ANNUAL REPORT AND FINANCIAL STATEMENTS

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VASSILIKO CEMENT WORKS
PUBLIC COMPANY LTD
Since 1963

ANNUAL REPORT AND FINANCIAL STATEMENTS 2018

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CONTENTS

NOTICE OF ANNUAL GENERAL MEETING 6

ANNUAL REPORT AND FINANCIAL STATEMENTS

- Officers, professional advisors and bankers 10
- Statement of the Members of the Board of Directors 11
- Management report 12
- Corporate governance report 17
- Remuneration report 23
- Directors' Curricula Vitae 25
- Independent auditors' report 30
- Consolidated statement of profit or loss and other comprehensive income 36
- Company statement of profit or loss and other comprehensive income 37
- Consolidated statement of financial position 38
- Company statement of financial position 39
- Consolidated statement of changes in equity 40
- Company statement of changes in equity 41
- Consolidated statement of cash flows 42
- Company statement of cash flows 43

NOTES TO THE FINANCIAL STATEMENTS 44

NOTICE OF ANNUAL GENERAL MEETING

The 53rd Annual General Meeting of the shareholders of Vassiliko Cement Works Public Company Ltd will be held at Parklane Resort & Spa, in Limassol, on 30 May 2019 at 5:00 p.m. to transact the following business:

1. Consider the Management report of the Board of Directors for the year 2018.
2. Receive, consider and approve the annual financial statements and the report of the auditors for the year 2018.
3. Approve a dividend payment of €0,12 per share for the year 2018.
4. Elect new Directors in the place of those who retire.
5. Approve the remuneration report.
6. Fix the remuneration of the Directors for the year 2019.
7. Re-appoint KPMG Limited as the auditors of the Company and fix their remuneration for the year 2019.
8. Transact any other business which, in accordance with the Company's Articles of Association, can be presented at the Annual General Meeting.

By order of the Board
M. MAVRIDOU
Secretary

11 April 2019

NOTES TO THE NOTICE OF THE ANNUAL GENERAL MEETING

ENTITLEMENT TO PARTICIPATE IN THE ANNUAL GENERAL MEETING

1. Any person appearing as a shareholder in the Register of Members of the Company on the record date is entitled to participate in the Annual General Meeting. Each ordinary share is entitled to one vote. The record date for determining the right to vote at the Annual General Meeting is 28 May 2019. Transactions which will be taking place on 27 May 2019 and thereafter will not be considered in determining the right to vote at the Annual General Meeting.

2. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his behalf. Shareholders may appoint any person as their proxy. Such proxy need not be a member of the Company. Shareholders who appoint a proxy to vote on their behalf, but wish to specify how their votes will be cast, should tick the relevant boxes on the Form of Proxy.

3. The instrument appointing a proxy, which will be available on the website of the Company www.vassiliko.com (under Investors Relations), must be deposited at the Registered Offices of the Company (1A, Kyriakos Matsis Avenue, 4th Floor, CY-1082 Nicosia, Cyprus, fax +357 22 762741) 24 hours prior to the commencement of the business of the Annual General Meeting.

4. If such appointor is a company, the Form of Proxy must bear the name of the company, and be signed by its duly authorised officer/s. In the case of joint shareholders, the Form of Proxy can only be signed by the person whose name appears first in the Register of Members. Shareholders should confirm that the form of proxy has been successfully received by the Company by calling +357 22 458 100.

5. Shareholders and/or their proxies who will attend the Annual General Meeting are requested to carry with them their identity card, or other proof of identification.

6. Any corporation, which is a shareholder of the Company, may by resolution of its Directors or other governing body, authorise such person, as it thinks fit to act as its representative at any meeting of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the corporation which he/she represents, as that corporation could exercise, if it were an individual member of the Company.

VOTING PROCEDURES AT THE ANNUAL GENERAL MEETING

7. At the Annual General Meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:
   a. by the Chairman, or
   b. by at least three members present in person or by proxy, or
   c. by any member or members present in person or by proxy and representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting.
   d. by a member or members holding shares in the Company conferring a right to vote at the meeting being shares on which an aggregate sum has been paid up equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

8. If a poll is demanded in the manner aforesaid, it shall be taken in such a manner, as the Chairman shall direct, and the result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded. The demand for a poll may be withdrawn.

SHAREHOLDERS RIGHTS AT THE ANNUAL GENERAL MEETING

9. Pursuant to article 127B of Companies Law Cap 113, shareholders of the Company have the right to put an item on the agenda of the Annual General Meeting, provided that the item is accompanied by a written explanation justifying the inclusion of the item or the proposed resolution for approval at the Annual General Meeting provided that:
   a. the shareholder or group of shareholders hold at least 5% of the issued share capital of the Company, representing at least 5% of the voting rights of shareholders entitled to vote at the meeting for which an item has been added on the agenda, and
   b. the shareholders' request to put an item on the agenda or resolution (as described above) is received by the Company's Secretary in hard copy or electronically at the addresses indicated below at least 42 days prior to the Annual General Meeting.

   Vassiliko Cement Works Public Company Limited
   1A, Kyriakos Matsis Avenue, 4th Floor, CY-1082 Nicosia, Cyprus
   or by fax at +357 22 762 741
   or by email at investors@vassiliko.com

10. Pursuant to article 128C of the Companies Law Cap 113, shareholders have a right to ask questions related to items on the agenda and to have such questions answered by the Board of Directors of the Company subject to any reasonable measures the Company may take to ensure the identification of shareholders.

OTHER INFORMATION AND AVAILABLE DOCUMENTS

11. As at 11 April 2019, the issued share capital of the Company is €30.932.457 divided into 71.935.947 ordinary shares of nominal value €0,43 each.

12. The Annual Report and Financial Statements of the Company for 2018 (incorporating the Notice to and the Agenda of the Annual General Meeting, Explanatory Notes on the Agenda Items, the Management Report, the Corporate Governance Report, the Remuneration Report, the Auditors' Report and the Financial Statements), and the Form of Proxy shall be made available in electronic form on the website of the Company www.vassiliko.com (Investor Relations) and in hard copy at the Company's Registered Offices, 1A Kyriakos Matsis Avenue, 4th Floor, 1082 Nicosia.

EXPLANATORY NOTES

The formal Notice of the 2019 Annual General Meeting is set out on page 6. The Notice asks the shareholders of Vassiliko Cement Works Public Company Ltd to approve a number of items of business. For your information, the explanatory notes below summarise the purpose of each Resolution to be voted on by Vassiliko Cement Works shareholders at this year's Annual General Meeting.

RESOLUTION 1: TO CONSIDER THE MANANGEMENT REPORT

The Chairman will present the Management Report for the year 2018 to the meeting.

RESOLUTION 2: TO RECEIVE, CONSIDER AND APPROVE THE ANNUAL FINANCIAL STATEMENTS AND THE REPORT OF THE AUDITORS

The Chairman will present the Annual Financial Statements and KPMG Limited will present their Audit Report for the year ended 31 December 2018 to the meeting.

RESOLUTION 3: APPROVE A DIVIDEND PAYMENT FOR THE YEAR 2018

The Directors proposed the payment of a dividend for 2018, of €0,12 per Ordinary Share. If approved at the Annual General Meeting, the dividend will be paid to the entitled shareholders registered as at 12 June 2019 (record date). The share of the Company will be traded ex-dividend as of 11 June 2019. Payment of the dividend will be made (effected) till the 9 July 2019.

RESOLUTION 4: RE-ELECTION OF DIRECTORS

In accordance with the articles of association Messrs George St. Galatariotis, Charalambos Panayiotou and Christophe Allouchery, are the Directors who will retire by rotation this year and offer themselves for re-election in accordance with the Company's Articles of Association.

Brief details of all Directors appear on pages 25 to 29 of the Annual Report.

RESOLUTION 5: APPROVE THE REMUNERATION REPORT

The Shareholders are asked to approve the remuneration report that appears on pages 23 to 24.

RESOLUTION 6: TO FIX THE REMUNERATION OF THE DIRECTORS

The Shareholders are asked to approve the remuneration of the Directors for the year 2019 to remain the same as for the previous year, i.e.:
€25.000 for the Chairman
€20.000 for each of the Directors
€300 attendance fee per meeting held

RESOLUTION 7: APPOINTMENT OF AUDITORS

This resolution relates to the re-appointment of KPMG Limited as the Company's auditors to hold office until the next Annual General Meeting of the Company, and to authorise the Directors to set their remuneration.

OFFICERS, PROFESSIONAL ADVISORS AND BANKERS

Directors:	ANTONIOS A. ANTONIOU (Executive Chairman) GEORGE ST. GALATARIOTIS COSTAS ST. GALATARIOTIS STAVROS G. GALATARIOTIS COSTAS KOUTSOS CHARALAMBOS PANAYIOTOU MAURIZIO MANSI MONTENEGRO ANTONIS MIKELLIDES CHRISTOPHE ALLOUCHERY ANTONIOS KATSIFOS STELIOS S. ANASTASIADES
Chief Executive Officer:	ANTONIOS A. ANTONIOU
Chief Financial Officer:	GEORGE S. SAVVA
Secretary:	MARIA MAVRIDOU
Independent Auditors:	KPMG LIMITED 14, ESPERIDON STREET 1087 NICOSIA CYPRUS
Legal Advisors:	TASSOS PAPADOPOULOS & ASSOCIATES CHRYSSES DEMETRIADES & CO. LLC L. PAPAPHILIPPOU & CO LLC LEONIDAS G. GEORGIOU CHRISTYS & CO LLC
Bankers:	ALPHA BANK LTD BANK OF CYPRUS PUBLIC COMPANY LTD EUROBANK EFG CYPRUS LTD HELLENIC BANK PUBLIC COMPANY LTD NATIONAL BANK OF GREECE (CYPRUS) LTD NATIONAL BANK OF GREECE SA UBS SWITZERLAND AG
Registered office:	1A, KYRIAKOS MATSIS AVENUE CY-1082 NICOSIA CYPRUS
Registered number:	1210
Internet website:	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 2018, confirm that, to the best of our knowledge:

a. The annual financial statements that are presented on pages 36 to 86:

   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 Management 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 A. Antoniou	Executive Chairman & Chief Executive Officer	....
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	....
Maurizio Mansi Montenegro	Non Executive Director	....
Antonis Mikellides	Independent Non Executive Director	....
Christophe Allouchery	Non Executive Director	....
Antonios Katsifos	Non Executive Director	....
Stelios S. Anastasiades	Independent Non Executive Director	....

COMPANY OFFICIALS

George S. Savva	Chief Financial Officer	....

11 April 2019

The Board of Directors of Vassiliko Cement Works Public Company Ltd (the 'Company') presents to the members its management report together with the audited financial statements for the year ended 31 December 2018.

FINANCIAL STATEMENTS

The consolidated financial statements for the year 2018 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 overseas markets. The Group also has a presence in aggregates quarrying through its associated companies.

REVIEW OF DEVELOPMENTS, POSITION AND PERFORMANCE OF THE OPERATIONS

The revenue for 2018 reached €97.926.000 compared to €102.467.000 for 2017, showing a decrease of 4,4%.

