General Meeting, Messrs Maurizio Caneppele, Maurizio Mansi Montenegro, Stavros G. Galatariotis and Costas Koutsos retire from office by rotation and, being eligible, offer themselves for re-election.

Mr Antonis Mikellides who was appointed by the Board of Directors on 20 November 2014 as Independent Non-Executive Director is subject to retirement (Article 97) at the next Annual General Meeting and, being eligible, offers himself for re-election.



The Directors who served during the period from 29 May 2014, the date of the last Annual General Meeting, till this date were the following:

Antonios Antoniou  
Maurizio Caneppele  
George St. Galatariotis  
Costas St. Galatariotis  
Stavros G. Galatariotis  
Costas Koutsos  
Charalambos Panayiotou  
Leondios Lazarou  
Serge Schmidt  
Maurizio Mansi Montenegro  
Antonis Mikellides (Appointed 20/11/2014)  
Rena Rouvitha Panou (Resigned 20/10/2014)

The responsibilities of the Directors as members of the Board Committees are disclosed in the Corporate Governance Report.

There were no material changes to the compensation of the Board of Directors.

#### **Corporate Governance statement**

The Company recognises the importance of implementing corporate governance principles and adopted the CSE's Corporate Governance Code and applies its principles. The CSE's Corporate Governance Code is available on the CSE website ([www.cse.com.cy](http://www.cse.com.cy)).

The Company complies with the provisions of the 4th Revised Edition of the Corporate Governance Code of the CSE, except for the Board Balance Principle and the Provision B.1.2 regarding the independence criteria of the members of the Remunerations Committee, which are not met as further explained in the Corporate Governance Report.

The Corporate Governance Report of the Company for 2014 is available on the website of the Company ([www.vassiliko.com](http://www.vassiliko.com)).

The rules governing the composition and function of the Board of Directors and the appointment and replacement of its members as well as the composition and function of the Board Committees are set out in Section B of the Report on Corporate Governance.

Any amendment or addition to the Articles of Association of the Company is only valid if approved by a special resolution at a shareholders' meeting.

The Board of Directors may issue share capital if there is sufficient share capital which has not been issued and as long as the new shares to be issued are offered first to the existing shareholders, pro-rata to their percentage holding. In the event that the new shares will not be offered to existing shareholders, a resolution approved with a special majority of at least the 80% of the shareholders, who are entitled to attend and vote in a General Meeting, must be passed. In the event that a share capital increase requires an increase in the authorised share capital, the approval of the shareholders in a General Meeting must be obtained. The Board of Directors may also propose to the General Meeting of shareholders a share buyback scheme.

There are no restrictions in voting rights and special control rights in relation to the shares of the Company.



**Shareholders holding more than 5%**

The shareholders holding directly or indirectly more than 5% of the issued share capital of the Company as at 31 December 2014 and 17 April 2015, are set out in note 31 of the financial statements.

**Preparation of periodic reporting**

The Group has in place an effective internal audit system, the adequacy of which is evaluated at least annually by the Board of Directors and the Board's Audit Committee, in respect of financial and operational systems. The adequacy of the Internal Audit System secures the validity of financial data and compliance with relevant legislation and aims to secure the management of risks while providing reasonable assurance that no loss will incur.

The Group's internal audit systems incorporate effective procedures aiming at the identification and prevention of errors, omissions or fraud that could result in material misstatements during the preparation of financial statements and relevant disclosures included in the periodic reporting provided by the Group based on Part II of the Transparency Law of Cyprus (Law Providing for Transparency Requirements in relation to Information about Issuers whose Securities are listed for trading on a Regulated Market) of 2007 and its amendments.

**Independent Auditors**

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution to fix their remuneration will be proposed at the Annual General Meeting.

On behalf of the Board of Directors  
ANTONIOS ANTONIOU  
Executive Chairman

23 April 2015





## **Corporate Governance Report**

### **Section A**

The Company has adopted the 4<sup>th</sup> Revised Edition of the Corporate Governance Code, issued by the Cyprus Stock Exchange in April 2014. At the date of this report the principles of the Corporate Governance Code are partly implemented, given that the Principle regarding Board Balance as well as Provision B.1.2 regarding the independence criteria of the members of the Remunerations Committee which are not met.

### **Section B**

#### **The Board**

The Company is headed by the Board of Directors which at 31 December 2014 comprised two Executive and nine non-Executive Directors and is responsible to the shareholders for the proper management of the company Tsimentopiia Vassilikou Dimosia Eteria Ltd (Vassiliko Cement Works Public Company Ltd) and its subsidiaries. The non-Executive Directors comprised two independent Directors and seven non-independent Directors. The members of the Board (excluding the Chairman) comprised two independent non-Executive Directors and eight non-independent Directors of which one Executive and seven non-Executive Directors. The independent non-Executive Directors of the Board are Mr. Leondios Lazarou and Mr. Antonis Mikellides.

The Board of Directors of the Company as at the date of this report comprises the following members:

Antonios Antoniou – Executive Chairman  
Maurizio Caneppele – Executive Vice-Chairman  
George St. Galatariotis – non-Executive Director  
Costas St. Galatariotis – non-Executive Director  
Stavros G. Galatariotis – non-Executive Director  
Costas Koutsos – non-Executive Director  
Charalambos Panayiotou – non-Executive Director  
Leondios Lazarou – Independent non-Executive Director  
Serge Schmidt – non-Executive Director  
Maurizio Mansi Montenegro – non-Executive Director  
Antonis Mikellides – Independent non-Executive Director

The Company's shares are traded in the Alternative Market of the Cyprus Stock Exchange. Corporate governance provisions regarding Board Balance for Companies listed in the Alternative Market provide that the majority of the non-Executive Directors, or at least 2 Directors, have to be independent non-Executive Directors. The Company complies with the above Board Balance provision since two members of the Board are Independent non-Executive Directors. Based on the provisions of the Corporate Governance Code, and given that the Board of Directors is comprised of two Independent non-Executive members and nine non-Independent members (executive and non-executive), Board Balance is not met according to Principle A.2 of the Corporate Governance Code.

Mr. Leondios Lazarou, independent non-Executive Director, was appointed on 31 July 2008 as Senior Independent Director. The Senior Independent Director of the Company is available to shareholders if they have concerns that have not been resolved through the normal channels of contact with the Executive Chairman, the Executive Vice-Chairman or the General Manager or for



which such contact is inappropriate. The Senior Independent Director will attend sufficient meetings of major shareholders and financial analysts to develop a balanced understanding of the issues and concerns of such shareholders. The Senior Independent Director can be contacted initially via the Company Secretary at the Registered Office of the Company.

The Board has six scheduled meetings a year, setting and monitoring the Group's strategy, reviewing trading performance, ensuring adequate funding, examining major capital expenditure, formulating policy on key issues and reporting to shareholders where appropriate. The Board of Directors convened 7 times during 2014. In accordance with best practice, the Board has established the Audit Committee, the Remunerations Committee and the Nominations Committee as per the requirements of the Code. The Company Secretary is responsible to and appointed by the Board and all Directors have access to his advice and services. Directors may obtain independent professional advice if necessary, at the Company's expense. Formal agendas, papers and reports are supplied to Directors in a timely manner, prior to Board meetings. Briefings are also provided at other times, for example, through operational visits and business presentations.

### **Chairman and General Manager**

There is a division of responsibility for the management of the Group between the Executive Chairman, and the General Manager.

The Executive Chairman, Mr. Antonios Antoniou, has, among others, the following duties & responsibilities:

- Determines the Agenda of the meeting of the Board of Directors.
- Chairs the Meetings of the Board of Directors and the General Meetings of the Shareholders of the Company.
- Reviews the information and documents and confirms their relevance in order to be submitted to the Members of the Board of Directors prior to the Board Meetings.
- Reviews the strategy of the Group with the Vice-Chairman and the General Manager of the Company.
- Represents the Company in all its major dealings.
- Meets with the major shareholders of the Company and conveys their suggestions to the Board of Directors.
- Cooperates with the Vice-Chairman and the General Manager of the Company to determine the strategic targets of the Group according to the developments of the sector within which the Group operates and secures the thorough appraisal of the Company's strategic or other development proposals and the presentation thereof to the Board of Directors for final approval.
- Evaluates and promotes together with the Vice-Chairman various other proposals of the General Manager.
- Represents together with the General Manager and /or selective members of the Management Team the Company at various meetings for the promotion of the strategic targets of the Company.
- Identifies the Company's major and other stakeholders and formulates a clear policy on communicating or relating with them through an effective investor relations program.
- Develops and maintains effective relationships with the stakeholders involved in the Company's life, ensuring the continuity and development of the business.
- Supervises the internal control system, secures the proper implementation of the Company's targets and updates the Board of Directors on the related progress.
- Holds periodic meetings with the management of the Company to discuss various specific subjects.



The General Manager of the Company, Mr. George Sideris, among others, has the following duties & responsibilities:

- Manages the Company in line with the strategy and the commercial targets determined by the Board of Directors and in compliance with all relevant laws, regulations, Corporate Governance codes as well as internal policies and procedures.
- Ensures the daily smooth operation of the Company in line with the policy, the targets and the budgets approved by the Board of Directors.
- Ensures timely and effective implementation of the strategic resolutions of the Board of Directors in agreement with the Executive Chairman and the Vice Chairman.
- In cooperation with the Executive Chairman manages the business development of the Company's activities, its subsidiaries and associates.
- Regularly informs the Executive Chairman and the Vice-Chairman regarding all the major issues of the Company, including the current status of the operations of the Company.
- Implements procedures to ensure existence of efficient internal control system.
- Defines and introduces appropriate rules, measures and procedures to govern operations at risk.
- Identifies the main business risks and approves the relevant action plans to mitigate them.

### **Appointments to the Board**

The Nominations Committee is chaired by Mr. G. St. Galatariotis (non-Executive Director) and is composed of three other Directors, Messrs M. Caneppele (Executive Vice-Chairman), C. Koutsos (non-Executive Director) and L. Lazarou (Independent non-Executive Director). The majority of the members of the Committee are non-Executive Directors. The Nominations Committee is responsible for the selection and nomination of any new Director, for the Board's consideration. The Committee is responsible to carry out a selection process. Upon the appointment of a new Director, appropriate training is provided as required. In accordance with the Articles of Association of the Company and the Corporate Governance Code, four out of the eleven Directors of the Company retire by rotation every year (each Director retires every two or three years) and, if eligible, may offer themselves for re-election. The Board has set the 75<sup>th</sup> year of age as the year of retirement.

### **Relations with shareholders**

Importance is attached to maintaining a dialogue with the Company's institutional shareholders. The Annual General Meeting is used as a forum for communicating with shareholders, providing briefings on the Company's performance during the year under review and current business activity. There will be an opportunity for shareholders to meet with and put questions to the Directors, including the chairmen of the Audit, Nominations and Remunerations Committees. At Annual General Meetings, separate resolutions are proposed on each substantially separate issue and the number of proxy votes received for and against each resolution is announced. Members with voting rights of 5% may place items on the agenda of Annual General Meetings by submitting such items, either in hard copies or soft copies (electronic), accompanied with relevant explanations, at least 42 days before the date of the Annual General Meeting. Notices of Annual General Meetings are sent to the shareholders at least 21 days before the meeting. The Board of Directors appointed Mr. George Savva as Investor Liaison Officer to facilitate better communication with shareholders and investors.

### **Financial reporting**

The preparation and presentation of this report and financial statements and other price sensitive public reports, seek to ensure that reports are prepared in a way that represents a balanced and understandable assessment of the Group's position and prospects.



### **Internal control**

Risk assessment and review is carried out by the executive management with details of significant risks being documented. Periodic reports relating to significant risks and associated controls are prepared from this documentation and presented to the Board for its review. The Board has overall responsibility for the Group's systems of internal control and for reviewing their effectiveness on an annual basis, as well as of the procedures which confirm the accuracy, completeness and validity of the information that is provided to the investors. The review covers all systems of internal control, including financial and operational systems, as well as compliance systems and systems for the management of risks, which threaten the attainment of the Company's objectives. On the basis of the process described above during the year the Internal Auditors prepare Internal Audit Reports addressed to the Audit Committee which informs the Board through its Annual Internal Audit Report. According to the Internal Auditors Reports, the systems of internal control do not present any significant weaknesses. The Board has reviewed the key risks inherent in the Group, together with the operating, financial and compliance controls that have been implemented to mitigate those key risks. However, any system of internal control can provide only reasonable and not absolute assurance against material misstatement or loss. The Board has put in place an organisation structure with clearly defined lines of accountability and delegated authority. The principles have been designed to establish clear local operating autonomy within a framework of central leadership, stated aims and objectives. Procedures were established for business planning, budgeting, capital expenditure approval and treasury management. The Executive Directors regularly review the operating performance of each business and monitor progress against business plans.

