ANNUAL REPORT & FINANCIAL STATEMENTS '20

VASSILIKO CEMENT WORKS
PUBLIC COMPANY LTD
Since 1963

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ADDRESS BY THE EXECUTIVE CHAIRMAN

for the year 2020

DEAR SHAREHOLDERS,

I would like to welcome you all to the 55th Annual General Meeting of our Company. On behalf of the Board of Directors, I have the honour to present to you the financial results of the Group for the year that ended 31st December 2020.

REVIEW OF THE YEAR

The total revenues for the year recorded an increase in comparison to the previous year. The suspension of the activities in the domestic construction industry, imposed by the authorities due to the COVID-19 pandemic, and the uncertainty in the timeline of the lock down measures was a red alert which called for immediate action. As a result an aggressive sales strategy to new clients/destinations was pursued in the first half of the year so as to ensure the smooth continuation of production and operations. Furthermore, the reassessment and the gradual improvement of the operational and other costs also benefited the year's results.

FINANCIAL RESULTS

As a result, the revenues of the Group in 2020 increased to €105.661.000 from €100.984.000 in 2019, an increase of the order of 4,6%, which also include revenues from electricity generation from the 8MW Photovoltaic Park of the Company for a period of approximately 11 months. In conjunction with the decrease in energy costs, and the containment of expenses, the decrease in operating profit was contained, with the operating profits of 2020 reaching €18.847.000 versus €22.163.000 for the previous year. Finally, the net profit for the year 2020 totalled €16.681.000 versus a net profit of €20.349.000 for the year 2019.

INVESTMENTS FOR A GREENER FUTURE

The focus on managing the consequences of the measures imposed as a result of the pandemic had not compromised the on-going implementation of our strategy for the continuous improvement on the environmental impact of our activities. Amongst other investments, the construction of an 8MW capacity Photovoltaic Park was completed and is fully operational since early February 2020, and covered 9% of our electricity needs in 2020. A second phase for an additional 2MW is in the final licencing stage and we target to have it approved, installed and operational by the end of 2021. Additional investments to improve our CO_2 emissions footprint by decreasing our use of fossil fuels are also on-track to be completed by the end of 2021.

Climate action is at the heart of the European Green Deal, resulting in a series of environmental policies to reduce all greenhouse gas emissions and setting targets for the reduction of CO_2 emissions which will inevitably affect industrial production costs. In June 2021, the European Commission is expected to review and revise all policy instruments to deliver additional reductions for 2030 and 2050. Further to our ongoing investments and process improvements, to reduce the use of fossil fuels, we have also been taking steps to ensure that we hold sufficient EU-ETS emission rights in order to mitigate the resulting increases in our production costs for the coming years.

DIVIDEND

On the 24th September 2020, the Board of Directors approved an interim dividend of €4.316.157 (€0,06 per share). Having considered the positive results of 2020, the cash liquidity as well as the projected cashflows of the Company, the Board of Directors has decided to propose at the Annual General Meeting the payment of a dividend of €10.790.392 (€0,15 per share), payable from the profits of the year 2019 included in the retained earnings reserve. Together with the interim dividend paid in September of 2020, the total dividend payment amounts to €15.106.549 or €0,21 per share.

SHAREHOLDERS, CLIENTS, PERSONNEL

In closing, I would like to thank the General Manager and his team as well as all our people at Vassiliko Cement Works, for their constant enthusiasm which they continue to demonstrate in all areas of our business, and to express on behalf of the Board of Directors our sincerest thanks to our valuable clients, as well as the shareholders of the Company for the trust which they continue to bestow on us.

Antonios Antoniou
Executive Chairman

20 April 2021

NOTICE OF ANNUAL GENERAL MEETING

The 55th Annual General Meeting of the shareholders of Vassiliko Cement Works Public Company Limited (the "Company") will be held at the Plant Offices of the Company at Vassiliko, on 27 May 2021 at 5:00 p.m. to transact the following business:

1. Consider the Management Report of the Board of Directors for the year 2020.
2. Receive, consider and approve the Annual Financial Statements and the Report of the Auditors for the year 2020.
3. Approve a total dividend payment of €0,15 per share out of the profits of the year 2019 included in the Retained Earnings Reserve.
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 2021.
7. Re-appoint KPMG Limited as the auditors of the Company and fix their remuneration for the year 2021.
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

15 April 2021

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 25 May 2021. Transactions which will be taking place on 24 May 2021 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 at www.vassiliko.com (under Investors Relations), must be deposited at the Registered Offices of the Company (1A, Kyriakos Matsis Avenue, 4^{th} Floor, CY-1082 Nicosia, Cyprus, fax +357 24 332 651) 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 24 855 555.

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 Cyprus 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 24 332 651
   or by email at investors@vassiliko.com

10. Pursuant to article 128C of the Cyprus 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 15 April 2021, 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 2020 (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 at www.vassiliko.com (Investor Relations) and in hard copy at the Company's Registered Offices, at 1A Kyriakos Matsis Avenue, 4th Floor, 1082 Nicosia.

EXPLANATORY NOTES

The formal Notice of the 2021 Annual General Meeting is set out on page 1. The Notice asks the shareholders of Vassiliko Cement Works Public Company Limited 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 the Company's shareholders at this year's Annual General Meeting.

RESOLUTION 1: TO CONSIDER THE MANAGEMENT REPORT

The Chairman will present the Management Report for the year 2020 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 2020 to the meeting.

RESOLUTION 3: APPROVE A DIVIDEND PAYMENT

The Directors proposed the payment of a dividend of €0,15 per Ordinary Share out of the profits of 2019 included in the Retained Earnings Reserve. If approved at the Annual General Meeting, the dividend will be paid to the entitled shareholders registered as at 9 June 2021 (record date). The share of the Company will be traded ex-dividend as of 8 June 2021. Payment of the dividend will be made (effected) till the 6 July 2021.

RESOLUTION 4: RE-ELECTION OF DIRECTORS

In accordance with the articles of association Messrs Costas Galatariotis, Maurizio Mansi Montenegro and Stelios S. Anastasiades, 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 20 to 23 of the Annual Report.

RESOLUTION 5: APPROVE THE REMUNERATION REPORT

The Shareholders are asked to approve the remuneration report that appears on pages 18 to 19.

RESOLUTION 6: TO FIX THE REMUNERATION OF THE DIRECTORS

The Shareholders are asked to approve the remuneration of the Directors for the year 2021 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.

ANNUAL REPORT &

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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 ANTONIOS KATSIFOS STELIOS S. ANASTASIADES HAKAN GÜRDAL
General Manager & 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 RCB BANK LTD UBS SWITZERLAND AG
Registered office:	1A, KYRIAKOS MATSIS AVENUE 1082 NICOSIA CYPRUS
Registered number:	HE 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 Limited for the year ended 31 December 2020, confirm that, to the best of our knowledge:

a. The annual financial statements that are presented on pages 30 to 71:

    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 Limited and the businesses that are included in the consolidated and separate 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 Limited and the businesses that are included in the consolidated and separate 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
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
Antonios Katsifos	Non-Executive Director
Stelios S. Anastasiades	Independent Non-Executive Director
Hakan Gürdal	Non-Executive Director

COMPANY OFFICIALS

George S. Savva	General Manager & Chief Financial Officer

15 April 2021

The Board of Directors of Vassiliko Cement Works Public Company Limited (the "Company") presents to the members of the Company its annual report together with the audited consolidated and separate financial statements of the Company for the year ended 31 December 2020.

FINANCIAL STATEMENTS

The consolidated financial statements for the year 2020 include the results of the holding company, its subsidiaries and associate companies.

PRINCIPAL ACTIVITIES

The Group's principal activities are the production of clinker and cement, which are distributed in the local and international markets.

REVIEW OF DEVELOPMENTS, POSITION AND PERFORMANCE OF THE OPERATIONS

The restrictive measures taken by the authorities due to the COVID-19 pandemic had a significant impact on the operations of the Company and on the financial results of the year.

The management of the Company has implemented a crisis management plan adopting a more aggressive sales strategy to ensure smooth continuation of operations. As a result, the revenue for 2020 reached €105.661 thousands compared to €100.984 thousands for 2019, showing an increase of 4,6%, which was driven by higher sales volumes.

Further, the management took additional measures to improve the operational cost structure and liquidity in response to the uncertainty of the market conditions as a result of the COVID-19 pandemic.

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 2020 amounted to €16.681 thousands compared to €20.349 thousands in 2019.

DIVIDENDS

On 24 September 2020, the Board of Directors approved the payment of an interim dividend of €0,06 per share of €4.316.157.

The Board of Directors recommends the payment of a dividend of €10.790.392 or €0,15 per share from 2019 profits included in the Retained Earnings Reserve.

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 34 of the financial statements.

FUTURE DEVELOPMENTS

The Company is continuing its internal investment program that aimed at improving and extending plant infrastructure. The COVID-19 restrictions caused several delays in the progress of the ongoing projects which are now resuming to complete within 2021.

Further the Company is in the process to increase the capacity of its 8MW photovoltaic park to 10MW reducing further its carbon footprint. The 8MW PV Park which started its operation in February 2020, generated power that corresponded to 9% of the 2020 needs of the Company's operations in electricity.

The effects of the COVID-19 challenge on the future course of the economy are still uncertain, as well as the impact they may have on the construction sector in the forthcoming months. At this stage it is not possible to evaluate the level of such an impact.

EVENTS AFTER THE REPORTING PERIOD

The important events that occurred after the reporting period are disclosed in note 38 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 2020. The Company’s shares are listed on the Cyprus Stock Exchange (CSE).

There are no restrictions on the transfer of the Company’s shares other than the requirements of the Market Abuse Regulation, which relates to transactions by persons in possession of inside information and persons discharging managerial responsibilities, as well as persons closely associated with them.

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 2020 and 10 April 2021, is set out in note 30 of the Financial Statements.