Year 2018 results were affected by higher energy and carbon emission costs with an impact on gross profit margin. Electricity cost had the most noticable impact. The cost of solid fuels also increased but their impact was moderated through the use of alternative fuels. The Company is pursuing further its strategy to replace traditional solid fosil fuels with alternative sources, which offer both financial and enviromental benefits to the Company.

FINANCIAL RESULTS

The results of the Group are presented in the consolidated statement of profit or loss and other comprehensive income. The profit after taxation for the year ended 31 December 2018 amounted to €15.722.000 compared to €19.873.000 in 2017.

DIVIDENDS

On 4 October 2018, the Board of Directors approved the payment of an interim dividend of 3 cents per share of €2.158.078.

On the same date, the Extraordinary General Meeting approved the payment of a dividend of 6,5 cents per share of €4.675.837 out of the profits of year 2016.

The Board of Directors recommends the payment of an additional dividend of €8.632.314 or €0,12 per share. The total dividend to be paid including the interim dividend above will be €10.790.392 or €0,15 per share. The respective dividends paid for the previous year were €17.264.628 or €0,24 per share.

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 36 of the financial statements.

FUTURE DEVELOPMENTS

The cement industry is facing new challenges with oversupply of cement and high cost of carbon and emission rights which has increased five times in a period of two years.

PHOTOVOLTAIC PARK

The Company is proceeding with a new investment in renewable energy. This relates to a photovoltaic park with a capacity of 8MW that is expected to be in operation the first quarter of 2020, at a cost of €6,7 million. The produced energy will cover 8% to 10% of current electricity requirements and will reduce carbon dioxide emissions.

The Company has also been working hard on reducing carbon emissions at its kiln by replacing traditional fossil fuels with treated streams of waste, currently achieving a rate of replacement of 45% in 2018.

EVENTS AFTER THE REPORTING PERIOD

No important events have occured after the reporting period (see note 39 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 2018. 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 2018 and 6 April 2019, is set out in note 32 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 10. In accordance with the Company's Articles of Association (Article 92), at the next Annual General Meeting, Messrs George St. Galatariotis (Non-Executive Director), Charalambos Panayiotou (non-Executive Director) and Christophe Allouchery (Non-Executive Director) retire from office by rotation and, being eligible, offer themselves for re-election.

The Directors who served during the period from 31 May 2018, the date of the last Annual General Meeting, till this date were the following:

Antonios A. Antoniou
George St. Galatariotis
Costas St. Galatariotis
Stavros G. Galatariotis
Costas Koutsos
Charalambos Panayiotou
Maurizio Mansi Montenegro
Antonis Mikellides
Christophe Allouchery
Antonios Katsifos
Stelios S. Anastasiades

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).

The Company has adopted the 4th 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 and the Provision B.1.2 of the Corporate Governance Code regarding the independence criteria of the members of the Remunerations Committee were not fully met. On January 2019 the Company adopted the 5th Revised Edition of the Corporate Governance Code which is applicable for the Corporate Governance Report for the year ending 31/12/2019 onwards.

The Corporate Governance Report of the Company for 2018 is available on the website of the Company (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, prorata 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 2018 and 6 April 2019, are set out in note 33 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 for the financial year 2019 will be proposed at the Annual General Meeting.

On behalf of the Board of Directors

ANTONIOS ANTONIOU
Executive Chairman

11 April 2019

SECTION A

The Company has adopted the 4th 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 and the Provision B.1.2 of the Corporate Governance Code regarding the independence criteria of the members of the Remunerations Committee were not fully met. On January 2019 the Company adopted the 5th Revised Edition of the Corporate Governance Code which is applicable for the Corporate Governance Report for the year ending 31/12/2019 onwards.

SECTION B

THE BOARD

The Company is headed by the Board of Directors which at 31 December 2018 comprised one Executive and ten non-Executive Directors and is responsible to the shareholders for the proper management of the company «Τσιμεντοποιία Βασιλικού Δημόσια Εταιρεία Λτδ» (English translation "Vassiliko Cement Works Public Company Ltd") and its subsidiaries. The non-Executive Directors comprised two independent Directors and eight non-independent Directors. The members of the Board (excluding the Chairman) comprised two independent non-Executive Directors and eight non-independent Directors, all of which are non-Executive Directors. The independent non-Executive Directors of the Board were Mr. Antonis Mikellides and Mr. Stelios S. Anastasiades.

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

Antonios Antoniou	– Executive 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
Maurizio Mansi Montenegro	– Non-Executive Director
Antonis Mikellides	– Independent non-Executive Director
Christophe Allouchery	– Non-Executive Director
Antonios Katsifos	– Non-Executive Director
Stelios S. Anastasiades	– 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 two 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. Stelios S. Anastasiades, independent non-Executive Director, was appointed on 30 May 2017 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, or the General Manager / Deputy General Managers 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 2018. 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 her 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, CHIEF EXECUTIVE OFFICER AND GENERAL MANAGER

The division of responsibility between the Executive Chairman and the General Manager of the Company is presented below. Following the assignment of the duties and responsibilities of the General Manager on the 1st of August 2017 to the Executive Chairman of the Company, in his additional role as the Chief Executive Officer of the Company, the duties and responsibilities of the General Manager lie with the Executive Chairman.

The Executive Chairman 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 General Manager/Deputy General Managers 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 General Manager / Deputy General Managers 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 various other proposals of the General Manager / Deputy General Managers.
- Represents together with the General Manager / Deputy General Managers 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 and / or the Chief Executive Officer of the Company, among others, has the following duties & responsibilities, which currently lie with the Executive Chairman:

- To manage together with the Deputy General Managers 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.
- To ensure with the support and collaboration of the Deputy General Managers the daily smooth operation of the Company in line with the policy, the targets and the budgets approved by the Board of Directors.
- To ensure timely and effective implementation of the strategic resolutions of the Board of Directors in agreement with the Executive Chairman.
- In cooperation with the Executive Chairman to manage the business development of the Company's activities, its subsidiaries and associates.
- To inform regularly the Executive Chairman regarding all the major issues of the Company, including the current status of the operations of the Company.
- To implement procedures to ensure existence of an efficient internal control system.
- To define and introduce appropriate rules, measures and procedures to govern operations at risk.
- To identify the main business risks and approve the relevant action plans to mitigate them.

APPOINTMENTS TO THE BOARD

The Nominations Committee is chaired by Mr. George St. Galatariotis (non-Executive Director) and is composed of two other Directors, Messrs C. Koutsos (non-Executive Director) and A. Katsifos (non-Executive Director). All 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, three out of the eleven Directors of the Company (excluding the Executive Chairman and Chief Executive Officer of the Company) retire by rotation every year (each Director retires every three years) and, if eligible, may offer themselves for re-election. The Board has set the 75th 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 Chairman and the General Manager and Deputy General Managers regularly review the operating performance of each business and monitor progress against business plans.

AUDIT COMMITTEE AND AUDITORS

The Audit Committee comprises of Messrs Costas St. Galatariotis (Chairman of the Committee - non-Executive Director), A. Mikellides (Independent non-Executive Director) and Mr. St. S. Anastasiades (Independent non-Executive Director). The majority of the members of the Audit Committee are Independent non-Executive Directors. The Committee met four times during 2018. The Committee meetings provide 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 half-yearly 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), St. Galatariotis (non-Executive Director) and A. Mikellides (Independent non-Executive Director). The Committee is chaired by Mr. Ch. Panayiotou who has knowledge and experience in remuneration policy. Even though all the members of the Remunerations Committee are non-executive Directors, only one director out of the three members of the Remunerations Committee is independent non-executive director 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 will normally be invited to attend its meetings in order to make recommendations regarding the remuneration of the General Manager / Deputy General Managers. The Committee periodically reviews the Directors Remuneration under their capacity as non-Executive Directors and members of the Board's Committees, as well as the remuneration policy for the Executive Directors and the General Manager / Deputy General Managers. Independent external legal and consultancy advice is obtained when necessary. The Group Executive Chairman is not present when his own remuneration is discussed.

The Remuneration policy of the Directors of the Company is included in the Remunerations Report (page 23).

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 three years. According to the Articles of Association, one third of the ten Company Directors (excluding the Executive Chairman / Chief Executive Officer of the Company) 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 George St. Galatariotis (Non-Executive Director), Charalambos Panayiotou (non-Executive Director) and Christophe Allouchery (Non-Executive Director), shall retire from office by rotation. All above mentioned Directors, being eligible, shall offer themselves 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 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.

The Remuneration Report of the Company for the year 2018 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 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 a variable remuneration is not granted. 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 the evaluation of the performance of the Executive Chairman and the General Manager conducted by the Remunerations Committee at the year following the performance period. The Remunerations Committee evaluates the performance of the Executive Chairman and the General Manager considering the Company's financial performance, costs containment measures, measures towards the Group's long-term viability, as well as non-financial criteria relating to development and creating long term value for the Group. Bonuses granted in 2018 concern rewards for the financial performance of the Company for the year 2017. The Company reserves the right for full or partial recovery of any bonuses granted on the basis of information which subsequently proves to be inaccurate.

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 2018 compared to the previous year.

The total remunerations of the Executive Directors under their capacity as Executives for the year 2018 were €404.571.

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 2018 were €20.000, and €25.000 for the Chairman and €300 per meeting for attendance in person.

The remunerations 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 2018 were as follows:

Directors	Fees as Members of the Board and its Committees	Fees and emoluments as executives	Bonuses	Other Benefits	Social Benefits	Provident Fund	Total Remuneration
	€	€		€	€	€	€
Executive Directors							
Antonios Antoniou	28.300	276.000	100.000	4.800	4.243	19.528	432.871
Non-Executive Directors							
George St. Galatariotis	23.600	-	-	-	-	-	23.600
Costas St. Galatariotis	23.900	-	-	-	-	-	23.900
Stavros G. Galatariotis	23.300	-	-	-	-	-	23.300
Costas Koutsos	23.600	-	-	-	-	-	23.600
Charalambos Panayiotou	23.600	-	-	-	-	-	23.600
Maurizio Mansi Montenegro	21.500	-	-	-	-	-	21.500
Antonis Mikellides	23.900	-	-	-	-	-	23.900
Christophe Allouchery	20.900	-	-	-	-	-	20.900
Antonios Katsifos	22.100	-	-	-	-	-	22.100
Stelios S. Anastasiades	23.000	-	-	-	-	-	23.000
	257.700	**276.000**	**100.000**	**4.800**	**4.243**	**19.528**	**662.271**

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.

ANTONIOS ANTONIOU – EXECUTIVE CHAIRMAN

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

Mr. A. Antoniou worked for 5 years as a Biochemist 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 and Deputy General Manager from 1983 until 1998. From 1998 until December 2006 he served as Senior Vice President (Operations and Systems) of Nielsen Europe and was a member of the European Executive Committee.

As from February 2008 he has been the Executive Chairman of Vassiliko Cement Works Public Company Ltd, and since August 2017 has taken on the additional role of the Chief Executive Officer of the Company.

He is a Member of the Board of Directors of the Cyprus Employers & Industrialists Federation and Vice Chairman of its Executive Committee.

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 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. As from 2017 Mr. Galatariotis is a member of the Board of Directors of the Cyprus Employers & Industrialists Federation.