### **Audit committee and auditors**

The Audit Committee comprises of Messrs C. St. Galatariotis (Chairman of the Committee - non-Executive Director), L. Lazarou (Independent non-Executive Director) and A. Mikellides (Independent non-Executive Director) who was appointed as a member of the Audit Committee on 20<sup>th</sup> of November 2014 to replace Mrs. R. Rouvitha Panou (Independent non-Executive Director) who resigned on 20<sup>th</sup> October 2014. The majority of the members of the Audit Committee are Independent non-Executive Directors. The Committee meets at least four times a year and provides a forum for reporting by the Group's external and internal auditors who have access to the Committee for independent discussion, without the presence of the Executive Directors. The Audit Committee reviews a wide range of financial matters including the annual and quarterly results, statements and accompanying reports, before their submission to the Board and monitors the controls which are in force to ensure the integrity of the financial information reported to shareholders, and also oversees the procedures for the selection of accounting policies and accounting estimates for the Company's financial statements and ensures that a mechanism is in place to ensure the Company's assets, including the prevention and detection of fraud. The Audit Committee also advises the Board on the appointment of external auditors and on their remuneration both for audit and non-audit work, as well as proposes to the Board of Directors the appointment and revocation of appointment of the audit firm assigned with the Internal Audit functions, and ensures its independence. The Group's internal audit function is outsourced to PricewaterhouseCoopers Ltd, a professional Auditors Firm, which monitors the Group's internal financial control, the internal control systems and risk management systems and reports to the management and to the Audit Committee. The Audit Committee considers the above mentioned periodic reports whereas the Management is responsible for the implementation of the recommendations made by internal audit that carry out post-implementation reviews. The external auditors carry out independent and objective reviews and tests of the internal financial control processes, only to the extent that they consider necessary to form their judgement when expressing their audit opinion on the accounts. The Audit Committee discusses extensively with the auditors significant audit findings arising during their audit work, which were resolved or remained unresolved, as well as the auditor's report which refers to weaknesses in the internal control system, in particular those concerning the procedures of financial reporting and the preparation of financial statements.



### **Going concern**

After making appropriate enquiries, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the accounts and state that the Company intends to operate as a going concern for the next twelve months.

### **Remunerations Committee**

The Remunerations Committee comprises of three non-Executive Directors. The members of the Remunerations Committee are Messrs Ch. Panayiotou (non-Executive Director), S. Schmidt (non-Executive Director) and St. Galatariotis (non-Executive Director). The Committee is chaired by Mr. Ch. Panayiotou who has knowledge and experience in remuneration policy. All the members of the Remunerations Committee, even though they are non-Executive Directors, are not independent directors according to the criteria of independency of a director as these are defined by the provision A.2.3. of the Corporate Governance Code. The Committee will usually meet at least once a year. The Group Executive Chairman and Vice-Chairman will normally be invited to attend its meetings in order to make recommendations regarding the remuneration of the Executive Directors (other than their self) and the General Manager. The Committee periodically reviews the remuneration policy for the Executive Directors and the General Manager. Independent external legal and consultancy advice is obtained when necessary. The Group Executive Chairman and Vice-Chairman are not present when their own remunerations are discussed. The Remuneration policy of the Directors of the Company is included in the Remunerations Report (page 14).

### **Directors seeking re-election**

All the Directors are subject to election by the shareholders at the first Annual General Meeting that follows their appointment and thereafter retire every two to three years. According to the Articles of Association, one third of the eleven Company Directors retire from the Board at each Annual General Meeting. The Directors liable to retirement according to the above provisions are those who served as members of the Board for the longest period since their last election.

In accordance with the Company's Articles of Association (Article 92), at the next shareholders Annual General Meeting Messrs Maurizio Caneppele (Executive Vice-Chairman), Maurizio Mansi Montenegro (Non-Executive Director), Stavros G. Galatariotis (Non-Executive Director) and Costas Koutsos (Non-Executive Director) shall retire from office by rotation and, being eligible, shall offer themselves for re-election.

Mr. Antonis Mikellides who was appointed by the Board of Directors on 20 November 2014 as an Independent Director is subject to retirement (Article 97) at the next general meeting and, being eligible shall offer himself for re-election.

### **Loans and guarantees granted to Directors**

No loans and/or guarantees were granted to the Directors of the Company or to Directors of any subsidiary or related company, either by the Company itself or by its subsidiary or related companies, and there are also no monies receivable from any company a Director and/or any person related to him, is involved with.

### **Compliance with the Code of Corporate Governance Officer**

The Board of Directors appointed Mr. George Savva, Financial Manager and Secretary of the Company, at the position of Compliance with the Code of Corporate Governance Officer.

### **Board of Directors Confirmation**

The Board of Directors assures that to the best of its knowledge, there has been no violation of the Securities and Stock Exchange of Cyprus Law and Regulations.



## **Remuneration Report**

The Remuneration Report of the Company for the year 2014 has been prepared according to Appendices 1 and 2 of the Corporate Governance Code.

### **Remunerations Committee**

The Remunerations Committee of the Board is responsible for ensuring that the remuneration packages awarded to Executive Directors are appropriate to individual levels of responsibility and performance, are consistent with the Company's remuneration policy, and are in line with the principles of the Corporate Governance Code.

### **Remuneration policy**

The Board's policy is to employ high calibre people for its key positions. It requires a corresponding level of performance from those people and seeks to reward accordingly. The Group may commission special reviews from time to time to assess the Directors' compensation levels. Account is taken of the salary and total remuneration levels prevailing in comparable jobs both inside and outside the Construction and Building Materials sector, together with the individual performance and contribution of each Executive Director.

The Executive Vice-Chairman's remuneration consists only of the director's fees which are determined by the general meeting of the Company's shareholders.

The remuneration of the Executive Chairman and the General Manager includes variable-pay components to ensure that the executive remuneration is linked to the Company's performance. A maximum limit of the variable-pay component is set. The non-variable component is sufficient remuneration when the variable remuneration is not earned on the basis of the targets set. The Board considers that packages of this nature are consistent with prevailing practice and are necessary to attract, retain and reward executives of the calibre the Group requires. In framing the policy, the Board has given full consideration to the provisions of the Corporate Governance Code. The annual incentive plan rewards for the performance of the previous year and is paid in cash. The maximum bonus payment is expressed as a percentage of base salary and is based on targets set by the Remunerations Committee at the beginning of the performance period. The targets relate to the Company's financial performance, costs containment measures and to the Group's long-term viability, include non-financial criteria relating to development and creating long term value for the Group.

In addition to the base salary and incentive plan participation, the Executive Chairman and the General Manager enjoy the same benefits as other employees of the Company, which include provident fund and medical fund.

No significant changes were made to the remuneration policy of the Company for year 2014 compared to the previous year.

The total remunerations of the Executive Directors under their capacity as Executives for the year 2014 were €91.947.

### **Pension Scheme**

All the Employees of the Company including the General Manager and the Executive Chairman are members of the Company's Provident Fund, which is a defined contribution scheme. No other additional pension schemes exist for any of the Executive Members of the Board.

### **Employment contracts**

Employment of Executive Directors are for indefinite periods, however notice periods do not exceed one year as per the requirements of the Corporate Governance Code. In case of termination by the Company of the employment of Executive Directors, prior to their retirement, the Company has to compensate the Executive Directors according to the provisions of the Law.



### Non-Executive Directors

The remuneration of the Directors, both Executives and non-Executives, for services rendered to the Company as Directors, is determined by the annual general meeting of the Company on the proposal of the Board. The non-Executive Directors have letters of appointment for a three-year term. They do not participate in any profit sharing, share option or other incentive scheme. The remunerations for each of the Directors for 2014 were €6.000 and €8.000 for the Chairman and €200 per meeting for attendance in person.

The remuneration of the Directors, Executives and non-Executives, under their capacity as Directors of the Company and as members of the Board of Directors' Committees as well as under their capacity as Executive Directors for 2014 was as follows:

Directors	Fees as Members of the Board and its Committees	Fees and emoluments as executives	Other Benefits	Social Benefits	Provident Fund	Total Remuneration
	€	€	€	€	€	€
<b>Executive Directors</b>						
Antonios Antoniou	10.200	80.000	4.800	4.243	2.904	102.147
Maurizio Caneppele	7.400					7.400
<b>Non-Executive Directors</b>						
George St. Galatariotis	8.000	-	-	-	-	8.000
Costas St. Galatariotis	8.800	-	-	-	-	8.800
Stavros G. Galatariotis	8.600	-	-	-	-	8.600
Costas Koutsos	9.000	-	-	-	-	9.000
Charalambos Panayiotou	8.800	-	-	-	-	8.800
Leondios Lazarou	7.800	-	-	-	-	7.800
Serge Schmidt	7.200	-	-	-	-	7.200
Rena Rouvitha Panou	6.016	-	-	-	-	6.016
Maurizio Mansi Montenegro	6.400	-	-	-	-	6.400
Antonis Mikellides	1.090	-	-	-	-	1.090
	89.307	80.000	4.800	4.243	2.904	181.254

### Loans and guarantees granted to Directors

No loans and/or guarantees were granted to the Directors of the Company or to Directors of any subsidiary company or to their related parties by the Company and its subsidiary companies.



## **Directors Curricula Vitae**

### ***Antonios Antoniou – Executive Chairman***

Mr. Antonios Antoniou was born in London in 1954. He studied at the University of London where he obtained a BSc (Hons) degree in Biological Sciences and a postgraduate diploma in Computer Sciences.

Mr. A. Antoniou worked for 5 years as a Biochemist/Microbiologist at University College London and for 3 years as a Computer Systems Analyst at British Gas Headquarters in London.

He was a founding partner of AMER World Research Ltd where he was Deputy General Manager from 1983 until 1998.

From 1998 until 2006 he was Senior Vice President (Operations and Systems) of Nielsen Europe and a member of the European Executive Committee of Nielsen.

As from February 2008 he has been the Executive Chairman of Vassiliko Cement Works Public Company Ltd and Member of Board of Directors of its subsidiaries.

He is also Member of the Board of Directors of Latouros Quarries Ltd, Enerco - Energy Recovery Ltd and RIME Information Bureau Ltd.

He is a Member of the Board of Directors of the Cyprus Employers & Industrialists Federation as from July 2011 and a Member of its Executive Committee as from December 2013.

### ***Maurizio Caneppele - Executive Vice Chairman***

Mr. Maurizio Caneppele was born on August 30, 1953. He is a Mechanical Engineer from Milan Polytechnic and he honed his managerial skills through an International Executive Programme at “Institut Européen d'Administration des Affaires” (INSEAD).

After working for a decade in the Cement and Plaster industry in Italy and France, he contributed for several years to Italcementi Group's International Development, particularly in Asia.

In 2001 he was mandated to represent the Italcementi Group in India and in 2003 he became Managing Director of Zuari Cement, the Indian subsidiary of Italcementi Group, a position he has held until June 2013, when he was given the responsibility of the Group's Business Development.

Besides the position of Executive Vice Chairman of Vassiliko Cement Works, he represents Italcementi Group in the Boards of Directors of Al Badia Cement in Syria and of a cement company in Libya.

### ***George St. Galatariotis***

Mr. George St. Galatariotis was born in Limassol in 1947. He studied Business Administration at City Polytechnic in London.

Mr. George Galatariotis is an Executive Chairman of Galatariotis Group of Companies, Executive Chairman of The Cyprus Cement Public Company Ltd and K&G Complex Public Company Ltd. He is also Member of the Board of Directors of several private and public companies. He is a Trustee of the Cyprus Conservation Foundation (Terra Cypria). Mr. George Galatariotis has also served as a member of the Board of Limassol Chamber of Commerce and Industry and the Cyprus Ports Authority.





***Costas St. Galatariotis***

Mr. Costas St. Galatariotis was born in Limassol in 1963. He graduated the 5<sup>th</sup> Gymnasium of Limassol and he studied Economics, Industry and Commerce at the London School of Economics and Political Science.

Mr. Costas Galatariotis is Executive Chairman of the Galatariotis Group of Companies and Executive Chairman of C.C.C. Tourist Enterprises Public Company Ltd. He is also member of Boards of Directors of several private and public companies and President of the Board of the Limassol Chamber of Commerce and Industry.