BRANCHES

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

BOARD OF DIRECTORS

The members of the Board of Directors on the date of the report appear on page 6. In accordance with the Company's Articles of Association (Article 92), at the next Annual General Meeting, Messrs Costas Galatariotis (Non-Executive Director), Maurizio Mansi Montenegro (non-Executive Director) and Stelios S. Anastasiades (Independent Non-Executive Director) retire from office by rotation and, being eligible, offer themselves for re-election.

The Directors who served during the period from 30 July 2020, 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
Antonios Katsifos
Stelios S. Anastasiades
Hakan Gürdal

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 5th Revised Edition of the Corporate Governance Code, issued by the Cyprus Stock Exchange in January 2019, which is applicable for the Corporate Governance Report for the year ending 31 December 2019 onwards. 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.

The Corporate Governance Report of the Company for 2020 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, pro-rata to their percentage holding. In the event that the new shares will not be offered to existing shareholders, a resolution approved with a special majority of at least the 80% of the shareholders, who are entitled to attend and vote in a General Meeting, must be passed. In the event that a share capital increase requires an increase in the authorised share capital, the approval of the shareholders in a General Meeting must be obtained. The Board of Directors may also propose to the General Meeting of shareholders a share buyback scheme.

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

SHAREHOLDERS HOLDING MORE THAN 5%

The shareholders holding directly or indirectly more than 5% of the issued share capital of the Company as at 31 December 2020 and 10 April 2021, are set out in note 31 of the Financial Statements.

PREPARATION OF PERIODIC REPORTING

The Group has in place an effective internal control 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 Control 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 control system 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 2021 will be proposed at the Annual General Meeting.

On behalf of the Board of Directors
ANTONIOS A. ANTONIOU
Executive Chairman

15 April 2021

SECTION A

The Company has adopted the 5th Revised Edition of the Corporate Governance Code, issued by the Cyprus Stock Exchange in January 2019 which is applicable for the Corporate Governance Report for the year ending 31 December 2019 onwards. 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.

SECTION B

THE BOARD

The Company is headed by the Board of Directors which at 31 December 2020 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 Λίμιτεδ" (English translation "Vassiliko Cement Works Public Company Limited") 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 size and composition of the Board of Directors allow for the effective exercise of its responsibilities and reflect the Company's size, activity and ownership status. The Board of Directors is sufficiently diversified in terms of age, educational and professional background reflecting a sufficiently wide range of experiences. Regarding the recommendation of the Corporate Governance Code for gender diversity amongst the board members, it has been taken into consideration by the Board of Directors whose future intention is to positively consider nominations who promote gender diversity, and at the same time do not downgrade the educational and professional background of the Board of Directors.

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

Antonios Antoniou	– Executive Chairman
George Galatariotis	– Non-Executive Director
Costas Galatariotis	– Non-Executive Director
Stavros 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
Antonios Katsifos	– Non-Executive Director
Stelios S. Anastasiades	– Independent non-Executive Director
Hakan Gürdal	– 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 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 6 times during 2020. 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.

EXECUTIVE CHAIRMAN AND GENERAL MANAGER

The division of responsibility for the management of the Group between the Executive Chairman and the General Manager of the Company is presented below.

The Executive Chairman of the Company, Mr. Antonios Antoniou has, among others, the following duties and 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 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 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.
- Represents together with the General Manager and / or selective members of the Management Team the Company at various meetings for the promotion of the strategic targets of the Company.
- Develops and maintains effective relationships with the Company's stakeholders ensuring the continuity

and the sustainable development of the business.
- Supervises the internal control system, secures the proper implementation of the Company's targets and updates the Board of Directors on the related progress.
- Holds periodic meetings with the management of the Company to discuss various specific subjects.

The General Manager of the Company, Mr. Georgios Savva, has, among others, the following duties and responsibilities:

- To manage 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 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 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 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 regularly review the operating performance of each business and monitor progress against business plans.

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.

AUDIT COMMITTEE AND AUDITORS

The Audit Committee comprises of the Independent non-Executive Director, Mr. St. S. Anastasiades, Chairman of the Committee since 26 November 2020, Mr. C. Galatariotis (non-Executive Director) and Mr. A. Mikellides (Independent non-Executive Director). The majority of the members of the Audit Committee are Independent non-Executive Directors and as per the provision C.3.1. of the Corporate Governance Code, since 26 November 2020, the Chairman of the Audit Committee is also Independent non-Executive Director. It is noted that until 26 November 2020, the Chairman of the Audit Committee was Mr. Costas Galatariotis, a non-Executive Director. The Committee met five times during 2020. 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 and termination of appointment of external auditors and on their remuneration both for audit and non-audit work, and is responsible for keeping under continuous review the scope and results of the audit and its cost-effectiveness and the independence and objectivity of the auditors. The External Auditors of the Company provide permitted non-audit services to the Company. The provision by the External Auditors of non-audit services do not impair their independence and objectivity and they comply with the principles of independence in accordance with the relevant directive. Furthermore, the Audit Committee 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 and the Deputy General Manager(s). 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, the General Manager and the Deputy General Manager(s). 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 18).

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 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 Costas Galatariotis (Non-Executive Director), Maurizio Mansi Montenegro (Non-Executive Director) and Stelios S. Anastasiades (Independent 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, General Manager of the Company, at the position of Compliance with the Code of Corporate Governance Officer.

The Remuneration Report of the Company for the year 2020 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 2020 concern rewards for the financial performance of the Company for the year 2019. 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 2020 compared to the previous year.

The total remunerations of the Executive Directors under their capacity as Executives for the year 2020 were €374.950.

PENSION SCHEME

All the Employees of the Company including the General Manager were members of the Company's Provident Fund during 2020, 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 2020 were €20.000, and €25.000 for the Chairman and €300 per meeting for attendance in person.

EXECUTIVE AND NON-EXECUTIVE DIRECTORS' REMUNERATIONS

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 2020 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	27.100	243.000	120.000	11.950	-	-	402.050
Non-Executive Directors							
George St. Galatariotis	22.400	-	-	-	-	-	22.400
Costas St. Galatariotis	23.300	-	-	-	-	-	23.300
Stavros G. Galatariotis	22.400	-	-	-	-	-	22.400
Costas Koutsos	22.400	-	-	-	-	-	22.400
Charalambos Panayiotou	22.400	-	-	-	-	-	22.400
Maurizio Mansi Montenegro	21.800	-	-	-	-	-	21.800
Antonis Mikellides	23.000	-	-	-	-	-	23.000
Christophe Allouchery	12.785	-	-	-	-	-	12.785
Antonios Katsifos	22.100	-	-	-	-	-	22.100
Stelios S. Anastasiades	23.300	-	-	-	-	-	23.300
Hakan Gürdal	9.015	-	-	-	-	-	9.015
	252.000	**243.000**	**120.000**	**11.950**	**-**	**-**	**626.950**

The Independent Non-Executive Directors, Messrs A. Mikellides and St. Anastasiades did not receive from the Company, during their tenure and the 12 months preceding their appointment to the Board, any other material compensation besides their remuneration as members of the Board of Directors of the Company.

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. 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 Limited. From August 2017 until December 2019 he undertook 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 as from July 2011 and Member of its Executive Committee as from December 2013. From January 2019 until December 2020 he was Vice-Chairman and as from January 2021 he is the Chairman of the Cyprus Employers & Industrialist Federation.

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, as well as a Member of the Board of Directors of Enerco – Energy Recovery Limited. He is also Member of the Board of Directors of several other 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 Galatariotis has served as Honorary Consul General of Japan in Cyprus from 2007 until 2012. He served as President of the Board of the Limassol Chamber of Commerce and Industry from September 2014 until October 2020 and since October 2020 he is Vice President of the Board of the Cyprus Chamber of Commerce and Industry.

STAVROS G. GALATARIOTIS

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

Since 2000, Stavros Galatariotis is an Executive Director of the Galatariotis Group of Companies and a member of the Board of Directors of several private and public companies. He is a Director of Vassiliko Cement Works Public Company Limited 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 6 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 Program at "Institut Européen d'Administration des Affaires" (INSEAD). He started his career in Hewlett Packard as Business Analyst, then as Strategic Planning Specialist in Agusta – Westland.

In 1990, he joined Italcementi Group as 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 the end of 2016, he was the Managing Director of Interbulk Trading S.A. Since January 2017 he is General Director Trading of HC Trading, the trading company of Heidelberg Cement Group. He is also member of the Board of Directors of Interbulk Trading SA, Intercom Libya Z.F.C., HC Trading Malta Ltd and HCT Green Ltd.

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. 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. Mikellides has been elected on the Board of Directors of the Cyprus Union of Shipowners since 2009.

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 Italcementi 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. 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 67. 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.

HAKAN GÜRDAL

Mr. Hakan Gürdal studied mechanical engineering at the Yildiz Technical University in Istanbul and holds an MBA in International Management from the University of Istanbul.

He joined Çanakkale Çimento (today part of Heidelberg Cement's joint venture Akçansa in Turkey) in 1992, as investment engineer to build Istanbul port & terminal. Commissioning terminal, he became terminal manager, and then Vice General Manager in charge of cement & concrete business lines. He held various management positions at Akçansa, such as Strategy & Business Development Manager (1996–1997), Vice General Manager Cement Domestic Sales & Exports (1997–2000) and Vice General Manager Ready-mixed Concrete, Aggregates and Purchasing (2000–2008), before he became General Manager Akçansa (2008–2014). From 2014 to the end of January 2016 he was President of the Cement Strategic Business Unit of Sabanci Holding, in charge of Cimsa & Akcansa.

Mr. Hakan Gürdal has been appointed as member of the Managing Board (Vorstand) of Heidelberg Cement on 1 February 2016. Since 1 April 2016, he is in charge of the Africa & Eastern Mediterranean Basin Group area. Additionally, from 1 January 2017 until 30 April 2019, he was the Board Level in charge for Group Purchasing function within Heidelberg Cement. He is chairing Global Alternative Fuel Working Group.