COSTAS ST. GALATARIOTIS

Mr. Costas St. Galatariotis was born in Limassol in 1963. He graduated the 5th 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, Executive Chairman of C.C.C. Tourist Enterprises Public Company Ltd and member of Boards of Directors of several private and public companies. He is a member of the board of directors of the Association of Cyprus Tourist Enterprises (ACTE). Mr. Costas St. Galatariotis is Chairman of the Audit Committee of Vassiliko Cement Works Public Company Limited since 2008.

Mr. Costas St. Galatariotis has served as Honorary Consul General of Japan in Cyprus from 2007 until 2012. Since September 2014 he is the President of the Board of the Limassol Chamber of Commerce and Industry and as from July 2018 he is the Vice Chairman of the Cyprus Investment Promotion Agency (CIPA).

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.

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 6th of July 1971. He studied Management Sciences (BSc) at the London School of Economics and Political Science (1993). He joined Coopers & Lybrand as a Chartered Accountant trainee in the audit and tax department from 1993 to 1996. 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, Executive 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. As from 2017 Mr. Panayiotou is a member of the Board of Directors of the Cyprus Employers & Industrialists Federation.

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 between 2009 and 2016 he was the Managing Director of Interbulk Trading S.A.

Since the 1st of January 2017, he is the Deputy C.E.O. of HC Trading BV, the trading company of Heidelberg Cement Group. He is also a member of the Board of Directors of Intercom S.r.l., Intercom Libya F.Z.C, Hilal Cement Co., and Al Mahaliya Ready Mix Concrete Co.

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.

CHRISTOPHE ALLOUCHERY

Mr. Christophe Allouchery was born in France in 1971. Christophe graduated in Economics from Paris II University, and holds two Master's degrees in Finance awarded in 1996 from Paris School of Business.

He started his career in Grant Thorton in 1997 as financial auditor and in 2000 he joined Ciments Calcia in Guerville (France), member of Italcementi Group, as Head of Analytical Accounting and then Head of Cement Controlling. In 2010 he moved to Italcementi Group Headquarters in Bergamo (Italy) and was promoted Senior Zone Controller – Assistant to the Zone Manager, responsible for Egypt, Greece, Bulgaria, Kuwait, Saudi Arabia, Kazakhstan and Turkey. He is the Finance Director of the Bulgarian and Albanian activities of Heidelberg Cement since October 2016 and Chief Financial Officer and Board member of Halyps Building Materials in Athens (Greece) since 2013. He is also member of the board of Devnya Cement, Vulkan Cement and Lyulyaka Materials, all located in Bulgaria.

ANTONIOS KATSIFOS

Mr. Antonios Katsifos was born in Athens in 1955. He studied at the National Technical University of Athens where he obtained a Degree as Mining and Metallurgy Engineer and he successfully completed the Accelerated Development program at London Business School.

He worked for 10 years, from 1981 until 1991, as a Mining Engineer in underground operations at Greek Bauxite of Elikon S.A. at Distomon Viotias and at METVA S.A. at Molaoi Lakonias, Greece. He worked for HALYPS cement, member of Intalcementi group of companies in Greece and now Heidelberg Cement, for more than 25 years. In 1991, he joined ET BETON, a ready mix concrete production company as Production Manager in Athens, and in 1995 he became Vice President and Managing Director at DOMIKI BETON at Heraclion Creta, a position held until 2001.

In 1999 he became General Director of HALYPS QUARRY in Attica and in 2001 Sales and Marketing Director of HALYPS CEMENT. He served as Sales and Marketing Director in Cement and Aggregates activity at HALYPS BUILDING MATERIALS S.A. until 2017 having served simultaneously the position of Sales Director for the concrete activity from 2013 to 2015. He was a member of the Board of Directors of the Hellenic Cement Industry Association from 2002 until 2017 and a member of the Board of Directors of the Mining and Quarry Association in Greece, as representative of HALYPS, from 2014 until 2017. Presently Mr. Katsifos is actively involved as Partner in the Consultancy firm ECHMES Ltd, which provides integrated solutions in the field of Environmental Management and Permitting, of Mining, Metallurgical, Land Planning, Tourist and Industrial projects within the framework of sustainable development.

STELIOS S. ANASTASIADES

Mr. Stelios S. Anastasiades is a Mechanical Engineer, aged 65. He was awarded a First Class Honours B.Sc. (Eng) degree from the Queen Mary College and a M.Sc. degree and D.I.C from the Imperial College, University of London.

Mr. Anastasiades is the Managing Director of KONE Elevators Cyprus Ltd, the leading company in Cyprus in the field of lifts and escalators, with 120 employees and an annual turnover of €15,7 million.

He is the President of the Nicosia Chamber of Commerce and Industry, a member of the executive committee of the Cyprus Chamber of Commerce and Industry, a member of the Cyprus Technical Chamber and President of the Board of Directors of the Financial Ombudsman of the Republic of Cyprus. In the past he served as Vice Chairman of Eurocypria Airlines, member of the Board of Social Insurance, member of the Board of the Loan Commissioners and member of the board of the Cyprus Organization for Standards and Quality Control.

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INDEPENDENT AUDITORS' REPORT

To the members of Vassiliko Cement Works Public Company Limited

Report on the audit of the consolidated and separate financial statements

OPINION

We have audited the accompanying consolidated financial statements of Vassiliko Cement Works Public Company Limited (the "Company") and its subsidiaries (the "Group"), which are presented on pages 36 to 86 and comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements give a true and fair view of the consolidated financial position of the Group and the Company as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "Companies Law, Cap. 113").

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the "Auditors' responsibilities for the audit of the consolidated and separate financial statements" section of our report. We remained independent of the Group throughout the period of our appointment in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code"), and the ethical requirements in Cyprus that are relevant to our audit of the consolidated and separate financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

INDEPENDENT AUDITORS' REPORT (continued)

To the members of Vassiliko Cement Works Public Company Limited

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement were of most significance in our audit of the consolidated and separate financial statements of the current period. These matters were addressed in the context of our audit of the consolidated and separate financial statements, as a whole, and in forming our opinion thereon and we do not provide a separate opinion on these matters.

Revenue recognition	
Please refer to Note 6 of the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
The vast majority of the Group's revenue, is generated from the sales of Clinker and Cement. The Group generally recognizes revenue when products are delivered to the customers for the domestic sales, or in accordance with the terms and conditions of sale for export sales. Accordingly the terms and conditions by customers vary and may affect the timing of recognition of revenue. Given the significance of revenue as a major component in the statement of comprehensive income, and since revenue is one of the key performance indicators of the Group and is, therefore, subject to manipulation, we considered the revenue recognition as a key area of focus during our audit.	Our audit procedures consist of the following: • Evaluation and assessment of the operating effectiveness of the internal controls relevant to the recognition and measurement of revenue. • Performing substantive analytical procedures, developing an expectation of the level of revenue based on historical data and macroeconomic factors. • Evaluation of the appropriateness of recognition of both revenue and discounts by reference to the relevant invoices and/or agreements with customers, in order to assess whether revenue and discounts have been recognized in the correct accounting period.

Valuation of investment properties	
Please refer to Note 15 of the financial statements.	
The key audit matter	**How the matter was addressed in our audit**
At 31 December 2018, the management has assessed the fair value of its investment properties at Euro 8.284.678. Given the significance of the above amounts as well as the inherent subjectivity included in determining the fair value, as well as, the judgment involved in this area, the valuation of investment property has been identified as an area of focus during our audit.	Our audit procedures consist of the following: • Assessment of the capability, competence and independence of the external valuator. • Assessment of the methodology used by the external valuator. • Assessment of the reasonableness of the comparable data used in the valuations. • Assessment of the accuracy of the mathematical calculations.

Other information

The Board of Directors is responsible for the other information. The other information comprises the management report, the corporate governance report, the Remuneration report and the Directors Curricula Vitae but does not include the consolidated and separate financial statements and our auditors' report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon, except as required by the Companies Law, Cap.113.

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

With regards to the remuneration report and the Directors' Curricula Vitae we have nothing to report.

With regards to the management report and the corporate governance report, our report in this regard is presented in the "Report on other legal and regulatory requirements" section.

Responsibilities of the Board of Directors and those charged with governance for the consolidated and separate financial statements

The Board of Directors is responsible for the preparation of consolidated and separate financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the 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.

In preparing the consolidated and separate financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors and those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated and separated financial statements

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

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

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

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INDEPENDENT AUDITORS' REPORT (continued)

To the members of Vassiliko Cement Works Public Company Limited

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Report on other legal and regulatory requirements

Other regulatory requirements

Pursuant to the requirements of Article 10(2) of European Union ("EU") Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of ISAs.

Date of appointment and period of engagement

We were first appointed auditors of the Company by the General Meeting of the Company's members in 1988. Our appointment has been renewed annually by shareholder resolution. Our total uninterrupted period of engagement is 32 years covering the periods ending 31 December 1987 to 31 December 2018.

Consistency of auditors' report with the additional report to the Audit Committee

We confirm that our audit opinion is consistent with the additional report presented to the Audit Committee dated 11 April 2019.

Provision of non-audit services ("NAS")

We have not provided any prohibited NAS referred to in Article 5 of EU Regulation 537/2014 as applied by Section 72 of the Auditors Law of 2017, L.53(I)2017, as amended from time to time ("Law L.53(I)/2017").

Other legal requirements

Pursuant to the additional requirements of the Auditors Law L.53(I)2017, and based on the work undertaken in the course of our audit, we report the following:

- In our opinion, the management report, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap. 113, and the information given is consistent with the consolidated and separate financial statements.
- In the light of the knowledge and understanding of the business and the Group's environment obtained in the course of the audit, we have not identified material misstatements in the management report.
- In our opinion, the information included in the corporate governance report in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113, has been prepared in accordance with the requirements of the Companies Law, Cap, 113, and is consistent with the consolidated and separate financial statements.
- In our opinion, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Companies Law, Cap. 113.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of Law L.53(I)/2017, 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.

The engagement partner on the audit resulting in this independent auditors' report is George N. Syrimis.