***Stavros G. Galatariotis***

Mr. Stavros Galatariotis was born in Limassol in 1976. In 1999 he graduated from the University of Surrey with a BSc in Business Economics (First Class). During his studies he was awarded the CIMA award by the Chartered Institute of Management Accountants. Stavros holds an MBA from the Cyprus International Institute of Management.

Since 2000, Stavros Galatariotis is an Executive Director of the Galatariotis Group of Companies and a member of the Board of Directors of several private and public companies. He is a Director of Vassiliko Cement Works Public Company Ltd since 2008 and in 2013 he was appointed Vice President of the Cyprus Oil and Gas Association.

***Costas Koutsos***

Mr. Costas Koutsos is the Executive Chairman of KEO Plc and Member of the Board of Directors of Hellenic Mining Public Company Ltd. Between 1978 and 2011 he was the Managing Director of BMS Metal Pipes Industries Group. He is a Financial Consultant, Companies Tax Consultant, Secretary and Member of the Board of Directors of other private companies. Mr. C. Koutsos is a qualified accountant and he has worked for twelve years in a senior position in an international audit firm. He has a perennial experience in the Cyprus Stock Exchange Market. He is an active member of various charitable foundations. He served as Member of the Board of Directors of Cyprus Metal Industry Association, member of the Cyprus Employers and Industrialists Federation from 1985 to 2011.

***Charalambos P. Panayiotou***

Mr. Charalambos Panayiotou was born on the 6<sup>th</sup> of July 1971. He studied Management Sciences (BSc) at the London School of Economics and Political Science. He is a member of "The Institute of Chartered Accountants in England and Wales" as well as a Member of "The Institute of Certified Public Accountants of Cyprus" since 1996. He then joined the Cyprus Popular Bank Ltd. In 2000 he was appointed Financial Controller of the Holy Bishopric of Paphos, Member of the Board of Directors of St. George Hotel (Management) Ltd as well as of SM Tsada Golf Ltd until September 2010, upon which date he was appointed as Managing Director of the KEO PLC Group. He is a Member of the Board of Directors of Hellenic Mining Group Companies. He served as a Member of the Board of the Hellenic Bank Public Company Ltd from June 2005 to January 2014. During this same period he served as Chairman of the Hellenic Bank (Investments) Ltd.

***Leondios Lazarou***

Mr. Leondios Lazarou was born in Pano Amiandos in 1952. He studied Chemistry at the University of Athens where he received in 1976 his Bachelors Degree and in 1979 his Doctorate in Analytical Chemistry. During the preparation of his doctorate thesis he worked at the University as a Lecturer. During the period 1979 - 1997 he served the Vassiliko Cement Works from the positions of the Quality Inspection Manager, the General Manager and the Managing Director. He was a Member of the Board of Directors of Hellenic Mining Company, Vassiliko Cement Works and Hellenic Chemical Industries. From 1997 until 1999 was an associate of "Aris Petasis and Associates (Business Consultants)" where he worked as Business Consultant. During the period 1999-2004 he worked as General Manager of Salamis Tours (Holdings) Ltd with main objective the restructuring of the group companies and further development of its activities. In 2004, Mr. L. Lazarou established the consultancy firm "Skepsis – Linchpin in Development" for the provision of consultancy services to businesses.



***Serge Schmidt***

Mr. Serge Schmidt graduated in Civil Engineering at the University of Brussels (Ecole Polytechnique - ULB) and post-graduated in International Executive Program from INSEAD Business School in 2010. He began his career first as Technical Assistance Manager in 1996 with CCB in Belgium, Member of Italcementi Group, followed by a period as Export Manager. From 2003 until 2008, he served as General Manager for the Hydraulic Lime business and Premix operations in France. In 2009, he was appointed as Deputy of Chief Executive Officer at the Italcementi Group Headquarters. Since September 2010, he has been Managing Director of Halyps Building Materials subsidiary of Italcementi Group in Greece. In June 2013, he took also the position of Country Manager of Italcementi Group in Bulgaria as Managing Director of Devnya Cement and Vulkan Cement.

***Maurizio Mansi Montenegro***

Mr. Maurizio Mansi Montenegro was born on March 10, 1962. He holds a degree in Statistical Science from Rome University "La Sapienza", and a post-graduate degree in Strategic and International Marketing from SDA Bocconi (Milan), after having attended the International Executive Programme at "Institut Européen d'Administration des Affaires" (INSEAD).

He started his career in Hewlett- Packard as a Business Analyst, then as a Strategic Planning Specialist in Augusta – Westland.

In 1990, he joined Italcementi Group as a Marketing Analyst Coordinator and, after seven years of experience in the Group's Strategic Plan Direction, he has been responsible for Cement Commercial activities in Egypt. In 2007 he was appointed as Assistant to the C.E.O. of Italcementi S.p.A., and since 2009 he is the Managing Director of Interbulk Trading S.A.

He is currently a member of the Board of Directors of Intercom S.r.l., Gacem Company Ltd., Singha Cement Private Ltd., Mauritano Français des Ciments S.A., and Intercom Libya F.Z.C.

***Antonis Mikellides***

Mr. Antonis Mikellides was born in London in 1978. He studied at the University of Westminster where he obtained a BA degree in Business Computing and holds a Postgraduate degree in Shipping, Trade and Finance from City University London as well as a diploma in Terrorism Studies, focusing mainly on Marine Piracy, from the University of St. Andrews in Scotland.

Mr. A. Mikellides joined Zela Shipping Co Ltd in London in 2002 as a fleet operator, and in 2006 was in charge of restructuring the fleet's management company in Piraeus Greece. As from 2010 he has been a Director, Chief Financial Officer and Vice-President of Olympia Ocean Carriers Ltd and in 2012 also became a Director of Sea Trade Holdings. Mr. Antonis Mikellides has been elected on the Board of Directors of the Cyprus Union of Shipowners since 2009.



**KPMG Limited**  
**Chartered Accountants**  
14 Esperidon Street  
1087 Nicosia, Cyprus  
P.O.Box 21121  
1502 Nicosia, Cyprus

Telephone +357 22 209000  
Fax +357 22 678200  
E-mail nicosia@kpmg.com.cy  
Internet www.kpmg.com.cy

## **Independent Auditors' Report to the Members of Vassiliko Cement Works Public Company Ltd**

### **Report on the Consolidated and Company's Separate Financial Statements**

We have audited the consolidated financial statements of Vassiliko Cement Works Public Company Ltd (the "Company") and its subsidiaries (together referred to as the "Group") and the Company's separate financial statements on pages 19 to 57, which comprise the statements of financial position of the Group and the Company as at 31 December 2014, and the statements of comprehensive income, changes in equity and cash flows of the Group and the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' Responsibility for the Financial Statements*

The Board of Directors is responsible for the preparation of consolidated and separate financial statements of the Company that give a true and fair view in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these consolidated and separate financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated and separate financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors as well as evaluating the overall presentation of the consolidated and separate financial statements.

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

#### **Board Members:**

N.G. Syrimis, A.K. Christofides, E.Z. Hadjizacharias, P.G. Loizou  
A.M. Gregoriades, A.A. Demetriou, D.S. Vakis, A.A. Apostolou  
S.A. Loizides, M.A. Loizides, S.G. Sofocleous, M.M. Antoniadis  
C.V. Vasiliou, P.E. Antoniadis, M.J. Halios, M.P. Michael, P.A. Peleties  
G.V. Markides, M.A. Papacosta, K.A. Papanicolaou, A.I. Shiammoutsis  
G.N. Tziortzis, H.S. Charalambous, C.P. Anayiotos, I.P. Ghalanos  
M.G. Gregoriades, H.A. Kakoulis, G.P. Savva, C.A. Kalas, C.N. Kallis  
M.H. Zavrou, P.S. Elia, M.G. Lazarou, Z.E. Hadjizacharias  
P.S. Theophanous, M.A. Karantoni, C.A. Markides, G.V. Andreou  
J.C. Nicolaou, G.S. Prodromou, A.S. Sofocleous, G.N. Syrimis  
T.J. Yiaseimides

KPMG Limited, a private company limited by shares, registered in Cyprus  
under registration number HE 132622 with its registered office at  
14, Esperidon Street, 1087, Nicosia, Cyprus.

#### **Limassol**

P.O.Box 50161, 3601  
Telephone +357 25 869000  
Fax +357 25 363842

#### **Larnaca**

P.O.Box 40075, 6300  
Telephone +357 24 200000  
Fax +357 24 200200

#### **Paphos**

P.O.Box 60288, 8101  
Telephone +357 26 943050  
Fax +357 26 943062

#### **Paralimni / Ayia Napa**

P.O.Box 33200, 5311  
Telephone +357 23 820080  
Fax +357 23 820084

#### **Polis Chrysochou**

P.O.Box 66014, 8330  
Telephone +357 26 322098  
Fax +357 26 322722



### *Opinion*

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company as at 31 December 2014, and of their financial performance and their cash flows for the year then ended in accordance with IFRS as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113.

### **Report on other legal and regulatory requirements**

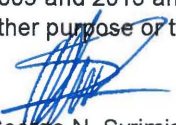
Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those books.
- The consolidated and separate financial statements are in agreement with the books of account.
- In our opinion and to the best of the information available to us and according to the explanations given to us, the consolidated and separate financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 3 to 6 is consistent with the consolidated and separate financial statements.

Pursuant to the requirements of the Directive DI 190-2007-04 of the Cyprus Securities and the Exchange Commission, we report that a corporate governance statement has been made for the information relating to paragraphs (a), (b), (c), (f) and (g) of article 5 of the said Directive, and it forms a special part of the Report of the Board of Directors.

### **Other Matter**

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



George N. Syrimis, ACA

Certified Public Accountant and Registered Auditor  
for and on behalf of

KPMG Limited  
Certified Public Accountants and Registered Auditors  
14, Esperidon Street, 1087, Nicosia, Cyprus

23 April 2015



**Consolidated statement of comprehensive income  
for the year ended 31 December 2014**

	Note	2014 €000	2013 €000
<b>Continuing operations</b>			
Revenue	4	84.110	79.594
Cost of sales		(67.391)	(74.577)
<b>Gross profit</b>		<b>16.719</b>	<b>5.017</b>
Other operating income	5	2.504	3.215
Distribution expenses		(5.047)	(5.551)
Administrative expenses		(2.926)	(2.719)
Other operating expenses		(2.341)	(2.928)
<b>Operating profit/(loss) before financing costs</b>	6	<b>8.909</b>	<b>(2.966)</b>
Finance income		17	5
Finance expenses		(1.811)	(2.628)
<b>Net finance costs</b>	8	<b>(1.794)</b>	<b>(2.623)</b>
Net loss from investing activities	9	(279)	(623)
Impairment of associates goodwill	17	-	(5.000)
Share of loss from equity-accounted investees	17	(378)	(374)
<b>Profit/(loss) before tax</b>		<b>6.458</b>	<b>(11.586)</b>
Taxation	10	(1.303)	585
<b>Profit/(loss) for the year</b>		<b>5.155</b>	<b>(11.001)</b>
<b>Other comprehensive income</b>			
Net change of fair value of property	12	-	(30)
Tax on other comprehensive income	10	346	(1.710)
<b>Other comprehensive income/(loss) for the year</b>		<b>346</b>	<b>(1.740)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>5.501</b>	<b>(12.741)</b>
<b>Profit/(loss) attributable to:</b>			
Equity holders of the parent		5.155	(11.001)
Non-controlling interest		-	-
		<b>5.155</b>	<b>(11.001)</b>
<b>Total comprehensive income/(loss) attributable to:</b>			
Equity holders of the parent		5.501	(12.741)
Non-controlling interest		-	-
		<b>5.501</b>	<b>(12.741)</b>
Basic and diluted earnings per share (cents)	11	7,2	(15,3)



**Company statement of comprehensive income  
for the year ended 31 December 2014**

	Note	2014 €000	2013 €000
<b>Continuing operations</b>			
Revenue	4	84.110	79.594
Cost of sales		(67.289)	(74.534)
<b>Gross profit</b>		<b>16.821</b>	<b>5.060</b>
Other operating income	5	2.479	3.214
Distribution expenses		(5.054)	(5.490)
Administrative expenses		(2.906)	(2.666)
Other operating expenses		(1.523)	(6.327)
<b>Operating profit/(loss) before financing costs</b>	6	<b>9.817</b>	<b>(6.209)</b>
Finance income		9	5
Finance expenses		(1.810)	(2.628)
<b>Net finance costs</b>	8	<b>(1.801)</b>	<b>(2.623)</b>
Net loss from investing activities	9	(134)	(14.447)
<b>Profit/(loss) before tax</b>		<b>7.882</b>	<b>(23.279)</b>
Taxation	10	(1.252)	628
<b>Profit/(loss) for the year</b>		<b>6.630</b>	<b>(22.651)</b>
<b>Other comprehensive income</b>			
Tax on other comprehensive income	10	340	(1.710)
<b>Other comprehensive income/(loss) for the year</b>		<b>340</b>	<b>(1.710)</b>
<b>Total comprehensive income/(loss) for the year</b>		<b>6.970</b>	<b>(24.361)</b>
Basic and diluted earnings per share (cents)	11	9,2	(31,5)