As of 5 April 2019, he is additionally in charge at Board Level for HC Trading.

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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 consolidated financial statements of Vassiliko Cement Works Public Company Limited and its subsidiaries (the "Group") and separate financial statements of Vassiliko Cement Works Public Company Limited (the "Company"), which are presented on pages 30 to 71 and comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at 31 December 2020, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Group, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows of the Company for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements give a true and fair view of the financial position of the Group and the Company, respectively, as at 31 December 2020, and of their financial performance and 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 and the Company throughout the period of our appointment in accordance with the International Code of Ethics (including International Independence Standards) for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") together with 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.

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Independent Auditors' Report (continued)

To the members of Vassiliko Cement Works Public Company Limited

Report on the audit of the consolidated and separate financial statements (continued)

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

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	
Refer to Note 5 of the financial statements.	
Key audit matter	**How the matter was addressed in our audit**
The vast majority of the Group's and the Company's revenue is generated from the sales of Clinker and Cement. The Group and the Company generally recognise 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 profit or loss and other comprehensive income, and since revenue is one of the key performance indicators of the Group and the Company 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 domestic sales 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 recognised in the correct accounting period.

Valuation of investment properties	
Refer to Note 14 of the financial statements.	
Key audit matter	**How the matter was addressed in our audit**
At 31 December 2020, the management has assessed the fair value of the Group's and the Company's investment properties at €5.583 thousand and €5.368 thousand, respectively. Given the significance of the above amounts as well as the inherent subjectivity included in determining the fair value, as well as, the judgement 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 professional property valuer. • Assessment of the methodology used by the external professional property valuer and the reasonableness of the comparable data used in the valuations. Our internal valuation specialist was used within this process. • Assessment of the accuracy of the mathematical calculations.

Independent Auditors' Report (continued)

To the members of Vassiliko Cement Works Public Company Limited

Report on the audit of the consolidated and separate financial statements (continued)

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 and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to either liquidate the Company or to cease the Group's 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 and the Company's financial reporting process.

Independent Auditors' Report (continued)

To the members of Vassiliko Cement Works Public Company Limited

Report on the audit of the consolidated and separate financial statements (continued)

Auditors' responsibilities for the audit of the consolidated and separate 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 and the Company'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 and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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 and the Company 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 and the Company to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Group and the Company audit. We remain solely responsible for our audit opinion.

Independent Auditors' Report (continued)

To the members of Vassiliko Cement Works Public Company Limited

Report on the audit of the consolidated and separate financial statements (continued)

***Auditors' responsibilities for the audit of the consolidated and separate financial statements** (continued)*

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, actions taken to eliminate threats or safeguards applied.

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 33 years covering the periods ending 31 December 1987 to 31 December 2020.

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 24 March 2021.

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").

Independent Auditors' Report (continued)

To the members of Vassiliko Cement Works Public Company Limited

Report on other legal and regulatory requirements (continued)

Other legal requirements

Pursuant to the additional requirements of 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 and the Company's environment obtained in the course of the audit, we have not identified material misstatements in the management report.
- In our opinion, based on the work undertaken in the course of our audit, 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 light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of the subparagraph 2(a) of Article 151 of the Companies Law, Cap. 113. We have not identified any material misstatements in this respect.
- In our opinion, based on the work undertaken in the course of our audit, 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 Haris A. Kakoullis.

Haris A. Kakoullis, CPA
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

15 April 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Note	2020	2019
Continuing operations		**€000**	€000
Revenue	5	**105.661**	100.984
Cost of sales		**(77.192)**	(70.093)
Gross profit		**28.469**	30.891
Other operating income	6	**1.605**	990
Distribution expenses		**(5.413)**	(4.201)
Administrative expenses		**(3.899)**	(4.125)
Other operating expenses		**(1.915)**	(1.392)
Operating profit before net financing cost	7	**18.847**	22.163
Finance income		**9**	13
Finance expenses		**(115)**	(235)
Net finance cost	9	**(106)**	(222)
Net (loss)/profit from investing activities	10	**(157)**	29
Gain on disposal of equity- accounted investees	18	**-**	787
Share of profit from equity- accounted investees	18	**647**	449
Profit before tax		**19.231**	23.206
Taxation	11	**(2.550)**	(2.857)
Profit for the year		**16.681**	20.349
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Equity investments at fair value through other comprehensive income - net change in fair value	19	**(40)**	51
Items that are or may be reclassified to profit or loss			
Deferred tax on revaluation of properties	11	**(293)**	(13)
Other comprehensive (loss)/income for the year		**(333)**	38
Total comprehensive income for the year		**16.348**	20.387
Profit attributable to:			
Equity holders of the parent		**16.681**	20.349
Non-controlling interest		**-**	-
		16.681	20.349
Total comprehensive income attributable to:			
Equity holders of the parent		**16.348**	20.387
Non-controlling interest		**-**	-
		16.348	20.387
Basic and diluted earnings per share (cents)	12	**23,2**	28,3

The notes on pages 38 to 71 form an integral part of these financial statements.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

for the year ended 31 December 2020

	Note	2020	2019
Continuing operations		**€000**	€000
Revenue	5	**105.661**	100.984
Cost of sales		**(77.192)**	(70.093)
Gross profit		**28.469**	30.891
Other operating income	6	**1.605**	990
Distribution expenses		**(5.413)**	(4.201)
Administrative expenses		**(3.897)**	(4.123)
Other operating expenses		**(1.915)**	(1.392)
Operating profit before net financing cost	7	**18.849**	22.165
Finance income		**9**	13
Finance expenses		**(115)**	(235)
Net finance cost	9	**(106)**	(222)
Net profit from investing activities	10	**43**	254
Gain on disposal of associates		**-**	1.151
Profit before tax		**18.786**	23.348
Taxation	11	**(2.461)**	(2.775)
Profit for the year		**16.325**	20.573
Other comprehensive income			
Items that will not be reclassified to profit or loss			
Equity investments at fair value through other comprehensive income - net change in fair value	19	**(40)**	51
Items that are or may be reclassified to profit or loss			
Deferred tax on revaluation of properties	11	**(293)**	(13)
Other comprehensive (loss)/income for the year		**(333)**	38
Total comprehensive income for the year		**15.992**	20.611
Basic and diluted earnings per share (cents)	12	**22,7**	28,6

The notes on pages 38 to 71 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020	2019
		€000	€000
Assets			
Property, plant and equipment	13	**226.107**	229.050
Intangible assets	15	**12.363**	12.416
Investment property	14	**5.583**	6.030
Right-of-use assets	33	**1.700**	77
Investment in equity-accounted investee	18	**1.560**	1.202
Financial assets at fair value through other comprehensive income	19	**218**	258
Total non-current assets		**247.531**	249.033
Inventories	20	**25.712**	30.929
Tax receivable		**-**	35
Trade and other receivables	21	**7.630**	6.988
Cash and cash equivalents	22	**13.782**	4.006
Total current assets		**47.124**	41.958
Total assets		**294.655**	290.991
Equity			
Share capital	23	**30.932**	30.932
Reserves		**216.133**	209.856
Total equity attributable to equity holders of the parent		**247.065**	240.788
Liabilities			
Interest-bearing loans and borrowings	24	**4.760**	8.901
Lease liabilities	33	**1.605**	69
Deferred taxation	25	**25.182**	24.009
Provisions for liabilities and charges	26	**300**	300
Total non-current liabilities		**31.847**	33.279
Interest-bearing loans and borrowings	24	**8.181**	8.364
Lease liabilities	33	**121**	7
Tax payable		**70**	-
Trade and other payables	27	**7.371**	8.553
Total current liabilities		**15.743**	16.924
Total liabilities		**47.590**	50.203
Total equity and liabilities		**294.655**	290.991

These financial statements were approved and authorised for issue by the Board of Directors on 15 April 2021.

ANTONIOS ANTONIOU
Director

GEORGE ST. GALATARIOTIS
Director

The notes on pages 38 to 71 form an integral part of these financial statements.

COMPANY STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

	Note	2020	2019
		€000	€000
Assets			
Property, plant and equipment	13	**226.107**	229.050
Intangible assets	15	**12.363**	12.416
Investment property	14	**5.368**	5.815
Right-of-use assets	33	**1.700**	77
Investments in subsidiaries	17	**-**	-
Investment in associates	18	**500**	500
Financial assets at fair value through other comprehensive income	19	**218**	258
Total non-current assets		**246.256**	248.116
Inventories	20	**25.712**	30.929
Income tax receivable		**-**	35
Trade and other receivables	21	**8.194**	7.500
Cash and cash equivalents	22	**13.782**	4.006
Total current assets		**47.688**	42.470
Total assets		**293.944**	290.586
Equity			
Share capital	23	**30.932**	30.932
Reserves		**215.424**	209.503
Total equity		**246.356**	240.435
Liabilities			
Interest-bearing loans and borrowings	24	**4.760**	8.901
Lease liabilities	33	**1.605**	69
Deferred taxation	25	**25.182**	24.009
Provisions for liabilities and charges	26	**300**	300
Total non-current liabilities		**31.847**	33.279
Interest-bearing loans and borrowings	24	**8.181**	8.364
Lease liabilities	33	**121**	7
Income tax payable		**70**	-
Trade and other payables	27	**7.369**	8.501
Total current liabilities		**15.741**	16.872
Total liabilities		**47.588**	50.151
Total equity and liabilities		**293.944**	290.586

These financial statements were approved and authorised for issue by the Board of Directors on 15 April 2021.