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

11 April 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2018

	Note	2018	2017
Continuing operations		**€000**	€000
Revenue	6	**97.926**	102.467
Cost of sales		**(70.944)**	(71.576)
Gross profit		**26.982**	30.891
Other operating income	7	**977**	1.071
Distribution expenses		**(4.169)**	(4.510)
Administrative expenses		**(3.803)**	(3.528)
Other operating expenses		**(1.606)**	(1.678)
Operating profit before financing costs	8	**18.381**	22.246
Finance income		**198**	-
Finance expenses		**(114)**	(439)
Net finance income/(cost)	10	**84**	(439)
Net (loss)/profit from investing activities	11	**(703)**	948
Share of profit from equity-accounted investees	19	**830**	500
Profit before tax		**18.592**	23.255
Taxation	12	**(2.870)**	(3.382)
Profit for the year		**15.722**	19.873
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property, plant and equipment	14	**(1.509)**	(290)
Items that are or may be reclassified to profit or loss			
Cash flow hedges – effective portion of changes in fair value		**(254)**	812
Deferred tax on revaluation of properties	12	**(1.246)**	389
Other comprehensive (loss)/income for the year		**(3.009)**	911
Total comprehensive income for the year		**12.713**	20.784
Profit attributable to:			
Equity holders of the parent		**15.722**	19.873
Non-controlling interest		**-**	-
		15.722	19.873
Total comprehensive income attributable to:			
Equity holders of the parent		**12.713**	20.784
Non-controlling interest		**-**	-
		12.713	20.784
Basic and diluted earnings per share (cents)	13	**21,9**	27,6

The notes on pages 44 to 86 form an integral part of these financial statements

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2018

	Note	2018	2017
Continuing operations		**€000**	€000
Revenue	6	**97.926**	102.467
Cost of sales		**(70.944)**	(71.576)
Gross profit		**26.982**	30.891
Other operating income	7	**977**	1.071
Distribution expenses		**(4.169)**	(4.510)
Administrative expenses		**(3.799)**	(3.524)
Other operating expenses		**(1.606)**	(1.678)
Operating profit before financing costs	8	**18.385**	22.250
Finance income		**198**	-
Finance expenses		**(114)**	(439)
Net finance income/(cost)	10	**84**	(439)
Net (loss)/profit from investing activities	11	**(333)**	1.196
Profit before tax		**18.136**	23.007
Taxation	12	**(2.776)**	(3.384)
Profit for the year		**15.360**	19.623
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Revaluation of property, plant and equipment	14	**(1.509)**	(290)
Items that are or may be reclassified to profit or loss			
Cash flow hedges – effective portion of changes in fair value		**(254)**	812
Deferred tax on revaluation of properties	12	**(1.246)**	389
Other comprehensive (loss)/income for the year		**(3.009)**	911
Total comprehensive income for the year		**12.351**	20.534
Basic and diluted earnings per share (cents)	13	**21,4**	27,3

The notes on pages 44 to 86 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 €000	2017 €000
Assets			
Property, plant and equipment	14	**228.957**	240.092
Intangible assets	16	**12.385**	12.413
Investment property	15	**8.499**	9.964
Investments in equity-accounted investees	19	**4.423**	3.828
Financial Assets at Fair Value through Other Comprehensive Income	20	**186**	200
Total non-current assets		**254.450**	266.497
Inventories	21	**25.245**	23.996
Tax receivable		**-**	50
Trade and other receivables	22	**6.362**	6.400
Cash and cash equivalents	24	**259**	-
Total current assets		**31.866**	30.446
Total assets		**286.316**	296.943
Equity			
Share capital	25	**30.932**	30.932
Reserves		**202.417**	208.047
Total equity attributable to equity holders of the parent		**233.349**	238.979
Non-controlling interest		**-**	-
Total equity		**233.349**	238.979
Liabilities			
Interest-bearing loans and borrowings	26	**15.155**	23.062
Deferred taxation	27	**22.586**	19.630
Provisions for liabilities and charges	28	**300**	300
Total non-current liabilities		**38.041**	42.992
Bank overdraft	24	**-**	27
Interest-bearing loans and borrowings	26	**7.907**	7.907
Trade and other payables	29	**7.019**	7.038
Total current liabilities		**14.926**	14.972
Total liabilities		**52.967**	57.964
Total equity and liabilities		**286.316**	296.943

The financial statements were approved by the Board of Directors on 11 April 2019.

ANTONIOS ANTONIOU
Director

GEORGE ST. GALATARIOTIS
Director

The notes on pages 44 to 86 form an integral part of these financial statements

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 €000	2017 €000
Assets			
Property, plant and equipment	14	**228.957**	240.092
Intangible assets	16	**12.385**	12.413
Investment property	15	**8.284**	9.684
Investments in subsidiaries	18	**-**	-
Investments in associates	19	**3.499**	3.330
Financial Assets at Fair Value through Other Comprehensive Income	20	**186**	200
Total non-current assets		**253.311**	265.719
Inventories	21	**25.245**	23.996
Income tax receivable		**-**	50
Trade and other receivables	22	**6.871**	6.905
Cash and cash equivalents	24	**259**	-
Total current assets		**32.375**	30.951
Total assets		**285.686**	296.670
Equity			
Share capital	25	**30.932**	30.932
Reserves		**201.840**	207.832
Total equity		**232.772**	238.764
Liabilities			
Interest-bearing loans and borrowings	26	**15.155**	23.062
Deferred taxation	27	**22.586**	19.625
Provisions for liabilities and charges	28	**300**	300
Total non-current liabilities		**38.041**	42.987
Bank overdraft	24	**-**	27
Interest-bearing loans and borrowings	26	**7.907**	7.907
Trade and other payables	29	**6.966**	6.985
Total current liabilities		**14.873**	14.919
Total liabilities		**52.914**	57.906
Total equity and liabilities		**285.686**	296.670

The financial statements were approved by the Board of Directors on 11 April 2019.

ANTONIOS ANTONIOU
Director

GEORGE ST. GALATARIOTIS
Director

The notes on pages 44 to 86 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

	Share capital €000	Share premium €000	Revaluation reserve €000	Cash flow hedge €000	Retained earnings €000	Total equity attributable to equity holders of the parent €000	Non-controlling interest €000	Total equity €000
At 1 January 2017	30.932	45.388	44.337	(558)	113.922	234.021	-	234.021
Profit for the year	-	-	-	-	19.873	19.873	-	19.873
Other comprehensive income	-	-	99	812	-	911	-	911
Total comprehensive income for the year	-	-	99	812	19.873	20.784	-	20.784
Dividends (note 31)	-	-	-	-	(15.826)	(15.826)	-	(15.826)
Transfer	-	-	(1.646)	-	1.646	-	-	-
At 31 December 2017 / 1 January 2018	**30.932**	**45.388**	**42.790**	**254**	**119.615**	**238.979**	**-**	**238.979**
Profit for the year	**-**	**-**	**-**	**-**	**15.722**	**15.722**	**-**	**15.722**
Other comprehensive loss	**-**	**-**	**(2.755)**	**(254)**	**-**	**(3.009)**	**-**	**(3.009)**
Total comprehensive income/(loss) for the year	**-**	**-**	**(2.755)**	**(254)**	**15.722**	**12.713**	**-**	**12.713**
Dividends (note 31)	**-**	**-**	**-**	**-**	**(18.343)**	**(18.343)**	**-**	**(18.343)**
Transfer	**-**	**-**	**(1.793)**	**-**	**1.793**	**-**	**-**	**-**
At 31 December 2018	**30.932**	**45.388**	**38.242**	**-**	**118.787**	**233.349**	**-**	**233.349**

The notes on pages 44 to 86 form an integral part of these financial statements

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2018

	Share capital €000	Share premium €000	Revaluation reserve €000	Cash flow hedge €000	Retained earnings €000	Total equity €000
At 1 January 2017	30.932	45.388	44.449	(558)	113.845	234.056
Profit for the year	-	-	-	-	19.623	19.623
Other comprehensive income	-	-	99	812	-	911
Total comprehensive income for the year	-	-	99	812	19.623	20.534
Dividends (note 31)	-	-	-	-	(15.826)	(15.826)
Transfer	-	-	(1.646)	-	1.646	-
At 31 December 2017 / 1 January 2018	**30.932**	**45.388**	**42.902**	**254**	**119.288**	**238.764**
Profit for the year	**-**	**-**	**-**	**-**	**15.360**	**15.360**
Other comprehensive loss	**-**	**-**	**(2.755)**	**(254)**	**-**	**(3.009)**
Total comprehensive income/(loss) for the year	**-**	**-**	**(2.755)**	**(254)**	**15.360**	**12.351**
Dividends (note 31)	**-**	**-**	**-**	**-**	**(18.343)**	**(18.343)**
Transfer	**-**	**-**	**(1.793)**	**-**	**1.793**	**-**
At 31 December 2018	**30.932**	**45.388**	**38.354**	**-**	**118.098**	**232.772**

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% 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.

The notes on pages 44 to 86 form an integral part of these financial statements

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2018

	Note	**2018**	2017
		€000	€000
Cash flows from operating activities			
Profit for the year		**15.722**	19.873
Adjustments for:			
Depreciation and amortisation charges	14, 16	**14.555**	13.788
Loss/(profit) from disposal of investment property		**1.749**	(104)
Change in fair value on financial assets through other comprehensive income	11	**14**	(56)
Change in fair value of investment property	15	**(986)**	(711)
Interest income	10	**(198)**	-
Dividend income	11	**(5)**	(3)
Interest expense	10	**542**	569
Share of profit of equity-accounted investees	19	**(830)**	(500)
Loss on disposal of property, plant and equipment		**30**	4
Income tax expense	12	**2.870**	3.382
Operating profit before changes in working capital and provisions		**33.463**	36.242
Changes in:			
Trade and other receivables		**38**	880
Inventories		**(1.249)**	(5.886)
Trade and other payables		**(236)**	1.445
Provisions		**-**	(100)
Cash generated from operating activities		**32.016**	32.581
Interest paid		**(579)**	(605)
Tax paid		**(1.011)**	(1.363)
Net cash inflow from operating activities		**30.426**	30.613
Cash flows to investing activities			
Proceeds from disposal of property, plant and equipment		**178**	22
Proceeds from disposal of investment property		**1.490**	560
Interest received		**198**	-
Dividends received		**310**	128
Acquisition of property, plant and equipment	14	**(5.897)**	(13.893)
Acquisition of intangibles	16	**-**	(59)
Acquisition of equity-accounted investee	19	**(169)**	-
Net cash used in investing activities		**(3.890)**	(13.242)
Cash flows to financing activities			
Repayment of loans		**(7.907)**	(7.907)
Dividends paid		**(18.343)**	(15.826)
Net cash used in financing activities		**(26.250)**	(23.733)
Net increase/(decrease) in cash and cash equivalents		**286**	(6.362)
Cash and cash equivalents at 1 January		**(27)**	6.335
Cash and cash equivalents at 31 December	24	**259**	(27)

The notes on pages 44 to 86 form an integral part of these financial statements

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2018

	Note	**2018**	2017
		€000	€000
Cash flows from operating activities			
Profit for the year		**15.360**	19.623
Adjustments for:			
Depreciation and amortisation charges	14, 16	**14.555**	13.788
Loss/(profit) from disposal of investment property		**1.749**	(104)
Change in fair value on financial assets through other comprehensive income	11	**14**	(56)
Change in fair value of investment property	15	**(1.051)**	(665)
Interest income	10	**(198)**	-
Dividend income	11	**(310)**	(297)
Interest expense	10	**542**	569
Loss on disposal of property, plant and equipment		**30**	4
Income tax expense	12	**2.776**	3.384
Operating profit before changes in working capital and provisions		**33.467**	36.246
Changes in:			
Trade and other receivables		**34**	873
Inventories		**(1.249)**	(5.886)
Trade and other payables		**(236)**	1.448
Provisions		**-**	(100)
Cash generated from operations		**32.016**	32.581
Interest paid		**(579)**	(605)
Tax paid		**(1.011)**	(1.363)
Net cash inflow from operating activities		**30.426**	30.613
Cash flows to investing activities			
Proceeds from disposal of property, plant and equipment		**178**	22
Proceeds from disposal of investment property		**1.490**	560
Interest received		**198**	-
Dividends received		**310**	128
Acquisition of property, plant and equipment	14	**(5.897)**	(13.893)
Acquisition of intangibles	16	**-**	(59)
Acquisition of shares in associate company	19	**(169)**	-
Net cash used in investing activities		**(3.890)**	(13.242)
Cash flows to financing activities			
Repayment of loans		**(7.907)**	(7.907)
Dividends paid		**(18.343)**	(15.826)
Net cash used in financing activities		**(26.250)**	(23.733)
Net increase/(decrease) in cash and cash equivalents		**286**	(6.362)
Cash and cash equivalents at 1 January		**(27)**	6.335
Cash and cash equivalents at 31 December	24	**259**	(27)

The notes on pages 44 to 86 form an integral part of these financial statements

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 2018 comprise the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates. The Company's and the Consolidated Financial Statements were authorised for issue by the Board of Directors on 11 April 2019.