**Consolidated statement of financial position  
as at 31 December 2014**

	Note	2014 €000	2013 €000
<b>Assets</b>			
Property, plant and equipment	12	249.704	263.726
Intangible assets	14	12.341	12.777
Investment property	13	9.695	7.667
Investments in equity-accounted investees	17	3.428	3.890
Available-for-sale financial assets	18	192	299
<b>Total non-current assets</b>		<b>275.360</b>	<b>288.359</b>
Inventories	19	22.127	20.626
Trade and other receivables	20	5.607	7.044
Assets classified as held for sale	21	910	3.133
Cash and cash equivalents	22	2.887	3.533
<b>Total current assets</b>		<b>31.531</b>	<b>34.336</b>
<b>Total assets</b>		<b>306.891</b>	<b>322.695</b>
<b>Equity</b>			
Share capital	23	30.932	30.932
Reserves		189.760	186.765
<b>Total equity attributable to equity holders of the parent</b>		<b>220.692</b>	<b>217.697</b>
<b>Non-controlling interest</b>		-	-
<b>Total equity</b>		<b>220.692</b>	<b>217.697</b>
<b>Liabilities</b>			
Interest-bearing loans and borrowings	24	59.332	73.712
Deferred taxation	25	12.436	11.490
Provisions for liabilities and charges	26	400	400
<b>Total non-current liabilities</b>		<b>72.168</b>	<b>85.602</b>
Interest-bearing loans and borrowings	24	9.042	13.400
Tax payable		37	20
Trade and other payables	27	4.952	5.976
<b>Total current liabilities</b>		<b>14.031</b>	<b>19.396</b>
<b>Total liabilities</b>		<b>86.199</b>	<b>104.998</b>
<b>Total equity and liabilities</b>		<b>306.891</b>	<b>322.695</b>

The financial statements were approved by the Board of Directors on 23 April 2015.

ANTONIOS ANTONIOU

MAURIZIO CANEPPELE

} Directors

The notes on pages 27 to 57 form an integral part of these financial statements.



**Company statement of financial position  
as at 31 December 2014**

	Note	2014 €000	2013 €000
<b>Assets</b>			
Property, plant and equipment	12	249.704	263.099
Intangible assets	14	12.341	12.334
Investment property	13	8.718	6.823
Investments in subsidiaries	16	3.652	3.652
Investments in associates	17	51	51
Available-for-sale financial assets	18	192	299
<b>Total non-current assets</b>		<b>274.658</b>	<b>286.258</b>
Inventories	19	22.127	20.626
Trade and other receivables	20	6.999	8.409
Assets classified as held for sale	21	910	3.133
Cash and cash equivalents	22	2.852	3.506
<b>Total current assets</b>		<b>32.888</b>	<b>35.674</b>
<b>Total assets</b>		<b>307.546</b>	<b>321.932</b>
<b>Equity</b>			
Share capital	23	30.932	30.932
Reserves		190.517	186.053
<b>Total equity</b>		<b>221.449</b>	<b>216.985</b>
<b>Liabilities</b>			
Interest-bearing loans and borrowings	24	59.332	73.712
Deferred taxation	25	12.394	11.486
Provisions for liabilities and charges	26	400	400
<b>Total non-current liabilities</b>		<b>72.126</b>	<b>85.598</b>
Interest-bearing loans and borrowings	24	9.042	13.400
Income tax payable		36	19
Trade and other payables	27	4.893	5.930
<b>Total current liabilities</b>		<b>13.971</b>	<b>19.349</b>
<b>Total liabilities</b>		<b>86.097</b>	<b>104.947</b>
<b>Total equity and liabilities</b>		<b>307.546</b>	<b>321.932</b>

The financial statements were approved by the Board of Directors on 23 April 2015.

ANTONIOS ANTONIOU

MAURIZIO CANEPPELE

}

Directors



**Consolidated statement of changes in equity  
for the year ended 31 December 2014**

	Share capital €000	Share premium €000	Revaluation reserve €000	Retained earnings €000	Total equity attributable to equity holders of the parent €000	Non- controlling interest €000	Total equity €000
At 1 January 2013	30.932	45.388	51.925	102.193	230.438	-	230.438
Loss for the year	-	-	-	(11.001)	(11.001)	-	(11.001)
Other comprehensive loss	-	-	(1.740)	-	(1.740)	-	(1.740)
Total comprehensive loss for the year	-	-	(1.740)	(11.001)	(12.741)	-	(12.741)
Transfer	-	-	(2.260)	2.260	-	-	-
<b>At 1 January 2014</b>	<b>30.932</b>	<b>45.388</b>	<b>47.925</b>	<b>93.452</b>	<b>217.697</b>	<b>-</b>	<b>217.697</b>
Profit for the year	-	-	-	5.155	5.155	-	5.155
Other comprehensive income	-	-	346	-	346	-	346
Total comprehensive income for the year	-	-	346	5.155	5.501	-	5.501
Dividends	-	-	-	(2.518)	(2.518)	-	(2.518)
Special Contribution for Defence	-	-	-	12	12	-	12
Transfer	-	-	(1.718)	1.718	-	-	-
<b>At 31 December 2014</b>	<b>30.932</b>	<b>45.388</b>	<b>46.553</b>	<b>97.819</b>	<b>220.692</b>	<b>-</b>	<b>220.692</b>

The notes on pages 27 to 57 form an integral part of these financial statements.

**Company statement of changes in equity  
for the year ended 31 December 2014**

	Share capital €000	Share premium €000	Revaluation reserve €000	Retained earnings €000	Total equity €000
At 1 January 2013	30.932	45.388	51.804	113.222	241.346
Loss for the year	-	-	-	(22.651)	(22.651)
Other comprehensive loss	-	-	(1.710)	-	(1.710)
Total comprehensive loss for the year	-	-	(1.710)	(22.651)	(24.361)
Transfer	-	-	(2.260)	2.260	-
<b>At 1 January 2014</b>	<b>30.932</b>	<b>45.388</b>	<b>47.834</b>	<b>92.831</b>	<b>216.985</b>
Profit for the year	-	-	-	<b>6.630</b>	<b>6.630</b>
Other comprehensive income	-	-	<b>340</b>	-	<b>340</b>
Total comprehensive income for the year	-	-	<b>340</b>	<b>6.630</b>	<b>6.970</b>
Dividends	-	-	-	(2.518)	(2.518)
Special Contribution for Defence	-	-	-	<b>12</b>	<b>12</b>
Transfer	-	-	(1.718)	<b>1.718</b>	-
<b>At 31 December 2014</b>	<b>30.932</b>	<b>45.388</b>	<b>46.456</b>	<b>98.673</b>	<b>221.449</b>

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



**Consolidated statement of cash flows  
for the year ended 31 December 2014**

	Note	2014 €000	2013 €000
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year		5.155	(11.001)
Adjustments for:			
Depreciation and amortisation charges	12, 14	16.411	14.261
Impairment of property, plant and equipment	12	393	-
Impairment loss on available-for-sale financial assets	18	107	298
Impairment of associate		-	5.000
Change in fair value of investment property	13	173	230
Change in fair value of assets classified as held for sale	21	159	487
Impairment of intangible assets	14	424	-
Interest income	8	(17)	(5)
Dividend income	9	(5)	-
Interest expense	8	1.971	2.711
Share of loss of equity-accounted investees	17	378	374
Gain on disposal of property, plant and equipment		(1)	(2)
Loss/(gain) on disposal of assets classified as held for sale	9	44	(203)
Income tax expense	10	1.303	(585)
<b>Operating profit before changes in working capital and provisions</b>		<b>26.495</b>	<b>11.565</b>
Changes in:			
Trade and other receivables		1.437	3.108
Inventories		(1.501)	5.220
Trade and other payables		(842)	(3.373)
Other current assets		-	156
<b>Cash generated from operating activities</b>		<b>25.589</b>	<b>16.676</b>
Interest paid		(2.129)	(2.946)
Tax paid		1	(396)
<b>Net cash inflow from operating activities</b>		<b>23.461</b>	<b>13.334</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		1	5
Proceeds from disposal of assets classified as held for sale		270	3.639
Interest received		17	5
Dividends received		82	-
Acquisition of property, plant and equipment	12	(3.208)	(3.389)
Acquisition of intangibles	14	(13)	(5)
<b>Net cash (used in)/generated from investing activities</b>		<b>(2.851)</b>	<b>255</b>
<b>Cash flows from financing activities</b>			
Proceeds from new loans raised		-	870
Repayment of loans		(18.738)	(13.237)
Dividends paid		(2.518)	(1.079)
<b>Net cash used in financing activities</b>		<b>(21.256)</b>	<b>(13.446)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(646)</b>	<b>143</b>
Cash and cash equivalents at 1 January		3.533	3.390
<b>Cash and cash equivalents at 31 December</b>	22	<b>2.887</b>	<b>3.533</b>



**Company statement of cash flows  
for the year ended 31 December 2014**

	Note	2014 €000	2013 €000
<b>Cash flows from operating activities</b>			
Profit/(loss) for the year		6.630	(22.651)
Adjustments for:			
Depreciation and amortisation charges	12, 14	16.359	14.187
Impairment loss on available-for-sale financial assets	18	107	298
Impairment in value of investment in subsidiary		-	13.984
Change in fair value of investment property	13	105	163
Change in fair value of assets classified as held for sale	21	159	487
Interest income	8	(9)	(5)
Dividend income	9	(82)	(93)
Interest expense	8	1.970	2.711
Gain on disposal of property, plant and equipment		(1)	(2)
Loss/(gain) on disposal of assets classified as held-for-sale		44	(203)
Income tax expense	10	1.252	(628)
<b>Operating profit before changes in working capital and provisions</b>		<b>26.534</b>	<b>8.248</b>
Changes in:			
Trade and other receivables		1.410	6.700
Inventories		(1.501)	5.178
Trade and other payables		(855)	(3.598)
Other current assets		-	156
<b>Cash generated from operations</b>		<b>25.588</b>	<b>16.684</b>
Interest paid		(2.128)	(2.946)
Tax paid		1	(396)
<b>Net cash inflow from operating activities</b>		<b>23.461</b>	<b>13.342</b>
<b>Cash flows from investing activities</b>			
Proceeds from disposal of property, plant and equipment		1	5
Proceeds from disposal of assets classified as held-for-sale		270	3.639
Interest received		9	5
Dividends received		82	-
Acquisition of property, plant and equipment	12	(3.208)	(3.389)
Acquisition of intangibles	14	(13)	(5)
<b>Net cash (used in)/generated from investing activities</b>		<b>(2.859)</b>	<b>255</b>
<b>Cash flows from financing activities</b>			
Proceeds from new loans raised		-	870
Repayment of loans		(18.738)	(13.237)
Dividends paid		(2.518)	(1.079)
<b>Net cash used in financing activities</b>		<b>(21.256)</b>	<b>(13.446)</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(654)</b>	<b>151</b>
Cash and cash equivalents at 1 January		3.506	3.355
<b>Cash and cash equivalents at 31 December</b>	22	<b>2.852</b>	<b>3.506</b>



## Notes to the financial statements for the year ended 31 December 2014

### 1 Reporting entity and principal activities

"Τσιμεντοποιία Βασιλικού Δημόσια Εταιρεία Λτδ", translated in English as "Vassiliko Cement Works Public Company Ltd" (the 'Company') is a company domiciled in Cyprus and is a public company in accordance with the requirements of the Cyprus Companies Law, Cap. 113 and the Cyprus Stock Exchange Law and Regulations. The Company's registered office is at 1A Kyriakos Matsis Avenue, CY-1082 Nicosia, Cyprus.

The consolidated financial statements of the Company as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates.

The Company and Consolidated Financial Statements were authorised for issue by the Board of Directors on 23 April 2015.

#### **Principal activities**

The Group principal activities are the production of clinker and cement, which are sold in the local and international markets. The Group also has a presence in aggregates quarrying through its subsidiary and associate companies.