ANTONIOS ANTONIOU	**GEORGE ST. GALATARIOTIS**
Director	**Director**

The notes on pages 38 to 71 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Share capital €000	Share premium €000	Revaluation reserve €000	Fair value reserve €000	Retained earnings €000	Total equity attributable to equity holders of the parent €000	Non-controlling interest €000	Total equity €000
At 1 January 2019	30.932	45.388	38.242	(424)	119.211	233.349	-	233.349
Profit for the year	-	-	-	-	20.349	20.349	-	20.349
Other comprehensive income	-	-	(13)	51	-	38	-	38
Total comprehensive income for the year	-	-	(13)	51	20.349	20.387	-	20.387
Dividends (note 29)	-	-	-	-	(12.948)	(12.948)	-	(12.948)
Transfer	-	-	(1.399)	-	1.399	-	-	-
At 31 December 2019 / 1 January 2020	**30.932**	**45.388**	**36.830**	**(373)**	**128.011**	**240.788**	**-**	**240.788**
Profit for the year	**-**	**-**	**-**	**-**	**16.681**	**16.681**	**-**	**16.681**
Other comprehensive loss	**-**	**-**	**(293)**	**(40)**	**-**	**(333)**	**-**	**(333)**
Total comprehensive income for the year	**-**	**-**	**(293)**	**(40)**	**16.681**	**16.348**	**-**	**16.348**
Dividends (note 29)	**-**	**-**	**-**	**-**	**(10.071)**	**(10.071)**	**-**	**(10.071)**
Transfer	**-**	**-**	**(1.034)**	**-**	**1.034**	**-**	**-**	**-**
At 31 December 2020	**30.932**	**45.388**	**35.503**	**(413)**	**135.655**	**247.065**	**-**	**247.065**

The notes on pages 38 to 71 form an integral part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2020

	Share capital €000	Share premium €000	Revaluation reserve €000	Fair value reserve €000	Retained earnings €000	Total equity €000
At 1 January 2019	30.932	45.388	38.354	(424)	118.522	232.772
Profit for the year	-	-	-	-	20.573	20.573
Other comprehensive income	-	-	(13)	51	-	38
Total comprehensive income for the year	-	-	(13)	51	20.573	20.611
Dividends (note 29)	-	-	-	-	(12.948)	(12.948)
Transfer	-	-	(1.399)	-	1.399	-
At 31 December 2019 / 1 January 2020	**30.932**	**45.388**	**36.942**	**(373)**	**127.546**	**240.435**
Profit for the year	**-**	**-**	**-**	**-**	**16.325**	**16.325**
Other comprehensive loss	**-**	**-**	**(293)**	**(40)**	**-**	**(333)**
Total comprehensive income for the year	**-**	**-**	**(293)**	**(40)**	**16.325**	**15.992**
Dividends (note 29)	**-**	**-**	**-**	**-**	**(10.071)**	**(10.071)**
Transfer	**-**	**-**	**(1.034)**	**-**	**1.034**	**-**
At 31 December 2020	**30.932**	**45.388**	**35.615**	**(413)**	**134.834**	**246.356**

Companies, which do not distribute at least 70% of their profits after tax as defined by the Special Defence Contribution Law of the Republic of Cyprus during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend on 31 December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year to which the profits refer. Based on the amount of the deemed dividend distribution, the Company pays a special defence contribution on behalf of the shareholders at a rate of 17% (valid since 2014) when the entitled shareholders are natural tax residents of Cyprus and have their residence (domicile) in Cyprus. In addition, from 2019 (deemed distribution of dividends for the year 2017), the Company pays a General Health System (GHS) contribution on behalf of the shareholders at a rate of 2,65% (31.12.2019 1,70%), when the entitled shareholders are natural tax residents of Cyprus, regardless of their domicile.

The notes on pages 38 to 71 form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Note	2020	2019
		€000	€000
Cash flows from operating activities			
Profit for the year		**16.681**	20.349
Adjustments for:			
Depreciation and amortisation charges	13, 15, 33	**13.939**	14.583
Unrealised exchange (loss)/profit		**47**	(8)
Loss on disposal of investment property		**-**	108
Gain on disposal of equity accounted investees	18	**-**	(787)
Change in fair value of investment property	14	**166**	(112)
Interest income	9	**(9)**	(5)
Dividend income	10	**(9)**	(25)
Interest expense	9	**68**	235
Share of profit of equity-accounted investees	18	**(647)**	(449)
(Gain)/loss on disposal of property, plant and equipment		**(16)**	1
Provision for bad debts		**53**	-
Bad debts recovered and impairment movement		**(272)**	-
Income tax expense	11	**2.550**	2.857
Operating profit before changes in working capital and provisions		**32.551**	36.747
Changes in:			
Trade and other receivables		**(608)**	(610)
Inventories		**5.217**	(5.684)
Trade and other payables		**(1.046)**	1.522
Cash generated from operating activities		**36.114**	31.975
Interest paid		**(144)**	(271)
Tax paid		**(1.476)**	(1.400)
Net cash inflow from operating activities		**34.494**	30.304
Cash flows to investing activities			
Proceeds from disposal of property, plant and equipment		**22**	2
Proceeds from disposal of investment property		**421**	-
Proceeds from disposal of equity-accounted investees	18	**-**	4.150
Interest received		**9**	5
Dividends received		**209**	175
Acquisition of property, plant and equipment	13	**(10.886)**	(12.170)
Acquisition of intangibles	15	**(21)**	(74)
Acquisition of investment property	14	**(29)**	-
Acquisition of financial assets at fair value through other comprehensive income	19	**-**	(21)
Net cash used in investing activities		**(10.275)**	(7.933)
Cash flows to financing activities			
Proceeds from new loans raised		**4.042**	2.109
Repayment of loans		**(8.366)**	(7.823)
Lease payments	33	**(7)**	(7)
Dividends paid		**(10.071)**	(12.948)
Net cash used in financing activities		**(14.402)**	(18.669)
Effect of exchange rate fluctuations on cash held		**(41)**	45
Net increase in cash and cash equivalents		**9.776**	3.747
Cash and cash equivalents at 1 January		**4.006**	259
Cash and cash equivalents at 31 December	22	**13.782**	4.006

The notes on pages 38 to 71 form an integral part of these financial statements.

COMPANY STATEMENT OF CASH FLOWS

for the year ended 31 December 2020

	Note	2020	2019
		€000	€000
Cash flows from operating activities			
Profit for the year		**16.325**	20.573
Adjustments for:			
Depreciation and amortisation charges	13, 15, 33	**13.939**	14.583
Unrealised exchange (loss)/profit		**47**	(8)
Loss from disposal of investment property		**-**	108
Change in fair value of investment property	14	**166**	(112)
Interest income	9	**(9)**	(5)
Dividend income	10	**(209)**	(250)
Interest expense	9	**68**	235
(Gain)/loss on disposal of property, plant and equipment		**(16)**	1
Gain on disposal of associates	18	**-**	(787)
Provision for bad debts		**102**	-
Bad debts recovered and impairment movement		**(272)**	-
Income tax expense	11	**2.461**	2.775
Operating profit before changes in working capital and provisions		**32.602**	37.113
Changes in:			
Trade and other receivables		**(660)**	(941)
Inventories		**5.217**	(5.684)
Trade and other payables		**(1.045)**	1.487
Cash generated from operations		**36.114**	31.975
Interest paid		**(144)**	(271)
Tax paid		**(1.476)**	(1.400)
Net cash inflow from operating activities		**34.494**	30.304
Cash flows to investing activities			
Proceeds from disposal of property, plant and equipment		**22**	2
Proceeds from disposal of investment property		**421**	-
Proceeds from disposal of associates	18	**-**	4.150
Interest received		**9**	5
Dividends received		**209**	175
Acquisition of property, plant and equipment	13	**(10.886)**	(12.170)
Acquisition of intangibles	15	**(21)**	(74)
Acquisition of investment property	14	**(29)**	-
Acquisition of financial assets at fair value through other comprehensive income	19	**-**	(21)
Net cash used in investing activities		**(10.275)**	(7.933)
Cash flows to financing activities			
Proceeds from new loans raised		**4.042**	2.109
Repayment of loans		**(8.366)**	(7.823)
Lease payments	33	**(7)**	(7)
Dividends paid		**(10.071)**	(12.948)
Net cash used in financing activities		**(14.402)**	(18.669)
Effect of exchange rate fluctuations on cash held		**(41)**	45
Net increase in cash and cash equivalents		**9.776**	3.747
Cash and cash equivalents at 1 January		**4.006**	259
Cash and cash equivalents at 31 December	22	**13.782**	4.006

The notes on pages 38 to 71 form an integral part of these financial statements.

1. Reporting entity and principal activities

"Τσιμεντοποιία Βασιλικού Δημόσια Εταιρεία Λίμιτεδ", 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 for the year ended 31 December 2020 consist of the financial statements of the Company and its subsidiaries (together referred to as the 'Group') and the Group's interest in associates.

The Group and the Company's financial statements (the "financial statements") were authorised for issue by the Board of Directors on 15 April 2021.

Principal activities

The Group's principal activity is the production of clinker and cement, which are sold in the local and international markets.

2. Basis of preparation

Statement of compliance

The 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 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 financial statements as at and for the year ended 31 December 2020 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 judgements

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

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

In particular, information about significant areas of estimation, uncertainty and critical judgements 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 judgement 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.

2. Basis of preparation (continued)

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.

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. Significant accounting policies

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

Adoption of new and revised IFRSs and interpretations as adopted by the EU:

As from 1 January 2020, the Group and the Company adopted all changes to IFRSs as adopted by the EU, which are relevant to its operations. This adoption did not have a material effect on the financial statements.

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 2020. 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 16 “Leases” (Amendments): COVID-19-Related Rent Concessions** (effective for annual periods beginning on or after 1 June 2020).

  In response to the COVID-19 coronavirus pandemic, the IASB has issued amendments to IFRS 16 to allow lessees not to account for rent concessions (such as rent holidays and temporary rent reductions) as lease modifications if they are a direct consequence of COVID-19 and meet certain conditions. The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The amendment does not affect lessors.