Principal activities

The Group's principal activity is 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, financial assets at fair value through other comprehensive income and investment property.

Functional and presentation currency

The consolidated financial statements as at and for the year ended 31 December 2018 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.

2. Basis of preparation (continued)

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. Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. The Group has an established control framework with respect to the measurement of fair values.

This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values, and reports directly to the Chief Financial Officer. The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified. Significant valuation issues are reported to the Group's Audit Committee.

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

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.

2. Basis of preparation (continued)

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 the present value.

3. Changes in accounting policies

The Group has adopted the following new standards, amendments to a standard and new interpretations with a date of initial application of 1 January 2018. The nature and effects of the changes are explained below.

IFRS 15 Revenue from Contracts with Customers:

- IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.
- The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (1 January 2018).
- Due to the transition methods chosen by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards
- Accordingly, the information presented for 2017 has not been restated and it is presented as previously reported under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.
- The adoption of IFRS 15 in the Financial Statements of the Group has not resulted in significant changes in the opening retained earnings and in the revenue recognition.

3. Changes in accounting policies (continued)

IFRS 9 Financial Instruments:

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement. As a result of the adoption of IFRS 9, the Group has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Previously, the Group's approach was to include the impairment of trade receivables in other operating expenses.

Additionally, the Group has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

There is no effect on the opening retained earnings on 1 January 2018 from the adoption of IFRS 9.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

For an explanation of how the Group classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see note 4 “Significant accounting policies”.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018. The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements.

3. Changes in accounting policies (continued)

Group

	Original classification under IAS 39	New classification under IFRS9	Original carrying amount under IAS39	New carrying amount under IFRS9
Financial assets			**€000**	**€000**
Trade and other receivables	Loans and receivables	Amortised cost	6.362	6.362
Equity securities	Available for sale	Fair Value through Other Comprehensive Income	4.423	4.423
Cash and cash equivalents	Loans and receivables	Amortised cost	259	259
Total financial assets			**11.044**	**11.044**
Financial liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	7.019	7.019
Secured bank loans	Other financial liabilities	Other financial liabilities	23.062	23.062
Bank overdraft	Other financial liabilities	Other financial liabilities	-	-
Total financial liabilities			**30.081**	**30.081**

Company

	Original classification under IAS 39	New classification under IFRS9	Original carrying amount under IAS39	New carrying amount under IFRS9
Financial assets			**€000**	**€000**
Trade and other receivables	Loans and receivables	Amortised cost	6.871	6.871
Equity securities	Available for sale	Fair Value through Other Comprehensive Income	3.499	3.499
Cash and cash equivalents	Loans and receivables	Amortised cost	259	259
Total financial assets			**10.629**	**10.629**
Financial liabilities				
Trade and other payables	Other financial liabilities	Other financial liabilities	6.966	6.966
Secured bank loans	Other financial liabilities	Other financial liabilities	23.062	23.062
Bank overdraft	Other financial liabilities	Other financial liabilities	-	-
Total financial liabilities			**30.028**	**30.028**

3. Changes in accounting policies (continued)

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to:

- financial assets measured at amortised cost;
- debt investments at FVOCI;
- contract assets;
- lease receivables;

The new impairment model does not apply to investments in equity instruments.

Under IFRS 9, credit losses are recognised earlier than under IAS 39.

4. 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.

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

As from 1 January 2018, the Group adopted all changes to International Financial Reporting Standards (IFRSs) as adopted by the EU, which are relevant to its operations. This adoption did not have a material effect on the consolidated financial statements of the Group except for the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers (see Note 3).

The following Standards, Amendments to Standards and Interpretations have been issued by the International Accounting Standards Board (IASB) but are not yet effective for annual periods beginning on 1 January 2018. 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

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018). In July 2014, the IAS issued the final version of IFRS 9, which replaces the existing guidance in IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss (ECL) model for calculating impairment on financial assets, and new general hedge accounting requirements. IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities. It also carries forward the guidance on recognition and derecognition of financial instruments from IAS 39.

  Classification Financial assets

  IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics. IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL. The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

4. Significant accounting policies (continued)

Impairment Financial assets and contract assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward looking ECL model. This will require considerable judgement about how changes in economic factors affect ECLs, which will be determined on a probability weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12 month ECLs: these are ECLs that result from possible default events within the 12 months after the reporting date; and
- lifetime ECLs: these are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12 month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; the entity has chosen to apply this policy also for trade receivables and contract assets with a significant financing component. There is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due unless an entity has reasonable and supportable information to corroborate a more lagging default criterion.

• IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018). The application of the standard is not expected to have an impact on the financial statements of the Group

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 'Revenue', IAS 11 'Construction Contracts' and IFRIC 13 'Customer Loyalty Programs'. It provides a principles based approach for revenue recognition, and introduces the concept of recognizing revenue for performance obligations as they are satisfied. The recognition of such revenue is in accordance with five steps to: 1) identifying the contract with the customer; 2) identifying each of the performance obligations included in the contract; 3) determining the transaction price; 4) allocating the transaction price to the performance obligations in the contract; and 5) recognising revenue as each performance obligation is satisfied.

• IFRS 15 (Clarifications) "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).

Clarifications to IFRS 15 provide additional application guidance but do not change the underlying principles of the standard. The clarifications relate principally to identifying performance obligations (step 2), accounting for licenses of intellectual property (step 5) and agent vs principal considerations. The clarifications also introduce additional practical expedients on transition in relation to modified and completed contracts.

4. Significant accounting policies (continued)

- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).
  IFRS 16 replaces existing leases guidance including IAS 17 'Leases', IFRIC 4 Determining whether an Arrangement contains a Lease, SIC 15 'Operating Leases' Incentives and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The standard introduces a single, on balance sheet lease accounting model for lessees. IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. The previous distinction between operating and finance leases is removed for lessees. Instead, a lessee recognises a right of use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short term leases and leases of low value items. Lessor accounting remains similar to the current standard i.e. lessors continue to classify leases as finance or operating leases.

  Based on the assessment undertaken to date, the total effect on the statement of financial position on the Company's and Group's financial statements, from the adoption of the standard is expected to be €112.000.

- Annual Improvements to IFRSs 2014 2016 Cycle (effective for annual periods beginning on or after 1 January 2018 (IFRS 1 and IAS 28)).
  The amendments to IFRS 1 remove the outdated exemptions for first time adopters of IFRS. The amendments to IAS 28 clarify that the election to measure at fair value through profit or loss an investment in associate or a joint venture that is held by an entity that is a venture capital organisation, or other qualifying entity, is available for each investment in an associate or joint venture on an investment by investment basis, upon initial recognition. Additionally, a non investment entity investor may elect to retain the fair value accounting applied by an investment entity associate or investment entity joint venture to its subsidiaries (election can be made separately for each investment entity associate or joint venture).

- IFRS 2 (Amendments): Classification and Measurement of Share based Payment Transactions (effective for annual periods beginning on or after 1 January 2018).

  The amendments cover three accounting areas: a) measurement of cash settled share based payments; b) classification of share based payments settled net of tax withholdings; and c) accounting for a modification of a share based payment from cash settled to equity settled. The new requirements can affect the classification and/or measurements of these arrangements and potentially the timing and amount of expense recognised for new and outstanding awards.

- IAS 28 (Amendments): Long term Interests in Associates and Joint Ventures (effective for annual periods beginning on or after 1 January 2019). The amendments clarify that an entity applies IFRS 9 "Financial Instruments", including its impairment requirements, to long term interests in an associate or joint venture that form part of the net investment in the associate or joint venture.

- IAS 40 (Amendments): "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018).
  The amendments clarify the requirements on transfers to, or from, investment property. A transfer is made when, and only when, there is an actual change in use i.e. an asset meets or ceases to meet the definition of investment property and there is evidence of the change in use. A change in management intention alone does not support a transfer. In addition, the amendments clarify that the revised examples of evidence of a change in use in the amended version of IAS 40 are not exhaustive.

4. Significant accounting policies (continued)

- Amendments to IFRS 9: Prepayment Features with Negative Compensation (effective for annual periods beginning on or after 1 January 2019).
  In October 2017, the IASB issued "Prepayment Features with Negative Compensation (Amendments to IFRS 9)". The amendments address the issue that under pre amended IFRS 9, financial assets with such features would probably not meet the SPPI criterion and as such would be measured at fair value through profit or loss. The IASB believes that this would not be appropriate because measuring them at amortised cost provides useful information about the amount, timing and uncertainty of their future cash flows. Financial assets with these prepayment features can therefore be measured at amortised cost or fair value through other comprehensive income provided that they meet the other relevant requirements of IFRS 9. The final amendments also contain a clarification in the accounting for a modification or exchange of a financial liability measured at amortised cost that does not result in the derecognition of the financial liability. Based on the clarification, an entity recognises any adjustment to the amortised cost of the financial liability arising from a modification or exchange in profit or loss at the date of the modification or exchange.

- Annual Improvements to IFRSs 2015 2017 Cycle (effective for annual periods beginning on or after 1 January 2019).

  In December 2017, the IASB published Annual Improvements to IFRSs 2015 2017 Cycle, containing the following amendments to IFRSs:

  IFRS 3 "Business Combinations" and IFRS 11 "Joint Arrangements". The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest in that business at fair value.

  The amendments to IFRS 11 clarify that when an entity maintains (or obtains) joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

  IAS 12 "Income Taxes": the amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) are recognised consistently with the transactions that generated the distributable profits i.e. in profit or loss, OCI or equity.

  IAS 23 "Borrowing Costs": the amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).

  The interpretation clarifies that the transaction date, for the purpose of determining the exchange rate, is the date of initial recognition of the prepayment or deferred income arising from the advance consideration. For transactions involving multiple payments or receipts, each payment or receipt gives rise to a separate transaction date.

4. Significant accounting policies (continued)

- IFRIC 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019).

  IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. The key test is whether it is probable that the tax authority will accept the chosen tax treatment, on the assumption that tax authorities will have full knowledge of all relevant information in assessing a proposed tax treatment. The uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty being either the most likely amount or the expected value. The interpretation also requires companies to reassess the judgements and estimates applied if facts and circumstances change. IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements in relation to judgements made, assumptions and estimates used, and the potential impact of uncertainties that are not reflected.

ii. Standards and Interpretations not adopted by the EU

- "Amendments to References to the Conceptual Framework in IFRS Standards" (effective for annual periods beginning on or after 1 January 2020).
  In March 2018 the IASB issued a comprehensive set of concepts for financial reporting, the revised "Conceptual Framework for Financial Reporting" (Conceptual Framework), replacing the previous version issued in 2010. The main changes to the framework's principles have implications for how and when assets and liabilities are recognised and derecognised in the financial statements, while some of the concepts in the revised Framework are entirely new (such as the "practical ability" approach to liabilities". To assist companies with the transition, the IASB issued a separate accompanying document "Amendments to References to the Conceptual Framework in IFRS Standards". This document updates some references to previous versions of the Conceptual Framework in IFRS Standards, their accompanying documents and IFRS Practice Statements.

- IFRS 3 “Business Combinations” (amendments): Definition of a Business (effective for annual periods beginning on or after 1 January 2020).
  The amendments narrow and clarify the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance. Distinguishing between a business and a group of assets is important because an acquirer recognises goodwill only when acquiring a business.

- IAS 1 and IAS 8 (amendments): Definition of Material (effective for annual periods beginning on or after 1 January 2020).
  The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. The amendments include definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

  Old definition: Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements (IAS 1 Presentation of Financial Statements).

  New definition: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

4. Significant accounting policies (continued)

- IFRS 10 (Amendments) and IAS 28 (Amendments) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (effective date postponed indefinitely).
  The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (as defined in IFRS 3). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business. In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting.

The Board of Directors expects that the adoption of these standards or interpretations in future periods will not have a material effect on the consolidated financial statements of the Group.

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.

4. Significant accounting policies (continued)

iii. Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists where the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring them in line with the accounting policies of the Group.

iv. Loss of control

On the loss of control, the Group de-recognises 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 no control or joint control. Significant influence is the power to participate in the financial and operating policy decisions of the investee. Investments in associates are initially recognised at cost, which includes transactions costs, and are accounted for using the equity method.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

4. Significant accounting policies (continued)

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

vi. 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 is carried at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Revaluations are carried out every five years so 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, including the vassiliko port are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

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 expenditure

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.

4. Significant accounting policies (continued)

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 - 25 years

Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets previous carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets, investment property or biological assets, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

4. Significant accounting policies (continued)

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 (note 16). 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 de-recognised, 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.

4. Significant accounting policies (continued)

Financial instruments classified as held for trading or available-for-sale investments are recognised / de-recognised by the Group on the date it commits to purchase / sell the investments. Securities held-to-maturity are recognised / de-recognised 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 carried at fair value less cost to sell, representing open market value determined annually by external valuers. 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.

Cash flow hedges

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in profit or loss. The amount accumulated in equity is retained in other comprehensive income and reclassified to profit or loss in the same period or periods during which the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecast transaction is no longer expected to occur, then the amount accumulated in equity is reclassified to profit or loss.

4. Significant accounting policies (continued)

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 recognized in the profit or loss.

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 de-recognised. 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.

4. Significant accounting policies (continued)

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

The Group has initially applied IFRS15 from 1 January 2018. Information about Group's accounting policies relating to contracts with customers is provided in Note 3. There is no significant impact on the financial statements from the application of IFRS15.

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.

4. Significant accounting policies (continued)

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

Functional currencies

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which each entity operates ('the functional currency').

Transactions and balances

Foreign currency transactions are translated into respective functional currencies of the Group companies 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 the reporting date exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value is determined.

4. Significant accounting policies (continued)

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.

5. Operating segments

Following an assessment to identify operating segments, the Company has identified as main segment that of cement operation. Other activities that give rise to income and expenses are only incidental to the main operation of the Company or the value of either their assets or income are below the quantitative thresholds of IFRS 8 to form separate reportable operating segments separately or in their aggregate value.

6. Revenue

	Group		Company	
Revenue analysis:	**2018**	2017	**2018**	2017
	€000	€000	**€000**	€000
Cement products	**97.811**	102.201	**97.811**	102.201
Other	**115**	266	**115**	266
	97.926	102.467	**97.926**	102.467

7. Other operating income

	Group		Company	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Income from Vassiliko Port	**787**	870	**787**	870
Loss on disposal of property, plant and equipment	**(30)**	(4)	**(30)**	(4)
Other	**220**	205	**220**	205
	977	1.071	**977**	1.071

8. Operating profit before financing costs

	Group		Company	
	2018	2017	**2018**	2017
This is stated after charging:	**€000**	€000	**€000**	€000
Staff costs (note 9)	**10.704**	10.588	**10.704**	10.588
Directors remuneration as directors	**258**	246	**258**	246
Directors remuneration as executives	**413**	233	**413**	233
Depreciation of property, plant and equipment	**14.081**	13.773	**14.081**	13.773
Amortisation of intangible assets	**28**	15	**28**	15
Independent auditors' remuneration	**55**	55	**52**	52

9. Staff Costs

	Group		Company	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Wages and salaries	**9.169**	9.118	**9.169**	9.118
Social insurance contributions	**669**	654	**669**	654
Provident and medical fund contributions (note 34)	**518**	459	**518**	459
Other contributions	**348**	357	**348**	357
	10.704	10.588	**10.704**	10.588
Average number of employees	**243**	238	**243**	238

10. Net finance income/(cost)

	Group		Company	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Interest income	**198**	-	**198**	-
Net foreign exchange differences	**428**	130	**428**	130
Finance income	**626**	130	**626**	130
Interest expense	**(542)**	(569)	**(542)**	(569)
Finance expense	**(542)**	(569)	**(542)**	(569)
Net finance income/(cost)	**84**	(439)	**84**	(439)

Interest income is earned on bank deposits held in current and short term notice accounts. The interest rate on the above deposits is variable. Interest expense relates to loan interest charges as well as interest charges on overdraft accounts.

11. Net (loss)/ profit from investing activities

	Group		Company	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Dividend income	**5**	3	**310**	297
Change in fair value of available-for-sale financial assets	**(14)**	56	**(14)**	56
Change in fair value of investment property	**986**	711	**1.051**	665
Rental of investment property	**69**	74	**69**	74
(Loss) /Gain on disposal of investment property	**(1.749)**	104	**(1.749)**	104
	(703)	948	**(333)**	1.196

12. Taxation

	Group		Company	
Recognised in profit or loss	**2018**	2017	**2018**	2017
	€000	€000	**€000**	€000
Analysis of charge in the year				
Income tax on profits of the year	**1.000**	1.311	**1.000**	1.311
Special contribution to the defence fund	**61**	2	**61**	2
Share of tax from associate	**99**	(7)	**-**	-
Deferred tax (note 27)	**1.710**	2.076	**1.715**	2.071
	2.870	3.382	**2.776**	3.384
Recognised in other comprehensive income				
Deferred tax on revaluation of property	**1.246**	(389)	**1.246**	(389)

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

	Group		Company	
	2018	2017	**2018**	2017
Reconciliation of tax based on taxable income and tax based on accounting profits	**€000**	€000	**€000**	€000
Accounting profit before tax	**18.592**	23.255	**18.136**	23.007
Tax calculated at the applicable tax rates	**2.324**	2.907	**2.267**	2.876
Tax effect of expenses not deductible for tax purposes	**1.800**	1.864	**1.800**	1.895
Tax effect of allowances and income not subject to tax	**(3.124)**	(3.207)	**(3.067)**	(3.207)
Tax effect of tax losses brought forward	**-**	(253)	**-**	(253)
Special contribution to the defence fund	**61**	2	**61**	2
Prior year tax	**-**	-	**-**	-
Deferred tax	**1.710**	2.076	**1.715**	2.071
Share of tax from associates	**99**	(7)	**-**	-
Tax charge for the year	**2.870**	3.382	**2.776**	3.384

13. Earnings per share

The calculation of earnings per share was based on the profit attributable to ordinary shareholders of €15.722.000 (2017: €19.873.000) and the weighted average number of ordinary shares outstanding during the year of 71.935.947 (2017: 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 €15.360.000 (2017: €19.623.000).

14. Property, plant and equipment

Group	Land and buildings €000	Vassiliko port €000	Plant and equipment €000	Total €000
Cost				
Balance at 1 January 2017	75.586	24.085	253.155	352.826
Acquisitions	10.117	15	6.210	16.342
Revaluation of assets	(290)	-	-	(290)
Disposals	-	-	(1.266)	(1.266)
Balance at 31 December 2017	85.413	24.100	258.099	367.612
Balance at 1 January 2018	**85.413**	**24.100**	**258.099**	**367.612**
Acquisitions	**2.598**	**-**	**3.299**	**5.897**
Revaluation of assets	**(1.509)**	**-**	**-**	**(1.509)**
Transfer to investment property	**(1.787)**	**-**	**-**	**(1.787)**
Transfer from investment property	**999**	**-**	**-**	**999**
Disposals	**(196)**	**-**	**(55)**	**(251)**
Balance at 31 December 2018	**85.518**	**24.100**	**261.343**	**370.961**
Depreciation				
Balance at 1 January 2017	22.988	8.165	83.834	114.987
Charge for the year on historical cost	1.028	937	10.162	12.127
Additional charge on revalued amounts	1.646	-	-	1.646
Disposals	-	-	(1.240)	(1.240)
Balance at 31 December 2017	25.662	9.102	92.756	127.520
Balance at 1 January 2018	**25.662**	**9.102**	**92.756**	**127.520**
Charge for the year on historical cost	**1.853**	**492**	**10.577**	**12.922**
Additional charge on revalued amounts	**1.159**	**446**	**-**	**1.605**
Disposals	**-**	**-**	**(43)**	**(43)**
Balance at 31 December 2018	**28.674**	**10.040**	**103.290**	**142.004**
Carrying amounts				
At 1 January 2017	52.598	15.920	169.321	237.839
At 31 December 2017	59.751	14.998	165.343	240.092
At 1 January 2018	**59.751**	**14.998**	**165.343**	**240.092**
At 31 December 2018	**56.844**	**14.060**	**158.053**	**228.957**

14. Property, plant and equipment (continued)

Company	Land and buildings €000	Vassiliko port €000	Plant and equipment €000	Total €000
Cost				
Balance at 1 January 2017	75.586	24.085	253.155	352.826
Acquisitions	10.117	15	6.210	16.342
Revaluation of assets	(290)	-	-	(290)
Disposals	-	-	(1.266)	(1.266)
Balance at 31 December 2017	85.413	24.100	258.099	367.612
Balance at 1 January 2018	**85.413**	**24.100**	**258.099**	**367.612**
Acquisitions	**2.598**	**-**	**3.299**	**5.897**
Revaluation of assets	**(1.509)**	**-**	**-**	**(1.509)**
Transfer to investment property	**(1.787)**	**-**	**-**	**(1.787)**
Transfer from investment property	**999**	**-**	**-**	**999**
Disposals	**(196)**	**-**	**(55)**	**(251)**
Balance at 31 December 2018	**85.518**	**24.100**	**261.343**	**370.961**
Depreciation				
Balance at 1 January 2017	22.988	8.165	83.834	114.987
Charge for the year on historical cost	1.028	937	10.162	12.127
Additional charge on revalued amounts	1.646	-	-	1.646
Disposals	-	-	(1.240)	(1.240)
Balance at 31 December 2017	25.662	9.102	92.756	127.520
Balance at 1 January 2018	**25.662**	**9.102**	**92.756**	**127.520**
Charge for the year on historical cost	**1.853**	**492**	**10.577**	**12.922**
Additional charge on revalued amounts	**1.159**	**446**	**-**	**1.605**
Disposals	**-**	**-**	**(43)**	**(43)**
Balance at 31 December 2018	**28.674**	**10.040**	**103.290**	**142.004**
Carrying amounts				
At 1 January 2017	52.598	15.920	169.321	237.839
At 31 December 2017	59.751	14.998	165.343	240.092
At 1 January 2018	**59.751**	**14.998**	**165.343**	**240.092**
At 31 December 2018	**56.844**	**14.060**	**158.053**	**228.957**

The fair value measurement for the Land has been categorized as a Level 3.