### 2 Basis of preparation

#### **Statement of compliance**

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU"). In addition, the financial statements have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the Cyprus Stock Exchange Law and Regulations.

#### **Basis of measurement**

The consolidated financial statements have been prepared on the historical cost basis, modified to include the revaluation to fair value of land and buildings, Vassiliko port, financial instruments classified as available for sale and investment property.

#### **Functional and presentation currency**

The consolidated financial statements as at and for the year ended 31 December 2014 are presented in Euro (€), which is the Company's functional currency. All amounts have been rounded to the nearest thousand, unless otherwise indicated.



### ***Use of estimates and judgments***

The preparation of the consolidated financial statements in accordance with IFRS requires from management the exercise of judgment, to make estimates and assumptions that influence the application of accounting principles and the related amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are reviewed on a continuous basis. Revisions in accounting estimates are recognised in the period during which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

#### ***a. Income taxes***

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group 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.

#### ***b. Fair value of financial instruments***

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each reporting date. The Group regularly evaluates the methods used to ensure their validity and appropriateness. Changes in the estimations and assumptions used are possible to affect the fair value of the related financial instruments.

#### ***c. Provision for bad and doubtful debts***

The Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through the profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

#### ***d. Impairment of investments in subsidiaries/associates***

The Company periodically evaluates the recoverability of investments in subsidiaries/associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries/associates may be impaired, the estimated future undiscounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write down to fair value is necessary.

#### ***e. Impairment of goodwill***

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units of the Company on which the goodwill has been allocated. The value in use calculation requires the Company to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value.



***Adoption of new and revised IFRS and Interpretations as adopted by the EU:***

During the current year, the Company adopted all the changes to IFRS as adopted by the EU that are relevant to its operations and are effective for accounting periods beginning on 1 January 2014. This adoption did not have a material effect on the financial statements of the Group and the Company.

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

The following Standards, Amendments to Standards and Interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2014. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these Standards early.

*i. Standards and Interpretations adopted by the EU*

IAS 19 (Amendments) "Defined Benefit Plans: Employee Contributions" (effective for annual periods beginning on or after 1 July 2014).

Improvements to IFRSs 2010-2012 (effective for annual periods beginning on or after 1 July 2014).

Improvements to IFRSs 2011-2013 (effective for annual periods beginning on or after 1 July 2014).

*ii. Standards and Interpretations not adopted by the EU*

IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016).

IFRS 10, IFRS 12 and IAS 28 (Amendments): Investment Entities: Applying the Consolidation Exception (effective for annual periods beginning on or after 1 January 2016).

IFRS 11 "Accounting for acquisitions of interests in Joint Operations" (Amendments) (effective for annual periods beginning on or after 1 January 2016).

IAS 1 (Amendments): Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016).

IFRS 10 and IAS 28 (Amendments): Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016).

IAS 27 (Amendments) "Equity method in separate financial statements" (effective for annual periods beginning on or after 1 January 2016).

IAS 16 and IAS 38 (Amendments) "Clarification of acceptable methods of depreciation and amortisation" (effective for annual periods beginning on or after 1 January 2016).

Annual Improvements to IFRSs 2012–2014 Cycle (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2016).

IFRS 15 "Revenue from contracts with customers" (effective for annual periods beginning on or after 1 January 2017).

IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).

The Board of Directors expects that the adoption of the above financial reporting standards in future periods will not have a significant effect on the financial statements of the Group and the Company.



### 3 Significant accounting policies

The following accounting policies have been applied consistently to all years presented in these consolidated financial statements and have been applied consistently by the Group entities.

#### ***Basis of consolidation***

##### *i. Business combinations*

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are recognised in profit or loss.

Transactions costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

##### *ii. Acquisitions of non-controlling interests*

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

##### *iii. Subsidiaries*

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

##### *iv. Loss of control*

On the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently, it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.





*v. Investments in associates and jointly controlled entities (equity-accounted investees)*

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity. Jointly controlled entities are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic financial and operating decisions.

Investments in associates and jointly controlled entities are accounted for using the equity method and are recognized initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

*vi. Jointly controlled operations*

A jointly controlled operation is a joint venture carried on by each venture using its own assets in pursuit of the joint operations. The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation, and the expenses that the Group incurs and its share of the income that it earns from the joint operation.

*vii. Transactions eliminated on consolidation*

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

***Property, plant and equipment***

*i. Recognition and measurement*

Land and buildings are carried at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Revaluations are carried out with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. All other property, plant and equipment are stated at historical cost less accumulated depreciation.

Increases in the carrying amount arising on revaluation of property plant and equipment are credited to other comprehensive income. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to the statement of comprehensive income. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to the statement of comprehensive income) and depreciation based on the asset's original cost is transferred from fair value reserves to retained earnings.



Properties under construction are carried at cost, less any recognised impairment loss. Cost includes professional fees and borrowing costs capitalised in accordance with the Group's accounting policy. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

*ii. Reclassification to investment property*

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Any gain arising on remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognized in other comprehensive income and presented in the revaluation reserve in equity. Any loss is recognised immediately in profit or loss.

*iii. Subsequent costs*

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

*iv. Depreciation*

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each component. Land is not depreciated.

Leased assets are depreciated over the shorter of the lease term and their useful lives, unless it is reasonably certain that the Group will obtain ownership by the end of the lease term.

Items of the property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the assets are completed and are ready for use.

The estimated useful lives are as follows:

Buildings	20 – 50 years
Vassiliko Port	50 years (term of lease)
Machinery, plant and equipment	4 – 40 years

**Intangible assets**

*i. Goodwill*

All business combinations are accounted for by applying the acquisition method. Goodwill represents amounts arising on acquisition of subsidiaries and associates. Goodwill represents the difference between the cost of the acquisition and the fair value of the net identifiable assets of the acquired undertaking at the date of acquisition.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (see note 14). Goodwill on acquisition of associates is included in investments in associates.

*ii. Other intangible assets*

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

Expenditure on internally generated goodwill and brands is recognised in the statement of comprehensive income as an expense as incurred.



*iii. Subsequent expenditure*

Subsequent expenditure on intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

*iv. Amortisation*

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lives of intangible assets unless such lives are indefinite. Goodwill and intangible assets with an indefinite useful life are systematically tested for impairment at each reporting date. Other intangible assets are amortised from the date they are available for use. The estimated useful lives are as follows:

Computer software	3 years
Leasehold property	33 years

**Investments**

*i. Investments in equity securities*

Equity financial instruments held by the Group are classified as being available-for-sale and are recognised initially at fair value plus any directly attributable transaction costs, with any resulted gain or loss being recognised directly in equity, except for impairment losses and, in the case of monetary items such as debt securities, foreign exchange gains and losses. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the statement of comprehensive income. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the statement of comprehensive income.

The fair value of financial instruments classified as held for trading and available-for-sale is their quoted bid price at the year-end date.

Financial instruments classified as held for trading or available-for-sale investments are recognised / derecognised by the Group on the date it commits to purchase / sell the investments. Securities held-to-maturity are recognised / derecognised on the day they are transferred to / by the Group.

Financial instruments designated as available-for-sale are included in non-current assets, unless management has the expressed intention of holding the investment for less than 12 months from the reporting date.

*ii. Investment property*

Investment properties are properties which are held either to earn rental income, or for capital appreciation, or for both, but not for sale in the ordinary course of business, or used for the production or supply of goods or services, or for administrative purposes. Investment properties are stated at fair value. An external, independent valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio at regular intervals. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Any gain or loss arising from a change in fair value is recognised in profit or loss. Rental income from investment property is accounted for as described in accounting policy for Revenue.

When an item of property, plant and equipment is transferred to investment property following a change in its use, any differences arising at the date of transfer between the carrying amount of the item immediately prior to transfer and its fair value is recognised directly in equity, if it is a gain. Upon disposal of the item the gain is transferred to retained earnings. Any loss arising in this manner is recognised immediately in the statement of comprehensive income.



If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes of subsequent recording. When the Group begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property, which is measured based on fair value model, and is not reclassified as property, plant and equipment during the redevelopment.

#### ***Trade and other receivables***

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

#### ***Inventories***

Inventories are measured at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of raw materials, spare parts and other consumables is based on the average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash in hand and at bank and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### ***Impairment of non-financial assets***

The carrying amounts of the Group's assets, other than investment property, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

For goodwill, assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each year end date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of comprehensive income.

Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (group of units) and then, to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in the statement of comprehensive income is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in the statement of comprehensive income.



### ***Interest-bearing borrowings***

Interest-bearing borrowings are recognised initially at fair value plus any direct attributable transaction costs. Subsequently they are measured at amortised cost using the effective interest method.

### ***Employee benefits***

#### *i. Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and has no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which related services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available. Contributions to a defined contribution plan that are due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

#### *ii. Termination benefits*

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

### ***Provisions***

A provision is recognised when the Group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

### ***Trade and other payables***

Trade and other payables are presented at the nominal value outstanding at the year end date.

### ***Revenue***

#### *i. Goods sold*

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts and volume rebates.

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

#### *ii. Rental income*

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease.

#### *iii. Government grants*

Government grants are recognised in the statement of financial position initially as deferred income when there is reasonable assurance that it will be received and that the Group will comply with the conditions attached to it. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are amortised on a systematic basis using the straight-line method over the expected useful life of the respective asset.



*iv. Finance income*

Finance income includes interest income which is recognised using the effective interest method.

*v. Dividend income*

Dividend income is recognised in the statement of comprehensive income on the date the entity's right to receive payments is established, which in the case of quoted securities is usually the ex-dividend date.

**Expenses**

*i. Operating lease payments*

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term.

*ii. Financing costs*

Financing costs comprise interest expense on borrowings calculated using the effective interest rate method, interest receivable on funds invested, dividend income, foreign exchange gains and losses, and gains and losses on hedging instruments that are recognised in the statement of comprehensive income.

*iii. Foreign currency transactions*

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

Monetary assets and liabilities denominated in foreign currencies are translated into Euro using the rate of exchange ruling at the reporting date. The exchange differences that arise are transferred to the statement of comprehensive income, and are presented separately in financing costs.

**Tax expense**

Tax expense on the statement of comprehensive income for the year comprises current and deferred tax. Tax expense is recognised in profit or loss, except to the extent that it relates to items recognised directly in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using the applicable tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the statement of financial position liability method. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilized. Such assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.



### Share capital

Ordinary shares are classified as equity.

### Dividends

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

### Comparatives

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

## 4 Revenue

Revenue analysis:	Group		Company	
	2014 €000	2013 €000	2014 €000	2013 €000
Cement products	84.007	79.499	84.007	79.499
Other	103	95	103	95
	<b>84.110</b>	<b>79.594</b>	<b>84.110</b>	<b>79.594</b>

## 5 Other operating income

	Group		Company	
	2014 €000	2013 €000	2014 €000	2013 €000
Income from Vassiliko Port	821	343	821	343
Trading of CO <sub>2</sub> emission rights	1.539	2.782	1.539	2.782
Other	144	90	119	89
	<b>2.504</b>	<b>3.215</b>	<b>2.479</b>	<b>3.214</b>

## 6 Operating profit/(loss) before financing costs

This is stated after charging:	Group		Company	
	2014 €000	2013 €000	2014 €000	2013 €000
Staff costs (see note 7)	9.050	10.001	8.988	9.790
Directors remuneration as directors	89	97	89	97
Directors remuneration as executives	92	100	92	100
Depreciation of property, plant and equipment	16.386	14.228	16.353	14.175
Amortisation of intangible fixed assets	25	33	6	12
Independent auditors' remuneration	55	51	45	40



## 7 Staff costs

	Group		Company	
	2014	2013	2014	2013
	€000	€000	€000	€000
Wages and salaries	7.822	8.565	7.768	8.382
Social insurance contributions	578	527	574	515
Provident and medical fund contributions (note 33)	269	516	267	506
Other contributions	381	393	379	387
	<b>9.050</b>	10.001	<b>8.988</b>	9.790
Average number of employees	<b>210</b>	201	<b>207</b>	194

## 8 Net finance costs

	Group		Company	
	2014	2013	2014	2013
	€000	€000	€000	€000
Interest income	17	5	9	5
Finance income	17	5	9	5
Interest expense	(1.971)	(2.711)	(1.970)	(2.711)
Net foreign exchange differences	160	83	160	83
Finance expense	(1.811)	(2.628)	(1.810)	(2.628)
Net finance costs	<b>(1.794)</b>	(2.623)	<b>(1.801)</b>	(2.623)

Interest income is earned on bank deposits held in current and short term notice accounts. The interest rate on the above deposits is variable.