3. Significant accounting policies (continued)

- **IFRS 9 "Financial Instruments" (Amendments), IAS 39 "Financial Instruments: Recognition and Measurement" (Amendments) and IFRS 7 "Financial Instruments: Disclosures" (Amendments): Interest Rate Benchmark Reform – Phase 2** (effective for annual periods beginning on or after 1 January 2021).

  The objective of the amendments is to assist entities with providing useful information to users of financial statements and to support preparers in applying IFRS when changes are made to contractual cash flows or hedging relationships, as a result of the transition from an interbank offered rate (IBOR) benchmark rate to alternative benchmark rates, in the context of the ongoing risk-free rate reform (referred to as 'IBOR reform'). The Phase 2 amendments principally address the following issues:

  - The amendments introduce a practical expedient if a change results directly from IBOR reform and occurs on an 'economically equivalent' basis. In these cases, changes will be accounted for by updating the effective interest rate.
  - The amendments also allow a series of exemptions from the regular, strict rules around hedge accounting. For example, a company will not need to discontinue existing hedging relationships because of changes to hedge documentation required solely by IBOR reform. Therefore, when a hedged risk changes due to benchmark reform, a company may update the hedge documentation to reflect the new benchmark rate and the hedge may be able to continue without interruption. However, similar to the Phase 1 amendments, there is no exception from the measurement requirements that apply for the hedged items and hedging instruments under IFRS 9 or IAS 39. Once the new benchmark rate is in place, the hedged items and hedging instruments are remeasured based on the new rate and any hedge ineffectiveness will be recognised in profit or loss.
  - Additional disclosure requirements were added to IFRS 7 with the objective of enabling users of financial statements to assess the nature and extent of risks arising from the IBOR reform to which an entity is exposed, and how it manages those risks. In addition, the disclosures should assist users in assessing an entity's progress in completing the transition to alternative benchmark rates, and how an entity is managing that transition.

ii. Standards and Interpretations not adopted by the EU

- **IFRS 3 "Business Combinations" (Amendments), IAS 16 "Property, Plant and Equipment" (Amendments), IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" (Amendments), Annual Improvements 2018-2020** (effective for annual periods beginning on or after 1 January 2022).

  The amendments to IFRS 3 update a reference in IFRS 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations.

  The amendments to IAS 16 prohibit a company from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

  The amendments to IAS 37 specify which costs a company includes when assessing whether a contract will be loss-making.

  Annual Improvements contain minor amendments to IFRS 1, IFRS 9, IAS 41 and the Illustrative Examples accompanying IFRS 16.

- **IAS 1 "Presentation of Financial Statements" (Amendments): Classification of Liabilities as Current or Non-current** (effective for annual periods beginning on or after 1 January 2023).

  IASB has amended IAS 1 to promote consistency in application and clarify the requirements on determining if a liability is current or non-current. Under existing IAS 1 requirements, companies classify a liability as current when they do not have an unconditional right to defer settlement of the liability for at least twelve months after the end of the reporting period. As part of its amendments, the IASB has removed the requirement for a right to be unconditional and instead, now requires that a right to defer settlement must have substance and exist at the end of the reporting period.

- **IFRS 10 "Consolidated Financial Statements" (Amendments) and IAS 28 "Investments in Associates and Joint Ventures" (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.

3. Significant accounting policies (continued)

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

Basis of consolidation

i. Business combinations

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

ii. Acquisitions of non-controlling interests

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

iii. Subsidiaries

Subsidiaries are entities controlled by the Group. 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.

v. Investments in associates (equity-accounted investees)

Associates are those entities in which the Group has significant influence but no control or joint control, over the financial and operating policies. 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.

3. Significant accounting policies (continued)

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 guidance in IAS 28 is 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.

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. Revaluations are carried out with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. All other property, plant and equipment, 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 profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) 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.

3. Significant accounting policies (continued)

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.

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
Photovoltaic Park	20 years

Intangible assets

i. Goodwill

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

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.
Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and is tested annually for impairment (note 15). 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 any accumulated impairment losses.

Expenditure on internally generated goodwill and brands is recognised in profit or loss 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

Investments

Investment properties

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.

3. Significant accounting policies (continued)

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 profit or loss.

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.

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, fuels, 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 only of the consolidated 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) that have an indefinite useful life are not subject to amortisation and 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 if the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in 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.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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

3. Significant accounting policies (continued)

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

Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past events, it is probable that an outflow of resources 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.

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Group has the right to direct the use of the asset. The Group has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Group has the right to direct the use of the asset if either:
  - the Group has the right to operate the asset; or
  - the Group designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group as lessee

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

3. Significant accounting policies (continued)

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents its right-of-use assets that do not meet the definition of investment property separately in the statement of financial position.

The lease liabilities are presented separately in the statement of financial position.

Short-term leases and leases of low-value assets

The Group has elected not to recognise right-of-use assets and lease liabilities for short term leases and leases of low value assets (i.e. IT equipment, office equipment etc). The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Financial instruments

i. Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

ii. Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive income (FVOCI) debt investment; Fair Value through Other Comprehensive income (FVOCI) equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment by investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets - Subsequent measurement and gains and losses:

Financial assets at amortised cost

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

3. Significant accounting policies (continued)

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The financial liabilities of the Group are measured as follows:

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.

Trade and other payables

Trade and other payables are stated at their nominal values.

iii. Impairment

Financial instruments

The Group recognises loss allowances for Expected Credit Loss ("ECL") on financial assets measured at amortised cost.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition, which are measured at 12-month ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Group considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 365 days past due.

The Group considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Credit impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit impaired. A financial asset is 'credit impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;

3. Significant accounting policies (continued)

- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. For individual customers, the Group has a policy of writing off the gross carrying amount when the financial asset is 180 days past due based on historical experience of recoveries of similar assets. For corporate customers, the Group individually makes an assessment with respect to the timing and amount of write off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Derecognition of financial assets and liabilities

i. Financial assets

The Group derecognises a financial asset (or, where applicable a part of a financial asset or part of a Group of similar financial assets) when:

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

When an asset recognised in its statement of financial position, is transferred, but the Group retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Any interest in such derecognised financial assets that is created or retained by the Group is recognised as a separate asset or liability.

ii. Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group also derecognises a financial liability when it is replaced by another from the same lender on substantially different terms, or when the terms of the liability are substantially modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position when, and only when, the Group has a currently enforceable legal right to offset the recognised amounts and it intends to settle them on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Revenue recognition

Contracts identification

The Group recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Group can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract), it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Group's contracts with customers.

3. Significant accounting policies (continued)

The transaction price

Revenue represents the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value added taxes).

The Group does not have any material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group elects to use the practical expedient and does not adjust any of the transaction prices for the time value of money.

Identification of the performance obligations

The Group assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand alone selling prices. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

Performance obligations and revenue recognition policies

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 at the point in time when the Company satisfies its performance obligation by transferring control over the promised goods to the buyer and the buyer has accepted the goods. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

ii. Sale of Electricity

Revenue from sale of electricity, generated by the Photovoltaic Park, at monthly avoidance cost , net of VAT.

iii. Rental income

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

iv. Finance income

Finance income includes interest income which is recognised on a time proportion basis using the effective interest method.

v. Dividend income

Dividend income is recognised in profit or loss on the date on which the Group’s right to receive payment is established, which in the case of quoted securities is usually the ex-dividend date.

Expenses

i. Financing costs

Finance costs comprise interest expense on borrowings and bank overdrafts, foreign exchange losses, and bank charges. Interest expense and other costs on borrowings to finance construction or production of qualifying assets are capitalised, during the period of time that is required to complete and prepare the asset for its intended use. All other finance costs, excluding bank charges, are recognised to profit or loss using the effective interest method. Bank charges are recognised in profit or loss in the period which incurred.

ii. 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.

3. Significant accounting policies (continued)

Tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

i. Current tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using the tax rates and laws that have been enacted, or substantially enacted, by the reporting date. Current tax includes any adjustments to tax payable in respect of previous periods.

ii. Deferred tax

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 and share premium

Ordinary share capital is classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

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

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

4. 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 individually or in their aggregate value.

5. Revenue

	Group		Company	
Revenue analysis:	**2020**	2019	**2020**	2019
	€000	€000	**€000**	€000
Cement products	**104.309**	100.872	**104.309**	100.872
Sale of electricity	**1.238**	-	**1.238**	-
Other	**114**	112	**114**	112
	105.661	100.984	**105.661**	100.984

6. Other operating income

	Group		Company	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Income from Vassiliko Port	**923**	656	**923**	656
Gain/(loss) on disposal of property, plant and equipment	**16**	(1)	**16**	(1)
Other	**666**	335	**666**	335
	1.605	990	**1.605**	990

7. Operating profit before financing costs

	Group		Company	
	2020	2019	**2020**	2019
This is stated after charging:	**€000**	€000	**€000**	€000
Staff costs (note 8)	**11.730**	11.706	**11.730**	11.706
Directors remuneration as directors	**252**	246	**252**	246
Directors remuneration as executives	**375**	403	**375**	403
Depreciation of property, plant and equipment	**13.865**	14.540	**13.865**	14.540
Amortisation of intangible assets	**74**	43	**74**	43
Independent auditors' remuneration for the statutory audit	**56**	56	**55**	55
Independent auditors' remuneration for tax advice	**6**	7	**6**	7
Independent auditors' remuneration for other non-audit services	**1**	1	**1**	1

8. Staff Costs

	Group		Company	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Wages and salaries	**9.919**	10.071	**9.919**	10.071
Social insurance contributions	**730**	766	**730**	766
Provident and medical fund contributions (note 32)	**724**	498	**724**	498
Other contributions	**357**	371	**357**	371
	11.730	11.706	**11.730**	11.706
Average number of employees	**233**	251	**233**	251

9. Net finance cost

	Group		Company	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Interest income	**9**	5	**9**	5
Net foreign exchange differences	**-**	8	**-**	8
Finance income	**9**	13	**9**	13
Interest expense	**(68)**	(235)	**(68)**	(235)
Net foreign exchange differences	**(47)**	-	**(47)**	-
Finance expense	**(115)**	(235)	**(115)**	(235)
Net finance cost	**(106)**	(222)	**(106)**	(222)

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.