Plant and equipment under construction as at 31 December 2018 was €2.488.000 (2017: €13.231.000).

14. Property, plant and equipment (continued)

The carrying amount of Vassiliko Port consists of the net book value of the capitalised cost of the improvements incurred by the Company through the years. 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.

A revaluation exercise for land was performed in relation to 2017 by independent professional valuers.

Bank loans of €23.062.000 (2017: €30.969.000) are secured by €25.500.000 mortgages on land and buildings and €25.500.000 fixed charges on plant and machinery.

15. Investment property

	Group		Company	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Balance at 1 January	**9.964**	9.259	**9.684**	9.025
Transfer from property, plant and equipment	**1.787**	-	**1.787**	-
Transfer to property, plant and equipment	**(999)**	-	**(999)**	-
Transfer from assets classified as held for sale	**-**	450	**-**	450
Change in fair value	**986**	711	**1.051**	665
Disposals	**(3.239)**	(456)	**(3.239)**	(456)
Balance at 31 December	**8.499**	**9.964**	**8.284**	**9.684**

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 2018.

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

The fair value measurement for all the investment properties has been categorized as a Level 3.

Valuation technique
For investment property the comparable sales approach was used.

Significant Unobservable Inputs
Sales comparison approach of investment properties takes into considerations the location and size of the plot, the building coefficient and legal framework as well as the market data at the valuation date.

16. Intangible assets

Group	Goodwill	Software	Total
	€000	€000	€000
Cost			
Balance at 1 January 2017	12.328	94	12.422
Acquisitions	-	59	59
Balance at 31 December 2017	12.328	153	12.481
Balance at 1 January 2018	**12.328**	**153**	**12.481**
Balance at 31 December 2018	**12.328**	**153**	**12.481**
Amortisation and impairment charge			
Balance at 1 January 2017	-	53	53
Amortisation for the year	-	15	15
Balance at 31 December 2017	-	68	68
Balance at 1 January 2018	**-**	**68**	**68**
Amortisation for the year	**-**	**28**	**28**
Balance at 31 December 2018	**-**	**96**	**96**
Carrying amounts			
At 1 January 2017	12.328	41	12.369
At 31 December 2017	12.328	85	12.413
At 1 January 2018	**12.328**	**85**	**12.413**
At 31 December 2018	**12.328**	**57**	**12.385**

16. Intangible assets (continued)

Company	Goodwill	Software	Total
	€000	€000	€000
Cost			
Balance at 1 January 2017	12.328	94	12.422
Acquisitions	-	59	59
Balance at 31 December 2017	12.328	153	12.481
Balance at 1 January 2018	**12.328**	**153**	**12.481**
Balance at 31 December 2018	**12.328**	**153**	**12.481**
Amortisation and impairment charge			
Balance at 1 January 2017	-	53	53
Amortisation for the year	-	15	15
Balance at 31 December 2017	-	68	68
Balance at 1 January 2018	**-**	**68**	**68**
Amortisation for the year	**-**	**28**	**28**
Balance at 31 December 2018	**-**	**96**	**96**
Carrying amounts			
At 1 January 2017	12.328	41	12.369
At 31 December 2017	12.328	85	12.413
At 1 January 2018	**12.328**	**85**	**12.413**
At 31 December 2018	**12.328**	**57**	**12.385**

17. Group entities

		Ownership	
Name and country of incorporation	**Principal Activity**	**2018**	2017
Venus Beton Ltd - Cyprus	Dormant company	**51,0%**	51,0%
CCC Aggregates Ltd - Cyprus	Dormant company	**51,0%**	51,0%

18. Investments in subsidiaries

	Ownership	
	2018	2017
	€000	€000
Balance at 1 January	**-**	-
Balance at 31 December	**-**	-
Venus Beton Ltd - Cyprus	**-**	-
CCC Aggregates Ltd - Cyprus	**-**	-
	-	-

19. Investments in equity-accounted investees

Name and country of incorporation	Principal Activity	Ownership 2018	Ownership 2017
Latomio Pyrgon Ltd - Cyprus	Aggregates quarry	**30%**	30%
Enerco - Energy Recovery Ltd - Cyprus	Waste to energy	**50%**	50%
Latomia Latouros Ltd - Cyprus	Aggregates quarry	**50%**	50%

	2018	2017
	€000	€000
Balance at 1 January	**3.828**	3.622
Additions	**169**	-
Share of profit from equity-accounted investees	**830**	500
Share of tax from equity-accounted investees	**(99)**	-
Dividends from equity-accounted investees	**(305)**	(294)
Balance at 31 December	**4.423**	3.828
Latomio Pyrgon Ltd - Cyprus	**394**	393
Enerco - Energy Recovery Ltd - Cyprus	**1.060**	940
Latomia Latouros Ltd - Cyprus	**2.969**	2.495
	4.423	3.828

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

	2018	2017
	€000	€000
Balance at 1 January	**3.330**	3.330
Additions	**169**	-
Balance at 31 December	**3.499**	3.330

The Group provided corporate guarantees to banks for loans held by equity-accounted investees. As at 31 December 2018 these amounted to €2.684.000 (2017: €2.630.000).

The following table summarizes the financial information of the equity accounting investees as included in its own financial statements adjusted for fair value adjustments at acquisitions and differences in accounting policies. The table also reconciles the the summarised financial information to the carrying amount of the Group's interest in equity accounted investees.

19. Investments in equity-accounted investees (continued)

	Latomio Pyrgon Ltd - Cyprus	Enerco - Energy Recovery Ltd - Cyprus	Latomia Latouros Ltd - Cyprus
	€000	€000	€000
Non current assets	1.703	1.582	9.185
Current assets	1.023	1.116	3.565
Non current liabilities	894	450	3.914
Current liabilities	3.234	128	1.930
Net assets (100%)	(1.402)	2.120	6.906
Group's share of net assets	(421)	1.060	3.453
Revenue	1.898	3.322	3.856
Profit from continued operations	2	850	609
Other comprehensive income	-	-	18
Total comprehensive income	**2**	**850**	**627**

20. Financial Assets at Fair Value through Other Comprehensive Income (Available for sale -2017)

	Group		Company	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
At 1 January	**200**	144	**200**	144
Change in fair value	**(14)**	56	**(14)**	56
At 31 December	**186**	200	**186**	200

	Valuation		Valuation	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Non-current investments				
Equity securities at fair value through other comprehensive income	**186**	200	**186**	200

21. Inventories

	Group		Company	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Raw materials and work in progress	**3.387**	2.698	**3.387**	2.698
Finished goods	**8.266**	5.218	**8.266**	5.218
Fuel stocks	**2.434**	5.405	**2.434**	5.405
Spare parts and consumables	**11.158**	10.675	**11.158**	10.675
	25.245	23.996	**25.245**	23.996

In 2018, inventories of €70.944.000 (2017: €71.576.000) were recognised as as expense during the year and included in cost of sales.

22. Trade and other receivables

	Group		Company	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Trade receivables	**7.508**	7.638	**7.508**	7.638
Amount owed by subsidiary companies (note 30)	**-**	-	**527**	523
Amount owed by associate companies (note 30)	**(72)**	99	**(72)**	99
Amount owed by related companies	**-**	10	**-**	10
Other receivables and prepayments	**304**	43	**304**	43
	7.740	7.790	**8.267**	8.313
Less impairment	**(1.378)**	(1.390)	**(1.396)**	(1.408)
	6.362	6.400	**6.871**	6.905
Impairment movement				
At 1 January	**1.390**	1.646	**1.408**	1.664
Accrued discounts	**(12)**	(256)	**(12)**	(256)
At 31 December	**1.378**	1.390	**1.396**	1.408

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 36.

The effect of initially applying IFRS 9 in the Group's financial instruments is described in Note 3. Due to the transition method chosen in applying IFRS 9, comparative information has not been restated to reflect the new requirements.

23. Assets classified as held for sale

	Group		Company	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Balance at 1 January	**-**	450	**-**	450
Transfer to investment property	**-**	(450)	**-**	(450)
Balance at 31 December	**-**	-	**-**	-

Assets classified as held for sale include land valued in 2017 at €450.000 that was no longer required for the activities of the Group and has been classified as assets held for sale. This was transferred to investment property as it was not foreseen to be sold during the next twelve months.

24. Cash and cash equivalents

	Group		Company	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Cash and bank balances	**259**	(27)	**259**	(27)
Cash and cash equivalents	**259**	(27)	**259**	(27)
Cash and cash equivalents in the statement of cash flows	**259**	(27)	**259**	(27)

25. Capital and reserves

Share capital	**2018**	2017
	No. of shares	No. of shares
Authorised:		
Ordinary shares of €0,43 each	**72.000.000**	72.000.000

	2018	2017	**2018**	2017
	No. of shares	No. of shares	**€000**	€000
Allotted, called up and fully paid:				
Ordinary shares of €0,43 each	**71.935.947**	71.935.947	**30.932**	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.

Cash flow hedges reserve

Cash flow hedge reserve represents the accumulated gains and losses arising on the changes in the fair value of the derivatives recognized in other comprehensive income.

26. Interest bearing loans and borrowings

	Group		Company	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Non-current liabilities				
Secured bank loans	**15.155**	23.062	**15.155**	23.062
Current liabilities				
Current portion of secured bank loans	**7.907**	7.907	**7.907**	7.907
Analysis of maturity of debt:				
Within one year or on demand	**7.907**	7.907	**7.907**	7.907
Between one and two years	**7.907**	7.907	**7.907**	7.907
Between two and five years	**7.248**	15.155	**7.248**	15.155
After five years	**-**	-	**-**	-
	23.062	30.969	**23.062**	30.969

The bank loans are secured as follows:

- By mortgage against immovable property of the Company for €25.500.000 (2017: €25.500.000).
- Fixed charge on the Company's financed plant and machinery for €25.500.000 (2017: €25.500.000).

Weighted average effective interest rate

The rate of interest payable on the loans as at 31 December 2018 was fixed with an interest rate swap agreement until April 2019 at 1,19%. At 31 December 2018, the prevailing rate of interest for these loans was on average 1,19% (2017: 1,19%).