## 9 Net loss from investing activities

	Group		Company	
	2014	2013	2014	2013
	€000	€000	€000	€000
Dividend receivable	5	-	82	93
Impairment charge on available-for-sale financial assets	(107)	(298)	(107)	(298)
Impairment charge - investment in subsidiary	-	-	-	(13.984)
Change in fair value of investment property	(173)	(230)	(105)	(163)
Rental of investment property	199	189	199	189
Change in fair value of assets classified as held for sale	(159)	(487)	(159)	(487)
(Loss)/gain on disposal of assets classified as held for sale	(44)	203	(44)	203
	<b>(279)</b>	(623)	<b>(134)</b>	(14.447)





## 10 Taxation

	Group		Company	
Recognised in profit or loss	2014	2013	2014	2013
	€000	€000	€000	€000
<b>Analysis of charge in year</b>				
Current year tax:				
Special contribution to the defence fund	4	5	4	5
Share of tax from associate	7	5	-	-
Deferred tax	1.292	(774)	1.248	(812)
	<u>1.303</u>	<u>(764)</u>	<u>1.252</u>	<u>(807)</u>
Adjustment for prior periods	-	179	-	179
	<u>1.303</u>	<u>(585)</u>	<u>1.252</u>	<u>(628)</u>
<b>Recognised in other comprehensive income</b>				
Deferred tax on revaluation of property	(346)	1.710	(340)	1.710

The Group is subject to income tax at 12,5%.

	Group		Company	
Reconciliation of tax based on taxable income and tax based on accounting policies	2014	2013	2014	2013
	€000	€000	€000	€000
Accounting profit before tax	<u>6.458</u>	<u>(11.586)</u>	<u>7.882</u>	<u>(23.279)</u>
Tax for the year at the applicable tax rates				
Income tax at 12,5%	807	(1.448)	985	(2.910)
Special contribution to the defence fund	4	5	4	5
	<u>811</u>	<u>(1.443)</u>	<u>989</u>	<u>(2.905)</u>
Effects of non-taxable income / expenses	<u>485</u>	<u>674</u>	<u>263</u>	<u>2.098</u>
	<u>1.296</u>	<u>(769)</u>	<u>1.252</u>	<u>(807)</u>
Adjustments to tax charge in respect of previous periods	-	179	-	179
Share of tax from associate	7	5	-	-
Current tax charge for the year	<u>1.303</u>	<u>(585)</u>	<u>1.252</u>	<u>(628)</u>

## 11 Earnings per share

The calculation of earnings per share was based on the profit attributable to ordinary shareholders of €5.155.000 (2013: loss €11.001.000) and the weighted average number of ordinary shares outstanding during the year of 71.935.947 (2013: 71.935.947).

The calculation of earnings per share in the Company Statement of Comprehensive Income was based on the profit for the year of €6.630.000 (2013: loss €22.651.000).



## 12 Property, plant and equipment

Group	Land and buildings €000	Vassiliko port €000	Plant and equipment €000	Total €000
<b>Cost</b>				
Balance at 1 January 2013	71.543	24.008	264.640	360.191
Acquisitions	4	-	3.385	3.389
Revaluation of assets	(30)	-	-	(30)
Transfer to investment property	(350)	-	-	(350)
Disposals	-	-	(31)	(31)
Written off	-	-	(16.791)	(16.791)
Balance at 31 December 2013	<u>71.167</u>	<u>24.008</u>	<u>251.203</u>	<u>346.378</u>
Balance at 1 January 2014	<b>71.167</b>	<b>24.008</b>	<b>251.203</b>	<b>346.378</b>
Acquisitions	<b>201</b>	<b>56</b>	<b>2.951</b>	<b>3.208</b>
Transfer to investment property	<b>(201)</b>	-	-	<b>(201)</b>
Transfer to assets classified as held for sale	-	-	<b>(9.966)</b>	<b>(9.966)</b>
Disposals	-	-	<b>(21)</b>	<b>(21)</b>
Impairment	<b>(393)</b>	-	-	<b>(393)</b>
Balance at 31 December 2014	<u><b>70.774</b></u>	<u><b>24.064</b></u>	<u><b>244.167</b></u>	<u><b>339.005</b></u>
<b>Depreciation</b>				
Balance at 1 January 2013	13.222	4.603	67.418	85.243
Charge for the year on historical cost	1.243	481	10.868	12.592
Additional charge on revalued amounts	1.198	438	-	1.636
Disposals	-	-	(28)	(28)
Written off	-	-	(16.791)	(16.791)
Balance at 31 December 2013	<u>15.663</u>	<u>5.522</u>	<u>61.467</u>	<u>82.652</u>
Balance at 1 January 2014	<b>15.663</b>	<b>5.522</b>	<b>61.467</b>	<b>82.652</b>
Charge for the year on historical cost	<b>1.298</b>	<b>503</b>	<b>12.867</b>	<b>14.668</b>
Additional charge on revalued amounts	<b>1.261</b>	<b>457</b>	-	<b>1.718</b>
Transfer to assets classified as held for sale	-	-	<b>(9.716)</b>	<b>(9.716)</b>
Disposals	-	-	<b>(21)</b>	<b>(21)</b>
Balance at 31 December 2014	<u><b>18.222</b></u>	<u><b>6.482</b></u>	<u><b>64.597</b></u>	<u><b>89.301</b></u>
<b>Carrying amounts</b>				
At 1 January 2013	58.321	19.405	197.222	274.948
At 31 December 2013	<u>55.504</u>	<u>18.486</u>	<u>189.736</u>	<u>263.726</u>
At 1 January 2014	<b>55.504</b>	<b>18.486</b>	<b>189.736</b>	<b>263.726</b>
At 31 December 2014	<u><b>52.552</b></u>	<u><b>17.582</b></u>	<u><b>179.570</b></u>	<u><b>249.704</b></u>



Company	Land and buildings €000	Vassiliko port €000	Plant and equipment €000	Total €000
<b>Cost</b>				
Balance at 1 January 2013	70.183	24.008	264.640	358.831
Acquisitions	4	-	3.385	3.389
Disposals	-	-	(31)	(31)
Written off	-	-	(16.791)	(16.791)
Balance at 31 December 2013	<u>70.187</u>	<u>24.008</u>	<u>251.203</u>	<u>345.398</u>
Balance at 1 January 2014	<b>70.187</b>	<b>24.008</b>	<b>251.203</b>	<b>345.398</b>
Acquisitions	<b>201</b>	<b>56</b>	<b>2.951</b>	<b>3.208</b>
Transfer to assets classified as held for sale	-	-	<b>(9.966)</b>	<b>(9.966)</b>
Disposals	-	-	<b>(21)</b>	<b>(21)</b>
Balance at 31 December 2014	<u><b>70.388</b></u>	<u><b>24.064</b></u>	<u><b>244.167</b></u>	<u><b>338.619</b></u>
<b>Depreciation</b>				
Balance at 1 January 2013	12.922	4.603	67.418	84.943
Charge for the year on historical cost	1.190	481	10.868	12.539
Additional charge on revalued amounts	1.198	438	-	1.636
Disposals	-	-	(28)	(28)
Written off	-	-	(16.791)	(16.791)
Balance at 31 December 2013	<u>15.310</u>	<u>5.522</u>	<u>61.467</u>	<u>82.299</u>
Balance at 1 January 2014	<b>15.310</b>	<b>5.522</b>	<b>61.467</b>	<b>82.299</b>
Charge for the year on historical cost	<b>1.265</b>	<b>503</b>	<b>12.867</b>	<b>14.635</b>
Additional charge on revalued amounts	<b>1.261</b>	<b>457</b>	-	<b>1.718</b>
Transfer to assets classified as held for sale	-	-	<b>(9.716)</b>	<b>(9.716)</b>
Disposals	-	-	<b>(21)</b>	<b>(21)</b>
Balance at 31 December 2014	<u><b>17.836</b></u>	<u><b>6.482</b></u>	<u><b>64.597</b></u>	<u><b>88.915</b></u>
<b>Carrying amounts</b>				
At 1 January 2013	<u>57.261</u>	<u>19.405</u>	<u>197.222</u>	<u>273.888</u>
At 31 December 2013	<u>54.877</u>	<u>18.486</u>	<u>189.736</u>	<u>263.099</u>
At 1 January 2014	<b>54.877</b>	<b>18.486</b>	<b>189.736</b>	<b>263.099</b>
At 31 December 2014	<u><b>52.552</b></u>	<u><b>17.582</b></u>	<u><b>179.570</b></u>	<u><b>249.704</b></u>

Plant and equipment under constuction as at 31 December 2014 was nil (2013: €645.000).

The construction of the Vassiliko Port was paid for by the Company. The Cyprus Ports Authority, which according to the Cyprus Ports Authority Law is the owner of the port, leased it to the Company for a period of 50 years as from 1 January 1984.

The last revaluation of land was performed in 2012 by independent professional valuers.

Bank loans of €68.374.000 (2013: €87.112.000) are secured by €26.800.000 mortgages on land and buildings and €46.732.000 fixed charges on plant and machinery.



### 13 Investment property

	Group		Company	
	2014 €000	2013 €000	2014 €000	2013 €000
Balance at 1 January	7.667	7.547	6.823	6.986
Transfer from property, plant and equipment	201	350	-	-
Transfer from assets classified as held for sale	2.000	-	2.000	-
Change in fair value	(173)	(230)	(105)	(163)
Balance at 31 December	<b>9.695</b>	<b>7.667</b>	<b>8.718</b>	<b>6.823</b>

The carrying amount of investment property is the fair value of the property as determined by an independent valuer having an appropriate recognised professional qualification and recent experience in the location and category of the property being valued. Fair values were determined having regard to recent market transactions for similar properties in the same location as the Group's investment property. The last revaluation of investment property was performed in December 2014.

Investment property comprises a number of commercial properties that are leased to third parties or land held for capital appreciation.

### 14 Intangible assets

Group	Goodwill €000	Leasehold property €000	Software €000	Total €000
<b>Cost</b>				
Balance at 1 January 2013	12.328	598	1.409	14.335
Acquisitions	-	-	5	5
Written off	-	-	(1.296)	(1.296)
Balance at 31 December 2013	<b>12.328</b>	<b>598</b>	<b>118</b>	<b>13.044</b>
Balance at 1 January 2014	<b>12.328</b>	<b>598</b>	<b>118</b>	<b>13.044</b>
Acquisitions	-	-	13	13
Impairment	-	(424)	-	(424)
Balance at 31 December 2014	<b>12.328</b>	<b>174</b>	<b>131</b>	<b>12.633</b>
<b>Amortisation and impairment charge</b>				
Balance at 1 January 2013	-	136	1.394	1.530
Amortisation for the year	-	20	13	33
Written off	-	-	(1.296)	(1.296)
Balance at 31 December 2013	-	156	111	267
Balance at 1 January 2014	-	156	111	267
Amortisation for the year	-	18	7	25
Balance at 31 December 2014	-	174	118	292
<b>Carrying amounts</b>				
At 1 January 2013	12.328	462	15	12.805
At 31 December 2013	12.328	442	7	12.777
At 1 January 2014	<b>12.328</b>	<b>442</b>	<b>7</b>	<b>12.777</b>
At 31 December 2014	<b>12.328</b>	<b>-</b>	<b>13</b>	<b>12.341</b>



Company	Goodwill €000	Software €000	Total €000
<b>Cost</b>			
Balance at 1 January 2013	12.328	1.332	13.660
Acquisitions	-	5	5
Written off	-	(1.296)	(1.296)
Balance at 31 December 2013	12.328	41	12.369
Balance at 1 January 2014	12.328	41	12.369
Acquisitions	-	13	13
Balance at 31 December 2014	12.328	54	12.382
<b>Amortisation and impairment charge</b>			
Balance at 1 January 2013	-	1.319	1.319
Amortisation for the year	-	12	12
Written off	-	(1.296)	(1.296)
Balance at 31 December 2013	-	35	35
Balance at 1 January 2014	-	35	35
Amortisation for the year	-	6	6
Balance at 31 December 2014	-	41	41
<b>Carrying amounts</b>			
At 1 January 2013	12.328	13	12.341
At 31 December 2013	12.328	6	12.334
At 1 January 2014	12.328	6	12.334
At 31 December 2014	12.328	13	12.341