10. Net (loss)/profit from investing activities

	Group		Company	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Dividend income	**9**	25	**209**	250
Change in fair value of investment property	**(166)**	112	**(166)**	112
Loss on disposal of investment property	**-**	(108)	**-**	(108)
	(157)	29	**43**	254

11. Taxation

	Group		Company	
Recognised in profit or loss	**2020**	2019	**2020**	2019
	€000	€000	**€000**	€000
Analysis of charge in the year				
Income tax on profits of the year	**1.581**	1.365	**1.581**	1.365
Share of tax from associate	**89**	82	**-**	-
Deferred tax (note 25)	**880**	1.410	**880**	1.410
	2.550	2.857	**2.461**	2.775
Recognised in other comprehensive income				
Deferred tax on revaluation of property	**293**	13	**293**	13

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

	Group		Company	
	2020	2019	**2020**	2019
Reconciliation of tax based on taxable income and tax based on accounting profits	**€000**	€000	**€000**	€000
Accounting profit before tax	**19.231**	23.206	**18.786**	23.348
Tax calculated at the applicable tax rates	**2.404**	2.901	**2.348**	2.919
Tax effect of expenses not deductible for tax purposes	**1.978**	1.830	**2.034**	1.766
Tax effect of allowances and income not subject to tax	**(2.801)**	(3.366)	**(2.801)**	(3.320)
Deferred tax	**880**	1.410	**880**	1.410
Share of tax from associates	**89**	82	**-**	-
Tax charge for the year	**2.550**	2.857	**2.461**	2.775

12. Earnings per share

The calculation of basic and fully diluted earnings per share was based on the profit attributable to ordinary shareholders of €16.681 thousand (2019: €20.349 thousand) and the weighted average number of ordinary shares outstanding during the year of 71.935.947 (2019: 71.935.947). There are no dilutive potential ordinary shares in issue.

The calculation of earnings per share in the Company's statement of profit or loss and other comprehensive income was based on the profit for the year of €16.325 thousand (2019: €20.573 thousand).

13. Property, plant and equipment

Group	Land and Buildings €000	Vassiliko port €000	Plant and equipment €000	Photovoltaic Park €000	Total €000
Cost or valuation					
Balance at 1 January 2019	85.518	24.100	261.343	-	370.961
Acquisitions	7.503	35	7.104	-	14.642
Disposals	-	-	(12)	-	(12)
Balance at 31 December 2019	93.021	24.135	268.435	-	385.591
Balance at 1 January 2020	**93.021**	**24.135**	**268.435**	**-**	**385.591**
Acquisitions	**922**	**229**	**3.164**	**6.571**	**10.886**
Disposals	**-**	**-**	**(265)**	**-**	**(265)**
Balance at 31 December 2020	**93.943**	**24.364**	**271.334**	**6.571**	**396.212**
Depreciation					
Balance at 1 January 2019	28.674	10.039	103.294	-	142.007
Charge for the year on historical cost	2.505	940	11.095	-	14.540
Disposals	-	-	(6)	-	(6)
Balance at 31 December 2019	31.179	10.979	114.383	-	156.541
Balance at 1 January 2020	**31.179**	**10.979**	**114.383**	**-**	**156.541**
Charge for the year on historical cost	**1.573**	**940**	**10.996**	**301**	**13.810**
Disposals	**-**	**-**	**(246)**	**-**	**(246)**
Balance at 31 December 2020	**32.752**	**11.919**	**125.133**	**301**	**170.105**
Carrying amounts					
At 1 January 2019	56.844	14.061	158.049	-	228.954
At 31 December 2019	61.842	13.156	154.052	-	229.050
At 1 January 2020	**61.842**	**13.156**	**154.052**	**-**	**229.050**
At 31 December 2020	**61.191**	**12.445**	**146.201**	**6.270**	**226.107**

13. Property, plant and equipment (continued)

Company	Land and buildings €000	Vassiliko port €000	Plant and equipment €000	Photovoltaic Park €000	Total €000
Cost or valuation					
Balance at 1 January 2019	85.518	24.100	261.343	-	370.961
Acquisitions	7.503	35	7.104	-	14.642
Disposals	-	-	(12)	-	(12)
Balance at 31 December 2019	93.021	24.135	268.435	-	385.591
Balance at 1 January 2020	**93.021**	**24.135**	**268.435**	**-**	**385.591**
Acquisitions	**922**	**229**	**3.164**	**6.571**	**10.886**
Disposals	**-**	**-**	**(265)**	**-**	**(265)**
Balance at 31 December 2020	**93.943**	**24.364**	**271.334**	**6.571**	**396.212**
Depreciation					
Balance at 1 January 2019	28.674	10.039	103.294	-	142.007
Charge for the year on historical cost	2.505	940	11.095	-	14.540
Disposals	-	-	(6)	-	(6)
Balance at 31 December 2019	31.179	10.979	114.383	-	156.541
Balance at 1 January 2020	**31.179**	**10.979**	**114.383**	**-**	**156.541**
Charge for the year on historical cost	**1.573**	**940**	**10.996**	**301**	**13.810**
Disposals	**-**	**-**	**(246)**	**-**	**(246)**
Balance at 31 December 2020	**32.752**	**11.919**	**125.133**	**301**	**170.105**
Carrying amounts					
At 1 January 2019	56.844	14.061	158.049	-	228.954
At 31 December 2019	61.842	13.156	154.052	-	229.050
At 1 January 2020	**61.842**	**13.156**	**154.052**	**-**	**229.050**
At 31 December 2020	**61.191**	**12.445**	**146.201**	**6.270**	**226.107**

Fair value hierarchy

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

Property, plant and equipment under construction

During 2020, the Group has commenced operation of the photovoltaic park. Plant and equipment under construction as at 31 December 2020 was €12.665 thousand (2019: €11.237 thousand).

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.

13. Property, plant and equipment (continued)

Land

As at 31 December 2020 the fair value of the land included in land and buildings category was €31.127 thousand (2019: €31.127 thousand).

Valuation technique

For land the comparable sales approach was used that reflects observed prices for recent market transactions for similar properties per m^2 and incorporates adjustments for specific factors.

Significant Unobservable Inputs

Sales comparison approach of land takes into consideration the particular characteristics of the subject property such as size, location and planning/legal status as well as available information from relevant market transactions and the overall market condition as at the valuation date.

Security

Bank loans of €12.941 thousand (2019: €17.265 thousand) are secured by €26.500 thousand mortgages on land and buildings and €29.250 thousand fixed charges on plant and machinery.

14. Investment property

	Group		Company	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Balance at 1 January	**6.030**	8.499	**5.815**	8.284
Acquired through group reorganisation	**140**	-	**140**	-
Change in fair value	**(166)**	112	**(166)**	112
Disposals	**(421)**	(2.581)	**(421)**	(2.581)
Balance at 31 December	**5.583**	6.030	**5.368**	5.815

Fair value hierarchy

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 2020.

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 fair value based on the inputs to the valuation techniques used.

Valuation technique

For investment property the comparable sales approach was used.

Significant Unobservable Inputs

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

14. Investment property (continued)

The following table shows the significant unobservable inputs used in measuring the fair value of investment property.

Property location	Significant unobservable inputs Selling price per m²:	Inter-relationship between key unobservable inputs and fair value measurement
Property in Choirokoitia	€9 to €11 (2019: €10 to €12)	The estimated fair value would increase/(decrease) if selling price per m² was higher/(lower).
Property in Kalavasos	€27 to €33 (2019: €26 to €32)	
Property in Mari	€6 to €8 (2019: €5 to €7)	
Property in Strovolos	€452 to €576 (2019: €375 to €400)	
Property in Drousia	€20 to €28 (2019: €20 to €25)	
Property in Pissouri	€9 to €11 (2019: €7 to €9)	
Property in Ipsonas	€50 to €61 (2019: €50 to €55)	
Property in Pegeia	€7 to €10 (2019: €2 to €8)	

15. Intangible assets

Group	Goodwill	Software	Total
	€000	€000	€000
Cost			
Balance at 1 January 2019	12.328	153	12.481
Acquisitions	-	74	74
Balance at 31 December 2019	12.328	227	12.555
Balance at 1 January 2020	**12.328**	**227**	**12.555**
Acquisitions	**-**	**21**	**21**
Balance at 31 December 2020	**12.328**	**248**	**12.576**
Amortisation and impairment charge			
Balance at 1 January 2019	-	96	96
Amortisation for the year	-	43	43
Balance at 31 December 2019	-	139	139
Balance at 1 January 2020	**-**	**139**	**139**
Amortisation for the year	**-**	**74**	**74**
Balance at 31 December 2020	**-**	**213**	**213**
Carrying amounts			
At 1 January 2019	12.328	57	12.385
At 31 December 2019	12.328	88	12.416
At 1 January 2020	**12.328**	**88**	**12.416**
At 31 December 2020	**12.328**	**35**	**12.363**

15. Intangible assets (continued)

Company	Goodwill	Software	Total
	€000	€000	€000
Cost			
Balance at 1 January 2019	**12.328**	**153**	**12.481**
Acquisitions	-	74	74
Balance at 31 December 2019	12.328	227	12.555
Balance at 1 January 2020	**12.328**	**227**	**12.555**
Acquisitions	**-**	**21**	**21**
Balance at 31 December 2020	**12.328**	**248**	**12.576**
Amortisation and impairment charge			
Balance at 1 January 2019	-	96	96
Amortisation for the year	-	43	43
Balance at 31 December 2019	-	139	139
Balance at 1 January 2020	**-**	**139**	**139**
Amortisation for the year	**-**	**74**	**74**
Balance at 31 December 2020	**-**	**213**	**213**
Carrying amounts			
At 1 January 2019	12.328	57	12.385
At 31 December 2019	12.328	88	12.416
At 1 January 2020	**12.328**	**88**	**12.416**
At 31 December 2020	**12.328**	**35**	**12.363**

Impairment testing for cash-generating units

The recoverable amount of goodwill (currently attaching to one cash-generating unit) is based on value in use calculations. Those calculations use post-tax cash flow projections based on past experience, actual operating results and budgeted forecasts for 2020 extrapolated forward for the 10-year period 2021-2030. A post-tax discount rate of 9,59% has been used in discounting the projected cash flows.