27. Deferred taxation

	Group		Company	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Accelerated capital allowances	**14.180**	12.367	**14.180**	12.367
Revaluation of properties	**8.406**	7.263	**8.406**	7.258
	22.586	19.630	**22.586**	19.625

	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
At 1 January	**19.630**	17.943	**19.625**	17.943
Deferred tax charge in statement of comprehensive income (note 12)	**1.710**	2.076	**1.715**	2.071
Transfer to revaluation reserve	**1.246**	(389)	**1.246**	(389)
At 31 December	**22.586**	19.630	**22.586**	19.625

28. Provisions for liabilities and charges

	Group		Company	
	Non-current		Non-current	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Provisions for litigation and claims	**300**	300	**300**	300

29. Trade and other payables

	Group		Company	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Current				
Trade payables	**5.151**	5.241	**5.098**	5.188
Amounts owed to related companies	**78**	34	**78**	34
Other payables	**1.566**	1.756	**1.566**	1.756
Cash flow hedge liability/(asset)	**-**	(254)	**-**	(254)
Accrued interest	**115**	152	**115**	152
Dividend	**109**	109	**109**	109
	7.019	7.038	**6.966**	6.985

30. Related parties

i. Transactions with related companies

The Company has entered into agreements with the following related parties:

- With Hellenic Mining Public Company Limited (common shareholder with the Group) for the provision of office facilities and other related administrative and technical services on quarrying activities at an annual fee of €24.000. The duration of the agreement is for a two-year period, commencing on 1 July 2018 and ending on 30 June 2020.

- With Hellenic Secretarial Services Ltd (common shareholder with the Group) for the provision of administrative and secretarial services to the Company at an annual fee of €138.000. The duration of the agreement is for a threeyear period, commencing on 1 July 2016 and ending on 30 June 2019.

- With CCC Secretarial Limited (common shareholder with the Group) for the provision of civil engineering consultation services at an annual fee of €120.000 renewed for another twelve months until 31 August 2019.

30. Related parties (continued)

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

	Sales		Purchases	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Hellenic Mining Group	**-**	2	**363**	278
Heidelberg Cement	**-**	-	**3.413**	8.393
KEO Plc	**-**	-	**10**	8
The Cyprus Cement Public Company Ltd	**-**	-	**130**	120
Enerco - Energy Recovery Ltd	**903**	1.411	**1.453**	1.362
	903	1.413	**5.369**	10.161

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 (note 34). Key management personnel compensation, including total employer contributions for 2018 was €956.000 (2017: €916.000).

iii. Balances with related companies

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

	Group	
	2018	2017
	€000	€000
Amounts due to related parties		
Hellenic Mining Group	**72**	21
C.C.C Secretarial Ltd	**-**	12
KEO Plc	**6**	1
	78	34

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

iv. Balances with equity-accounted investees

	Group		Company	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Balances due from/(to) equity-accounted investees				
Enerco - Energy Recovery Ltd (note 22)	**(72)**	(70)	**(72)**	(70)
Latouros Quarries Ltd (note 22)	**-**	169	**-**	169
	(72)	99	**(72)**	99

The above balances relate to trading activities and dividends receivable.

30. Related parties (continued)

v. Balances with Group entities

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

	Company	
	2018	2017
	€000	€000
Balances due from Group entities		
Venus Beton Ltd	**506**	504
CCC Aggregates Ltd	**21**	19
	527	523
Less impairment	**(346)**	(346)
	181	177

31. Dividends

	2018	2017
	€000	€000
Interim dividend 2018 at €0,03 (2017: €0,08) per share	**2.158**	5.755
Additional dividend 2017 at €0,16 (2016: €0,14) per share	**11.509**	10.071
Dividend from 2016 profits at €0,065 per share	**4.676**	-
	18.343	15.826

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

32. Directors' shareholdings

At 31 December 2018, 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 2018	**6 April 2019**
Antonios Antoniou	0,0667%	0,0667%
Costas Koutsos	0,0139%	0,0139%
Stavros Galatariotis	0,0125%	0,0125%
	0,0931%	0,0931%

At 31 December 2018, the Company had no material agreements in which Directors of the Company, or their related parties, had a direct or indirect interest.

33. Shareholders holding at least 5% of the issued share capital

At 31 December 2018 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 2018	**6 April 2019**
Holy Archbishopric of Cyprus - directly	19,52%	19,52%
Holy Archbishopric of Cyprus - indirectly (through KEO Plc)	6,49%	6,49%
Compagnie Financiere et de Participations - directly	9,71%	9,71%
Compagnie Financiere et de Participations - indirectly (through Italmed Cement Company Ltd)	16,27%	16,27%
Anastasios G. Leventis Foundation	5,34%	5,34%
The Cyprus Cement Public Company Ltd	25,30%	25,30%
	82,63%	82,63%

34. Employee contribution schemes

The Group contributes to the Vassiliko Cement Works Ltd Employees' Provident Fund and employees' medical schemes. The schemes are funded separately. 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 €518.000 (2017: €459.000) and for the Company €518.000 (2017: €459.000).

35. Operating leases

Leases as lessee

Non-cancellable operating lease rentals are payable as follows:

	Group		**Company**	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Less than one year	**21**	86	**21**	86
Between one and five years	**35**	44	**35**	44
More than five years	**65**	57	**65**	57
	121	187	**121**	187

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.

35. Operating leases (continued)

Leases as lessor

The Group leases out its investment property under operating leases (see note 15). The future minimum lease payments under non-cancellable leases are as follows:

	Group		Company	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Less than one year	**90**	77	**90**	77
Between one and five years	**122**	167	**122**	167
More than five years	**-**	-	**-**	-
	212	244	**212**	244

During the year ended 31 December 2018, €69.000 was recognised as net rental income in the statement of comprehensive income (2017: €74.000).

36. 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.

36. Financial instruments and risk management (continued)

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 26.

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$). The Groups management monitors the exchange rate fluctuations and exposure on foreign currency transactions on a continuous basis and acts accordingly.

Exposure to currency risk was as follows:

Group	**US$000**	US$000
	31 December 2018	31 December 2017
Trade receivables	**368**	48
Trade payables	**-**	(12)
Net exposure	**368**	36

Company	**US$000**	US$000
	31 December 2018	31 December 2017
Trade receivables	**368**	48
Trade payables	**-**	(12)
Net exposure	**368**	36

The following significant exchange rates were applied during the year:

	Average rate		**Reporting date spot rate**	
	2018	2017	**2018**	2017
US$	**0,843**	0,896	**0,869**	0,832

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.

36. Financial instruments and risk management (continued)

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

	Group		Company	
	Carrying amount		Carrying amount	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Trade and other receivables	**7.508**	7.638	**7.508**	7.638
Amount receivable from related parties	**(72)**	109	**(72)**	109
Other receivables and prepayments	**304**	43	**304**	43
Investments designated as available for sale	**186**	200	**186**	200
Cash and cash equivalents	**259**	(27)	**259**	(27)
Total credit risk exposure	**8.185**	7.963	**8.185**	7.963

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:

		Group			Company	
	No of banks	**2018**	2017	No of banks	**2018**	2017
Bank group based on credit ratings by Moody's		**€000**	€000		**€000**	€000
B3	2	**(385)**	(1.072)	2	**(385)**	(1.072)
B2	1	**96**	-	1	**96**	-
B1	2	**(140)**	16	2	**(140)**	16
Aa2	1	**637**	741	1	**637**	741
Banks without credit rating and cash in hand	1	**51**	288	1	**51**	288
		259	(27)		**259**	(27)

The following table provides information about estimated exposure to credit risk and ECL's for trade receivables, including contract assets, for individuals and companies as at 31 December 2018:

	Gross carrying amount	**Weighted average loss rate**	**Loss allowances**
Current (not past due)	6.442	0,8%	49
1-30 days past due	6	6,0%	-
31-60 days past due	23	11,6%	3
61-90 days past due	13	19,1%	2
More than 90 days past due	1.024	26,9%	45
	7.508		99

Loss rates are based on actual credit loss experience over the past 3 years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected , current conditions and the Group's view of economic conditions over the expected lives of the receivables.

36. Financial instruments and risk management (continued)

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
31 December 2018							
Secured bank loans	23.062	(23.612)	(4.105)	(4.081)	(8.091)	(7.335)	-
Trade and other payables	7.019	(7.019)	(7.019)	-	-	-	-
	30.081	(30.631)	(11.124)	(4.081)	(8.091)	(7.335)	-
31 December 2017							
Secured bank loans	30.969	(31.847)	(4.105)	(4.127)	(8.186)	(15.429)	-
Trade and other payables	7.038	(7.038)	(7.038)	-	-	-	-
	38.007	(38.885)	(11.143)	(4.127)	(8.186)	(15.429)	-

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
31 December 2018							
Secured bank loans	23.062	(23.612)	(4.105)	(4.081)	(8.091)	(7.335)	-
Trade and other payables	6.966	(6.966)	(6.966)	-	-	-	-
	30.028	(30.578)	(11.071)	(4.081)	(8.091)	(7.335)	-
31 December 2017							
Secured bank loans	30.969	(31.847)	(4.105)	(4.127)	(8.186)	(15.429)	-
Trade and other payables	6.985	(6.985)	(6.985)	-	-	-	-
	37.954	(38.832)	(11.090)	(4.127)	(8.186)	(15.429)	-

36. Financial instruments and risk management (continued)

The Group has access to financing facilities of €37.162.000, of which €14.000.000 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 of Cyprus;
- 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 any 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.

Operational environment

Cyprus has achieved a turnaround following the 2013 economic crisis as the recovery continued strengthening for fifteen consecutive quarters. The broad-based economic recovery gathered pace in 2017, with real GDP increasing by an annual 4,2%. Cyprus' real GDP increased by 3,9% year-on year in the first nine months of 2018 when seasonally adjusted. The recovery has been broad-based and has contributed to the increase of employment in almost all sectors and to the reduction of unemployment.

The recovery phase, accompanied by positive surprises, has passed and the economy is settling into its growth phase. In absolute terms, the value of all final goods and services produced domestically at constant prices, i.e, real GDP, stood at €19,5 billion at end 2017, recovering to the pre-crisis level. Correspondingly, nominal GDP, the value of all final goods and services produced domestically at current prices, reached €19,6 billion in 2017, up from €18,5 billion in the previous year.

While consumption continued to be a key recovery driver, investment demand also rebounded, particularly for large construction and infrastructure projects. The main factor driving the increase in private consumption was the rise in labour income, which resulted from the growth in the number of employed people, rather than higher wages. Private consumption was also supported by the flourishing tourism sector with positive spillover effects in other sectors of the economy.

Cyprus' macroeconomic outlook is positive and is accompanied by a significant increase in real gross domestic product during the first nine months of 2018, a robust employment growth and further improvement in key domestic indicators. Growth is expected to be supported by private consumption and investment and by an improving and robust labour market. Public expenditure is also expected to contribute positively to growth through higher investment expenditures. In the medium-term, the outlook of the economy is positive and growth is expected to continue albeit at a slower pace near its long-term average.

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 Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment and that the Company will be able to continue operating as a going concern.

36. Financial instruments and risk management (continued)

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. 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.

38. Fair values

The fair value of the investments in securities quoted on the Cyprus Stock Exchange is disclosed in note 20. The fair value of investment property is disclosed in note 15. The fair values of the other monetary assets and liabilities are approximately the same as their book values.

39. Events after the reporting period

There were no material events after the reporting period, until the date of the signing of the financial statements which affect the financial statements as at 31 December 2018.

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