## 15 Group entities

Name and country of incorporation	Principal Activity	Ownership	
		2014	2013
Vassiliko (Building Materials) Ltd - Cyprus	Investment company	100,0%	100,0%
AES Atlas Etimo Skirodema Ltd - Cyprus	Dormant company	100,0%	100,0%
Estia Etimo Skirodema Ltd - Cyprus	Dormant company	100,0%	100,0%
Vassiliko Energy Ltd - Cyprus	Provision of services	100,0%	100,0%
Venus Beton Ltd - Cyprus	Dormant company	51,0%	51,0%
CCC Building Materials Ltd - Cyprus	Investment company	100,0%	100,0%
CCC Aggregates Ltd - Cyprus	Dormant company	51,0%	51,0%



## 16 Investments in subsidiaries

Company Name and country of incorporation	Principal Activity	Ownership	
		2014	2013
Vassiliko (Building Materials) Ltd - Cyprus	Investment company	100,0%	100,0%
Estia Etimo Skirodema Ltd - Cyprus	Dormant company	100,0%	100,0%
Vassiliko Energy Ltd - Cyprus	Provision of services	100,0%	100,0%
CCC Building Materials Ltd - Cyprus	Investment company	100,0%	100,0%
		<b>2014</b>	<b>2013</b>
		<b>€000</b>	<b>€000</b>
Balance at 1 January		3.652	17.636
Impairment charge		-	(13.984)
Balance at 31 December		<u>3.652</u>	<u>3.652</u>
Vassiliko (Building Materials) Ltd - Cyprus		150	150
Estia Etimo Skirodema Ltd - Cyprus		-	-
Vassiliko Energy Ltd - Cyprus		2	2
CCC Building Materials Ltd - Cyprus		3.500	3.500
		<u>3.652</u>	<u>3.652</u>

## 17 Investments in equity-accounted investees

Name and country of incorporation	Principal Activity	Ownership	
		2014	2013
Latomio Pyrgon Ltd - Cyprus	Aggregates quarry	30,0%	30,0%
Enerco - Energy Recovery Ltd - Cyprus	Waste to energy	50,0%	50,0%
Latomia Latouros Ltd - Cyprus	Aggregates quarry	50,0%	50,0%
		<b>2014</b>	<b>2013</b>
		<b>€000</b>	<b>€000</b>
Balance at 1 January		3.890	9.269
Impairment charge		-	(5.000)
Share of loss from equity-accounted investees		(378)	(374)
Share of tax from equity-accounted investees		(7)	(5)
Dividends from equity-accounted investees		(77)	-
Balance at 31 December		<u>3.428</u>	<u>3.890</u>
Latomio Pyrgon Ltd - Cyprus		555	690
Enerco - Energy Recovery Ltd - Cyprus		163	193
Latomia Latouros Ltd - Cyprus		2.710	3.007
		<u>3.428</u>	<u>3.890</u>

In the Company's statement of financial position, the investments in associates are stated at cost:

	2014	2013
	€000	€000
Balance at 1 January	51	51
Balance at 31 December	<u>51</u>	<u>51</u>

The Group provided corporate guarantees to banks for loans held by equity-accounted investees. As at 31 December 2014 these amounted to €5.339.000 (2013: €5.756.000).



## 18 Available-for-sale financial assets

	Group		Company	
	2014	2013	2014	2013
	€000	€000	€000	€000
At 1 January	299	597	299	597
Change in fair value	(107)	-	(107)	-
Impairment charge	-	(298)	-	(298)
At 31 December	192	299	192	299

## 19 Inventories

	Group		Company	
	2014	2013	2014	2013
	€000	€000	€000	€000
Raw materials and work in progress	3.139	4.199	3.139	4.199
Finished goods	7.930	4.713	7.930	4.713
Fuel stocks	919	2.017	919	2.017
Spare parts and consumables	10.139	9.697	10.139	9.697
	22.127	20.626	22.127	20.626

## 20 Trade and other receivables

	Group		Company	
	2014	2013	2014	2013
	€000	€000	€000	€000
Trade receivables	7.534	7.672	6.994	7.126
Amount owed by subsidiary companies (note 28)	-	-	7.857	7.829
Amount owed by associate companies (note 28)	81	181	-	100
Other receivables and prepayments	30	1.201	14	1.185
	7.645	9.054	14.865	16.240
Less impairment	(2.038)	(2.010)	(7.866)	(7.831)
	5.607	7.044	6.999	8.409
<b>Impairment movement</b>				
At 1 January	2.010	1.144	7.831	3.490
Impairment recognised	-	1.000	-	4.451
Amounts recovered during the year	(7)	(24)	-	-
Accrued discounts	35	(110)	35	(110)
At 31 December	2.038	2.010	7.866	7.831

The Group's historical experience in collection of accounts receivable falls within the recorded allowances. Due to these factors, management believes that no additional credit risk beyond amounts provided for collections losses is inherent in the Company's trade receivables.

Information about the Group's exposure to credit and market risks for trade and other receivables, is included in note 35.



## 21 Assets classified as held for sale

	Group		Company	
	2014	2013	2014	2013
	€000	€000	€000	€000
Balance at 1 January	3.133	7.056	3.133	6.742
Acquisitions	-	-	-	314
Transfer from property, plant and equipment	250	-	250	-
Change in fair value	(159)	(487)	(159)	(487)
Transfer to investment property	(2.000)	-	(2.000)	-
Disposals	(314)	(3.436)	(314)	(3.436)
Balance at 31 December	<u>910</u>	<u>3.133</u>	<u>910</u>	<u>3.133</u>

Assets classified as held for sale include land valued at €660.000 (2013: €2.819.000) and plant and equipment of €250.000 (2013: €314.000) that are no longer required for the activities of the Group have been classified as assets held for sale.

## 22 Cash and cash equivalents

	Group		Company	
	2014	2013	2014	2013
	€000	€000	€000	€000
Cash and bank balances	<u>2.887</u>	3.533	<u>2.852</u>	3.506
Cash and cash equivalents	<u>2.887</u>	3.533	<u>2.852</u>	3.506
Cash and cash equivalents in the statement of cash flows	<u>2.887</u>	3.533	<u>2.852</u>	3.506

## 23 Capital and reserves

Share capital	2014	2013		
	No. of shares	No. of shares		
Authorised:				
Ordinary shares of €0,43 each	<u>72.000.000</u>	<u>72.000.000</u>		
	2014	2013	2014	2013
	No. of shares	No. of shares	€000	€000
Allotted, called up and fully paid:				
Ordinary shares of €0,43 each	<u>71.935.947</u>	<u>71.935.947</u>	<u>30.932</u>	30.932

### Reserves

#### Revaluation reserve

Revaluation reserve comprises the cumulative net change in the fair value of land and buildings and Vassiliko port. When revalued land or buildings are sold, the portion of the revaluation reserve that relates to that asset, and that is effectively realised, is transferred directly to retained earnings.

#### Revaluation of investments available-for-sale reserve

Revaluation of investments available-for-sale reserve represents accumulated gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.





## 24 Interest bearing loans and borrowings

	Group		Company	
	2014	2013	2014	2013
	€000	€000	€000	€000
<b>Non-current liabilities</b>				
Secured bank loans	59.332	73.712	59.332	73.712
<b>Current liabilities</b>				
Current portion of secured bank loans	9.042	13.400	9.042	13.400
Analysis of maturity of debt:				
Within one year or on demand	9.042	13.400	9.042	13.400
Between one and two years	9.021	12.927	9.021	12.927
Between two and five years	30.249	30.721	30.249	30.721
After five years	20.062	30.064	20.062	30.064
	<b>68.374</b>	<b>87.112</b>	<b>68.374</b>	<b>87.112</b>

The bank loans are secured as follows:

- By mortgage against immovable property of the Company for €26.800.000 (2013: €26.800.000).
- Fixed charge on the Company's financed plant and machinery for €46.732.000 (2013: €46.732.000).

### Weighted average effective interest rate

The rate of interest payable on the above loans is floating. At 31 December 2014, the prevailing rate of interest for these loans was on average 2,01% (2013: 2,60%).

## 25 Deferred taxation

	Group		Company	
	2014	2013	2014	2013
	€000	€000	€000	€000
Accelerated capital allowances	7.559	6.152	7.559	6.152
Revaluation of properties	8.377	8.706	8.335	8.702
Tax losses carried forward	(3.500)	(3.368)	(3.500)	(3.368)
	<b>12.436</b>	<b>11.490</b>	<b>12.394</b>	<b>11.486</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
At 1 January	11.490	10.554	11.486	10.587
Deferred tax charge in statement of comprehensive income (see note 10)	1.292	(774)	1.248	(811)
Transfer to revaluation reserve	(346)	1.710	(340)	1.710
At 31 December	<b>12.436</b>	<b>11.490</b>	<b>12.394</b>	<b>11.486</b>

## 26 Provisions for liabilities and charges

	Group		Company	
	Non-current		Non-current	
	2014	2013	2014	2013
	€000	€000	€000	€000
Provisions for quarry environmental restoration and other contingent liabilities	400	400	400	400



## 27 Trade and other payables

	Group		Company	
	2014	2013	2014	2013
	€000	€000	€000	€000
<b>Current</b>				
Trade payables	4.677	4.696	4.618	4.668
Amount owed to subsidiary companies (note 28)	-	-	-	3
Amount owed to associate companies (note 28)	83	-	83	-
Amounts owed to related companies (note 28)	146	203	146	203
Other payables	(255)	618	(255)	597
Accrued interest	301	459	301	459
	<b>4.952</b>	<b>5.976</b>	<b>4.893</b>	<b>5.930</b>

## 28 Related parties

### i. Transactions with related companies

The Company has entered into an agreement with Hellenic Mining Public Company Ltd, the scope of which is the provision of consultancy and other services. The fees payable by the Company for these services are €205.000 per annum. The duration of the agreement was for 5 years and expired on 30 June 2014 and was further renewed for another two years to 30 June 2016. The fees payable for these services will be €154.000 for the first year and €164.000 for the second year. The Company also enters into various other transactions with the Hellenic Mining Company Group (HMG). These transactions, which are entered into at mutually agreed prices, may include the provision of port facilities, hiring of machinery and the purchase and sale of spare parts and other goods.

The Company has entered into an agreement with Italcementi, S.p.A Italy, holding company of Italmed Cement Company Ltd and Compagnie Financiere et de Participations (Cofipar), the scope of which is the provision by Italcementi to the Company of consultancy services of technical nature. The agreement that expired on 31 December 2013 was renewed for another two years to 31 December 2015. The fees payable by the Company for these services until 2013 were €600.000 per annum, €450.000 for 2014 and €480.000 for 2015. Apart from this agreement, the Company purchases from Italcementi equipment and spare parts, pet-coke and other services and further sells cement and clinker.

The transactions between the Group and the related companies, including the above agreements were as follows:

	Sales		Purchases	
	2014	2013	2014	2013
	€000	€000	€000	€000
Hellenic Mining Group	-	-	362	352
Italcementi Group	8.374	11.529	502	1.477
KEO Plc	1	-	12	8
The Cyprus Cement Public Company Ltd	-	-	64	23
	<b>8.375</b>	<b>11.529</b>	<b>940</b>	<b>1.860</b>



ii. Transactions with key management personnel

In addition to salaries, the Group also contributes to the Providend Fund and Medical Fund which are defined contributions plans (see note 33). Key management personnel compensation, including total employer contributions for 2014 was €518.000 (2013: €622.000).

iii. Balances with related companies

The balances between the Group and the related parties were as follows:

	<b>Group</b>	
	<b>2014</b>	<b>2013</b>
	<b>€000</b>	<b>€000</b>
<b>Amounts due to related parties</b>		
Hellenic Mining Group	15	26
Italcementi Group	121	173
KEO Plc	10	4
	<u>146</u>	<u>203</u>

The above balances relate to trading activities between the Group and the respective parties.

iv. Balances with associate companies

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
<b>Balances due from/(to) associate companies</b>				
Enerco - Energy Recovery Ltd (see note 27)	(83)	100	(83)	100
Latomio Pyrgon Ltd (see note 20)	81	81	-	-
	<u>(2)</u>	<u>181</u>	<u>(83)</u>	<u>100</u>

The above balances relate to trading activities and dividends receivable.

v. Balances with Group entities

The balances between the Company and the Group entities were as follows:

	<b>Company</b>	
	<b>2014</b>	<b>2013</b>
	<b>€000</b>	<b>€000</b>
<b>Balances due from Group entities</b>		
Vassiliko (Building Materials) Ltd	956	954
Estia Etimo Skirodema Ltd	4.066	4.052
Vassiliko Energy Ltd	7	-
AES Atlas Etimo Skirodema Ltd	2.618	2.618
Venus Beton Ltd	197	194
CCC Aggregates Ltd	13	11
	<u>7.857</u>	<u>7.829</u>
Less impairment	(6.677)	(6.677)
	<u>1.180</u>	<u>1.152</u>
<b>Balances due to Group entities</b>		
Vassiliko Energy Ltd	-	1
CCC Building Materials Ltd	-	2
	<u>-</u>	<u>3</u>

The above balances relate to trading and financing activities between the Company and the respective entities.