16. Group entities

Name and country of incorporation	Principal Activity	Ownership 2020	Ownership 2019
Venus Beton Limited - Cyprus	Dormant company	**100,0%**	51,0%
C.C.C. Aggregates Limited - Cyprus	Dormant company	**51,0%**	51,0%

17. Investments in subsidiaries

	2020	2019
	€000	€000
Balance at 1 January	**-**	-
Balance at 31 December	**-**	-
Venus Beton Limited - Cyprus	**-**	-
C.C.C. Aggregates Limited - Cyprus	**-**	-
	-	-

18. Investment in associate (equity-accounted investee)

		Ownership	
Name and country of incorporation	**Principal Activity**	**2020**	2019
Enerco - Energy Recovery Limited - Cyprus	Waste Management	**50%**	50%

	2020	2019
	€000	€000
Balance at 1 January	**1.202**	4.423
Disposals	**-**	(3.363)
Share of profit from equity-accounted investees	**647**	449
Share of tax from equity-accounted investees	**(89)**	(82)
Dividends from equity-accounted investees	**(200)**	(225)
Balance at 31 December	**1.560**	1.202

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

	2020	2019
	€000	€000
Balance at 1 January	**500**	500
Balance at 31 December	**500**	500

In May 2019, the Company disposed its 30% shareholding in Latomio Pyrgon Limited and its 50% shareholding in Latomia Latouros Limited for a total consideration of €4.150 thousand, realising a gain on disposal of €787 thousand.

The following table summarizes the financial information of the associate as included in its own financial statements adjusted for fair value adjustments at acquisitions and differences in accounting policies. The table also reconciles the summarised financial information to the carrying amount of the Group's interest in the equity-accounted investee for 2020.

	Enerco - Energy Recovery Limited	
	2020	2019
	€000	€000
Non-current assets	**4.883**	2.640
Current assets	**1.030**	2.392
Non-current liabilities	**1.753**	1.846
Current liabilities	**689**	609
Net assets (100%)	**3.471**	2.577
Group's share of net assets	**1.736**	1.289
Revenue	**4.702**	4.148
Profit from continued operations	**1.294**	908
Other comprehensive income	**-**	-
Total comprehensive income	**1.294**	908

19. Financial assets at fair value through other comprehensive income

	Group		Company	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
At 1 January	**258**	186	**258**	186
Additions	**-**	21	**-**	21
Change in fair value	**(40)**	51	**(40)**	51
At 31 December	**218**	258	**218**	258

	Valuation		Valuation	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Non-current investments				
Equity securities at fair value through other comprehensive income	**218**	258	**218**	258
	218	258	**218**	258

Equity securities designated as at fair value

The Company designated the investments shown below as equity securities at fair value through other comprehensive income (FVOCI) because these equity securities represent investments that the Company intends to hold for the long term for strategic purposes.

The details of financial assets at fair value through other comprehensive income are as follows:

Name	**Dividend income recognised during 2020**	**31 December 2020**	31 December 2019
	€000	**€000**	€000
KEO Plc	25	169	204
Hellenic Bank Public Company Ltd	-	49	54

Fair value for the financial assets at fair value through other comprehensive income was determined by reference to published price quotations in an active market (classified as Level 1 in the fair value hierarchy).

20. Inventories

	Group		Company	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Raw materials and work in progress	**3.988**	4.246	**3.988**	4.246
Finished goods	**4.974**	10.369	**4.974**	10.369
Fuel stocks	**1.928**	3.369	**1.928**	3.369
Spare parts and consumables	**14.822**	12.945	**14.822**	12.945
	25.712	30.929	**25.712**	30.929

In 2020, inventories of €76.756 thousands (2019: €70.093 thousand) were recognised as an expense during the year and were included in cost of sales.

21. Trade and other receivables

	Group		Company	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Trade and other receivables	**8.003**	7.181	**8.003**	7.181
Amount owed by subsidiary companies (note 28)	**-**	-	**580**	530
Amount owed by associate companies (note 28)	**107**	182	**107**	182
Other receivables and prepayments	**639**	771	**639**	771
	8.749	8.134	**9.329**	8.664
Less provision for impairment	**(1.119)**	(1.146)	**(1.135)**	(1.164)
	7.630	6.988	**8.194**	7.500
Impairment movement				
At 1 January	**1.146**	1.378	**1.164**	1.396
Movement during the year	**(57)**	(207)	**(59)**	(207)
Accrued discounts	**30**	(25)	**30**	(25)
At 31 December	**1.119**	1.146	**1.135**	1.164

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 34.

22. Cash and cash equivalents

	Group		Company	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Cash in hand	**54**	33	**27**	33
Cash at bank	**13.728**	3.973	**13.755**	3.973
Cash and cash equivalents	**13.782**	4.006	**13.782**	4.006
Cash and cash equivalents in the statement of cash flows	**13.782**	4.006	**13.782**	4.006

23. Capital and reserves

Share capital	**2020**	2019
	No. of shares	No. of shares
Authorised:		
Ordinary shares of €0,43 each	**72.000.000**	72.000.000

	2020	2019	**2020**	2019
	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

23. Capital and reserves (continued)

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.

Fair value reserve

The fair value reserve comprises the cumulative net change in the fair value of equity securities designated at fair value through other comprehensive income.

24. Interest bearing loans and borrowings

	Group		Company	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Non-current portion of secured bank loans	**4.760**	8.901	**4.760**	8.901
Current portion of secured bank loans	**8.181**	8.364	**8.181**	8.364
Analysis of maturity of debt:				
Within one year or on demand	**8.181**	8.364	**8.181**	8.364
Between one and two years	**959**	8.113	**959**	8.113
Between two and five years	**3.037**	788	**3.037**	788
After five years	**764**	-	**764**	-
	12.941	17.265	**12.941**	17.265

The bank loans are secured as follows:

- By mortgage against immovable property of the Company for €26.500 thousand (2019: €26.500 thousand).
- Fixed charge on the Company's financed plant and machinery for €29.250 thousand (2019: €29.250 thousand).

Weighted average effective interest rate

The rate of interest payable on the loans as at 31 December 2020 was 0,9% + Euribor. At 31 December 2020, the prevailing rate of interest for these loans was 0,9% (2019: 0,9%).

25. Deferred taxation

	Group		Company	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Accelerated capital allowances	**16.721**	15.842	**16.721**	15.842
Revaluation of properties	**8.461**	8.167	**8.461**	8.167
	25.182	24.009	**25.182**	24.009

	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
At 1 January	**24.009**	22.586	**24.009**	22.586
Deferred tax charge in statement of comprehensive income (note 11)	**880**	1.410	**880**	1.410
Transfer to revaluation reserve	**293**	13	**293**	13
At 31 December	**25.182**	24.009	**25.182**	24.009

26. Provisions for liabilities and charges

	Group		Company	
	Non-current		Non-current	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Provisions for litigation and claims	**300**	300	**300**	300
	300	300	**300**	300

27. Trade and other payables

	Group		Company	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Current				
Trade payables	**5.422**	4.288	**5.420**	4.236
Amounts owed to related companies (note 28)	**38**	31	**38**	31
Other payables	**1.554**	4.046	**1.554**	4.046
Accrued interest	**3**	79	**3**	79
Dividend	**354**	109	**354**	109
	7.371	8.553	**7.369**	8.501

28. 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 2020 and ending on 30 June 2022.
- With C.C.C. 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 2021.

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

	Sales		Purchases	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Hellenic Mining Group	**2**	-	**131**	269
Heidelberg Cement	**-**	-	**-**	1.355
KEO Plc	**-**	-	**16**	15
The Cyprus Cement Public Company Ltd	**-**	-	**120**	120
Enerco - Energy Recovery Limited	**1.428**	1.227	**1.537**	1.415
	1.430	1.227	**1.804**	3.174

ii. Transactions with key management personnel

In addition to salaries, the Group also contributes to the Provident Fund which is a defined contributions plan and to National Health System (note 32). Key management personnel compensation, including total employer contributions for 2020, was €1.164 thousand (2019: €956 thousand).

28. Related parties (continued)

iii. Balances with related companies

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

	Group	
	2020	2019
	€000	€000
Amounts due to related parties		
Hellenic Mining Group	**13**	7
C.C.C Secretarial Limited	**12**	12
KEO Plc	**13**	12
	38	31

The above balances relate to trading activities.

iv. Balances with equity-accounted investees

	Group		Company	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Enerco - Energy Recovery Limited (note 21)	**107**	182	**107**	182

The above balances relate to trading activities.

v. Balances with Group entities

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

	Company	
	2020	2019
	€000	€000
Balances due from Group entities		
Venus Beton Limited	**557**	508
C.C.C. Aggregates Limited	**23**	22
	580	530
Less impairment	**(396)**	(346)
	184	184

29. Dividends

	2020	2019
	€000	€000
Interim dividend 2020 at €0,06 (2019: €0,06) per share	**4.316**	4.316
Dividend 2019 at €0,02 and dividend 2018 at €0,06 (2018: €0,12) per share	**5.755**	8.632
	10.071	12.948

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

30. Directors' interest in the share capital of the Company

At 31 December 2020, and five days prior to the date of the approval of the financial statements, the percentage of shareholdings in the share capital of the Company held, directly and directly, by the Members of the Board of Directors, their spouses, or/and relatives by blood up to first degree and companies in which they control directly and indirectly at least 20% of the voting rights were as follows:

	31 December 2020		10 April 2021	
	Directly	Directly & Indirectly	Directly	Directly & Indirectly
Antonios Antoniou	0,111%	0,174%	0,111%	0,174%
Costas Koutsos	0,007%	0,014%	0,007%	0,014%
Stavros Galatariotis	0,013%	0,013%	0,013%	0,013%
	0,131%	0,201%	0,131%	0,201%

At 31 December 2020, the Company had no material agreements in which Directors of the Company, or their related parties, had a direct or indirect interest.