## 29 Dividends

	2014 €000	2013 €000
Interim dividend 2014 at €0,02 (2013: nil) per share	1.439	-
Additional dividend from 2010 profits at €0,015 per share	1.079	-
	<u>2.518</u>	<u>-</u>

Dividends are subject to defence fund contribution at the rate of 17% (2013: 20%) when the beneficiary is a physical person resident of Cyprus.

## 30 Directors' shareholdings

At 31 December 2014, and five days prior to the date of the approval of the financial statements, the proportions of shares held directly or indirectly by the Directors and their related parties were as follows:

	Fully paid shares	
	31 December 2014	17 April 2015
Leondios Lazarou	0,0001%	0,0001%
Costas Koutsos	0,0139%	0,0139%
Stavros Galatariotis	0,0125%	0,0125%
	<u>0,0265%</u>	<u>0,0265%</u>

At 31 December 2014, the Company had no material agreements in which Directors of the Company, or their related parties, had a direct or indirect interest.

## 31 Shareholders holding at least 5% of the issued share capital

At 31 December 2014 and five days prior to the date of approval of the financial statements the following shareholders were holding at least 5% of the nominal value of the issued share capital.

	Fully paid shares	
	31 December 2014	17 April 2015
Hellenic Mining Public Company Ltd - directly	13,07%	13,07%
Hellenic Mining Public Company Ltd - indirectly (through Gypsum and Plasterboards Public Company Ltd)	4,78%	4,78%
KEO Plc	6,46%	6,46%
Italmed Cement Company Ltd	14,94%	14,94%
Compagnie Financiere et de Participations	9,71%	9,71%
Anastasios G. Leventis Foundation	5,34%	5,34%
The Cyprus Cement Public Company Ltd	25,30%	25,30%
	<u>79,60%</u>	<u>79,60%</u>



### 32 Capital commitments

	Group		Company	
	2014	2013	2014	2013
	€000	€000	€000	€000
Amounts contracted for but not provided in the financial statements	-	296	-	296

### 33 Employee contribution schemes

The Group has two schemes, the Vassiliko Cement Works Ltd Employees' Provident Fund and the Vassiliko Cement Works Ltd Employees' Medical Fund. The two schemes are funded separately and prepare their own financial statements. According to these schemes, the employees are entitled to payment of certain benefits upon retirement, prior termination of service or sickness. These are defined contribution schemes and the contributions of the Group for the year were €269.000 (2013: €516.000) and for the Company 267.000 (2013: €506.000).

### 34 Operating leases

#### Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		Company	
	2014	2013	2014	2013
	€000	€000	€000	€000
Less than one year	118	168	118	121
Between one and five years	170	427	170	239
More than five years	96	915	96	98
	<b>384</b>	<b>1.510</b>	<b>384</b>	<b>458</b>

The Group leases a number of properties under operating leases. The leases typically run for periods up to 50 years, with options to renew the lease after that date. The leases provide for rental increases to reflect market rentals. None of the leases include contingent rentals.

#### Leases as lessor

The Group leases out its investment property under operating leases (see note 13). The future minimum lease payments under non-cancellable leases are as follows:

	Group		Company	
	2014	2013	2014	2013
	€000	€000	€000	€000
Less than one year	145	199	145	199
Between one and five years	555	751	555	751
More than five years	295	443	295	443
	<b>995</b>	<b>1.393</b>	<b>995</b>	<b>1.393</b>

During the year ended 31 December 2014, €199.000 was recognised as net rental income in the statement of comprehensive income (2013: €189.000).



### 35 Financial instruments and risk management

The Group is exposed to the following risks from its use of financial instruments:

- Market risk
- Credit risk
- Liquidity risk

The Group also has exposure to the following other risks:

- Industry risk
- Operational risk
- Environmental risk
- Compliance risk
- Litigation risk
- Reputation risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

The main monetary financial assets of the Group and the Company are cash and cash equivalents, and the investments in securities and trade receivables. The main monetary financial liabilities are bank overdrafts, loans and trade payables.

#### **Market risk**

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters while optimising the return.

#### *Interest rate risk*

Interest rate risk results from changes in market interest rates. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly. The interest rate and repayment terms of the loans are disclosed in note 24.



- Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2014 would have decreased equity and profit or loss by the amounts shown below. The analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points, there would be an equal and opposite impact on equity and profit or loss.

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
Floating rate financial instruments	<b>684</b>	<b>871</b>	<b>684</b>	<b>871</b>

*Currency risk*

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency rate risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar (US\$).

Exposure to currency risk was as follows:

<b>Group</b>	<b>US\$000</b>	<b>US\$000</b>
	<b>31 December 2014</b>	<b>31 December 2013</b>
Trade receivables	<b>1.476</b>	<b>1.937</b>
Trade payables	<b>30</b>	<b>-</b>
Net exposure	<b>1.506</b>	<b>1.937</b>
<b>Company</b>	<b>US\$000</b>	<b>US\$000</b>
	<b>31 December 2014</b>	<b>31 December 2013</b>
Trade receivables	<b>1.476</b>	<b>1.937</b>
Trade payables	<b>30</b>	<b>-</b>
Net exposure	<b>1.506</b>	<b>1.937</b>

The following significant exchange rates were applied during the year:

	<b>Average rate</b>		<b>Reporting date spot rate</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
<b>US\$</b>	<b>0,753</b>	<b>0,746</b>	<b>0,817</b>	<b>0,721</b>



### **Credit risk**

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the statement of financial position date. The Company has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. The Company has policies to limit the amount of credit exposure to any financial institution.

The carrying amount of financial assets representing the maximum credit exposure to credit risk at the reporting date was:

	<b>Group</b>		<b>Company</b>	
	<b>Carrying amount</b>		<b>Carrying amount</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>€000</b>	<b>€000</b>	<b>€000</b>	<b>€000</b>
Trade and other receivables	<b>7.534</b>	7.672	<b>6.994</b>	7.126
Amount receivable from related parties	<b>81</b>	181	-	100
Prepayments	<b>30</b>	1.201	<b>14</b>	1.185
Available for sale financial assets	<b>192</b>	299	<b>192</b>	299
Cash and cash equivalents	<b>2.887</b>	3.533	<b>2.852</b>	3.506
Total credit risk exposure	<b>10.724</b>	12.886	<b>10.052</b>	12.216

No customer balance represents a significant percentage of the total trade receivables.

The Group has policies to limit the amount of credit exposure to any financial institution. The table below shows an analysis of the Company's bank deposits by the credit rating of the bank in which they are held:

<b>Bank group based on credit ratings by Moody's</b>	<b>No of banks</b>	<b>Group</b>		<b>No of banks</b>	<b>Company</b>	
		<b>2014</b>	<b>2013</b>		<b>2014</b>	<b>2013</b>
		<b>€000</b>	<b>€000</b>		<b>€000</b>	<b>€000</b>
Caa3	3	<b>2.121</b>	284	3	<b>2.089</b>	263
Caa2	2	<b>490</b>	129	2	<b>487</b>	129
Caa1	-	-	2.882	-	-	2.876
Ca	-	-	78	-	-	78
without credit rating	2	<b>276</b>	160	2	<b>276</b>	160
		<b>2.887</b>	3.533		<b>2.852</b>	3.506





### Liquidity risk

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

The following are the contractual maturities of financial liabilities, including estimated interest payments:

#### Group

Non-derivative financial liabilities	Carrying amount €000	Contractual cash flow €000	Payable on demand and up to 6 months €000	6 - 12 months €000	1 - 2 years €000	2 - 5 years €000	More than 5 years €000
<b>31 December 2014</b>							
Secured bank loans	68.374	(74.107)	(4.843)	(4.806)	(11.078)	(32.760)	(20.620)
Trade and other payables	4.952	(4.952)	(4.952)	-	-	-	-
	<u>73.326</u>	<u>(79.059)</u>	<u>(9.795)</u>	<u>(4.806)</u>	<u>(11.078)</u>	<u>(32.760)</u>	<u>(20.620)</u>
<b>31 December 2013</b>							
Secured bank loans	87.112	(100.795)	(8.304)	(7.779)	(27.026)	(35.523)	(22.163)
Trade and other payables	5.976	(5.976)	(5.976)	-	-	-	-
	<u>93.088</u>	<u>(106.771)</u>	<u>(14.280)</u>	<u>(7.779)</u>	<u>(27.026)</u>	<u>(35.523)</u>	<u>(22.163)</u>

#### Company

Non-derivative financial liabilities	Carrying amount €000	Contractual cash flow €000	Payable on demand and up to 6 months €000	6 - 12 months €000	1 - 2 years €000	2 - 5 years €000	More than 5 years €000
<b>31 December 2014</b>							
Secured bank loans	68.374	(74.107)	(4.843)	(4.806)	(11.078)	(32.760)	(20.620)
Trade and other payables	4.893	(4.893)	(4.893)	-	-	-	-
	<u>73.267</u>	<u>(79.000)</u>	<u>(9.736)</u>	<u>(4.806)</u>	<u>(11.078)</u>	<u>(32.760)</u>	<u>(20.620)</u>
<b>31 December 2013</b>							
Secured bank loans	87.112	(100.795)	(8.304)	(7.779)	(27.026)	(35.523)	(22.163)
Trade and other payables	5.930	(5.930)	(5.930)	-	-	-	-
	<u>93.042</u>	<u>(106.725)</u>	<u>(14.234)</u>	<u>(7.779)</u>	<u>(27.026)</u>	<u>(35.523)</u>	<u>(22.163)</u>

The Group has access to financing facilities of €83.049.000, of which €14.675.000 were unused at the end of the reporting period. The Group expects to meet its other obligations from operating cash flows and proceeds from maturity of financial assets.



### **Industry risk**

The activities of the Group are subject to various risks and uncertainties related to the construction industry and the economy in general. These activities are influenced by a number of factors which include, but are not restricted, to the following:

- National and international economic and geopolitical factors and markets;
- The growth of the construction and real estate sectors;
- The impact of war, terrorist acts, diseases and epidemics which are likely to influence tourists' arrivals on the island;
- Increases in labour and energy costs;
- Increased domestic competition as well as competition from neighbouring countries.

### **Operational risk**

Operational risk is the risk that derives from the deficiencies relating to the Group's information technology, production processes and control systems as well as the risk of a human error and natural disasters. The Group's systems are evaluated, maintained, and upgraded continuously.

The uncertain economic conditions in Cyprus, the unavailability of financing, the loss and/or blockage of funds, together with the current instability of the banking system and the anticipated overall future economic recession, could affect:

- the ability of the Group to obtain new borrowings, or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions,
- the ability of the Group's trade and other debtors to repay the amounts due to the Group, and
- the cash flow forecasts of the Group and the assessment of impairment of other financial and non financial assets.

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

The Group has available adequate financial resources to continue its operations as a going concern.

The Group's management believes that it is taking all the necessary measures to maintain the viability of the Group and the development of its business in the current business and economic environment.

### **Environmental risk**

Environmental risk is the risk to comply with environmental regulations of the Republic of Cyprus and the EU. The risk is limited through the monitoring controls applied by the Group. Further the Group is exposed to price fluctuations on emission rights depending on its emission rights surplus or deficit. The Group's position is therefore constantly monitored to ensure correct risk management.

### **Compliance risk**

Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with the laws and regulations of the Republic of Cyprus and the EU. The risk is limited through the monitoring controls applied by the Group.

### **Litigation risk**

Litigation risk is the risk of financial loss which arises from the interruption of the Group's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequently from lawsuits. The risk is restricted through the contracts used by the Group to execute its operations.

### **Reputation**

The risk of loss of reputation arising from the negative publicity relating to the Group's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Group. The management is monitoring such developments through its sustainable development and corporate governance policies and procedures to mitigate such risks.



### **Capital management**

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital which the Group defines as the amount of net income returned as a percentage of total shareholder equity.

The Board seeks to maintain a balance between the higher returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position.

## **36 Fair values**

The fair value of the investments in securities quoted on the Cyprus Stock Exchange is disclosed in note 18. The fair value of investment property is disclosed in note 13. The fair values of the other monetary assets and liabilities are approximately the same as their book values.

## **37 Events after the reporting period**

There were no material events after the reporting period, which affect the financial statements as at 31 December 2014.