31. Shareholders holding more than 5% of the issued share capital of the Company

At 31 December 2020 and five days prior to the date of approval of the financial statements the following shareholders were holding, directly and indirectly, more than 5% of the nominal value of the issued share capital of the Company:

	31 December 2020		10 April 2021	
	Directly	Directly & Indirectly	Directly	Directly & Indirectly
Holy Archbishopric of Cyprus [1]	19,52%	26,01%	19,52%	26,01%
Heidelbergcement AG [2]	0%	25,98%	0%	25,98%
The Cyprus Cement Public Company Ltd	25,30%	25,30%	25,30%	25,30%
Anastasios G. Leventis Foundation	5,34%	5,34%	5,34%	5,34%
	50,16%	82,63%	50,16%	82,63%

Note 1: The indirect shareholding of The Holy Archbishopric of Cyprus derives from the direct shareholding of 6,49% of KEO Plc in the issued share capital of the Company.

Note 2: The indirect shareholding of Heidelbergcement AG derives from the direct shareholding of 9,71% of Compagnie Financiere et de Participations and 16,27% of Italmed Cement Company Ltd in the issued share capital of the Company.

32. Employee contribution schemes

The Group contributes to the Vassiliko Cement Works Ltd Employees' Provident Fund, which is a defined contribution scheme and to the National Healthcare System. According to these schemes, the employees are entitled to payment of certain benefits upon retirement, prior termination of service or sickness. The contributions of the Group and the Company for the year were €724 thousands (2019: €498 thousands).

33. Leases

Leases as lessee

The Group leases the port facilities for a period of 50 years ending in 2033. The lease provides for rental increases to reflect market rentals with no contingent rentals.

During 2020, the Group also leased a piece of land close to the factory to be used for storage of materials used in the production process.

33. Leases (continued)

Information about leases for which the Group is a lessee is presented below.

i. Right-of-use of assets

	Group		Company	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Balance at 1 January	**77**	82	**77**	82
Additions	**1.678**	-	**1.678**	-
Depreciation charge for the year	**(55)**	(5)	**(55)**	(5)
Balance at 31 December	**1.700**	77	**1.700**	77

ii. Lease Liabilities

	Group		Company	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Non-current portion of lease liabilities	**1.605**	69	**1.605**	69
Current portion of lease liabilities	**121**	7	**121**	7

iii. Amounts recognised in statement of profit or loss

	Group		Company	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Interest on lease liabilities	**24**	2	**24**	2

iv. Amounts recognised in statement of cash flows

	Group		Company	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Total cash outflow for leases	**7**	7	**7**	7

34. Financial instruments and risk management

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

- Market risk
- Interest rate risk
- Currency 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

34. Financial instruments and risk management (continued)

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 financial statements.

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

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

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

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

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

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

Sensitivity analysis
A reasonably possible increase of 100 basis points in interest rates at the reporting date would have decreased equity and profit or loss by €129 thousand (2019: €173 thousand). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on the profit and other equity.

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 Group's 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 2020	31 December 2019
Trade receivables	**-**	8
Trade payables	**(53)**	(906)
Net exposure	**(53)**	(898)

Company	**US$000**	US$000
	31 December 2020	31 December 2019
Trade receivables	**-**	8
Trade payables	**(53)**	(906)
Net exposure	**(53)**	(898)

34. Financial instruments and risk management (continued)

The following significant exchange rates were applied during the year:

	Average rate		Reporting date spot rate	
	2020	2019	**2020**	2019
US$	**0,808**	0,888	**0,808**	0,887

Sensitivity analysis

A 10% strengthening of the Euro against the United States Dollar at 31 December 2020 would have increased equity and profit or loss by €4 thousand (2019: €72 thousand). This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10% weakening of the Euro against the United States Dollar, there would be an equal and opposite impact on the profit and other equity.

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 Group has policies to limit the amount of credit exposure to any financial institution.

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

	Group		Company	
	Carrying amount		Carrying amount	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Trade receivables	**8.003**	7.181	**8.003**	7.181
Amount receivable from related parties	**107**	182	**107**	182
Other receivables	**-**	41	**-**	41
Financial assets at fair value through other comprehensive income	**218**	258	**218**	258
Cash at bank	**13.755**	3.973	**13.755**	3.973
Total credit risk exposure	**22.083**	11.635	**22.083**	11.635

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		
Bank group based on credit ratings by Moody's	No of banks	**2020 €000**	2019 €000	No of banks	**2020 €000**	2019 €000
Caa1	3	**2.003**	615	3	**2.003**	615
B3 to B2	2	**2.521**	2.692	2	**2.521**	2.692
B1	1	**3.160**	320	1	**3.160**	320
Aa2	1	**6.072**	346	1	**6.072**	346
		13.756	3.973		**13.756**	3.973

The following table provides information about estimated exposure to credit risk and ECL's for trade receivables and contract assets from individual customers and for corporate customers as at 31 December 2020:

34. Financial instruments and risk management (continued)

	Net carrying amount	Weighted average loss rate	Loss allowances
Current (not past due)	7.210	0,50%	33,3
1-30 days past due	367	3,10%	11,2
31-60 days past due	30	5,50%	1,7
61-90 days past due	-	7,00%	-
More than 90 days past due	396	7,90%	0,4
	8.003		47

Loss rates are based on actual credit loss experience over the past 5 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.

The following table provides information about estimated exposure to credit risk and ECL's for trade receivables and contract assets from individual customers and for corporate customers as at 31 December 2019:

	Net carrying amount	Weighted average loss rate	Loss allowances
Current (not past due)	5.413	0,60%	32,5
1-30 days past due	1.147	4,40%	50,5
31-60 days past due	48	6,80%	3,3
61-90 days past due	-	8,90%	-
More than 90 days past due	10	10,40%	1,0
	6.618		87

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 Group 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 2020							
Secured bank loans	12.941	(13.629)	(4.558)	(3.879)	(1.098)	(3.296)	(798)
Trade and other payables	5.460	(5.460)	(5.460)	-	-	-	-
	18.401	(19.089)	(10.018)	(3.879)	(1.098)	(3.296)	(798)
31 December 2019							
Secured bank loans	17.265	(23.129)	(4.068)	(4.583)	(8.437)	(3.294)	(2.747)
Trade and other payables	4.319	(4.319)	(4.319)	-	-	-	-
	21.584	(27.448)	(8.387)	(4.583)	(8.437)	(3.294)	(2.747)

34. Financial instruments and risk management (continued)

Company

Non-derivative financial liabilities	Carrying amount	Contractual cash flow	Payable on demand and up to 6 months	6 - 12 months	1 - 2 years	2 - 5 years	More than 5 years
	€000	€000	€000	€000	€000	€000	€000
31 December 2020							
Secured bank loans	12.941	(13.629)	(4.558)	(3.879)	(1.098)	(3.296)	(798)
Trade and other payables	5.458	(5.458)	(5.458)	-	-	-	-
	18.399	(19.087)	(10.016)	(3.879)	(1.098)	(3.296)	(798)
31 December 2019							
Secured bank loans	17.265	(23.129)	(4.068)	(4.583)	(8.437)	(3.294)	(2.747)
Trade and other payables	4.267	(4.267)	(4.267)	-	-	-	-
	21.532	(27.396)	(8.335)	(4.583)	(8.437)	(3.294)	(2.747)

The Group has access to financing facilities of €26.941 thousand, of which €14.000 thousand 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.

The Group has a secured bank loan that contains a loan covenant. A future breach of covenant may require the Group to repay the loan earlier than indicated in the above table. Under the agreement, the covenant is monitored on a regular basis by the accounting department and regularly reported to management to ensure compliance with the agreement.

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

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life.

Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have implemented restrictions on travelling as well as strict quarantine measures throughout the year.

In Cyprus, on 15 March 2020, the Council of Ministers in an extraordinary meeting, announced that it considers that Cyprus is entering a state of emergency considering the uncertain situation as it unfolds daily, the growing spread of COVID-19 outbreak and the World Health Organization's data on the situation.

To this end, certain measures have been taken by the Republic of Cyprus since then with a view to safeguarding public health and ensuring the economic survival of working people, businesses, vulnerable groups and the economy at large.

A considerable number of private businesses operating in various sectors of the economy had closed for a period of time while a number of lockdown measures, such as the prohibition of unnecessary movements and the suspension of operations of retail companies (subject to certain exemptions), were applied throughout the year. The measures had been continuously revised (lifted or tightened) by the Republic of Cyprus during the year taking into consideration the epidemic status in the

34. Financial instruments and risk management (continued)

country. More specifically, the Government suspended operations in all construction site from 25 March to 3 May 2020.

The objective of these public policy measures was to contain the spread of COVID-19 outbreak and have resulted in significant operational disruption for the Company, especially in the first half of the year.

In parallel, governments, including the Republic of Cyprus, introduced various financial support schemes in response to the economic impacts of the COVID-19 coronavirus pandemic. The Company has applied for such government assistance. The details of all the arrangements that might be available to the Company and the period throughout which they will remain available are continuing to evolve and remain subject to uncertainty. The Company is continuing to assess the implications for its business when these arrangements are no longer available and has reflected their impact in its stress-scenarios for going concern purposes.

The event is reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2020. The Company's management has assessed:

1. whether any impairment allowances are deemed necessary for the Company's financial assets, non-financial assets (e.g., property, plant & equipment) by considering the economic situation and outlook at the end of the reporting period.
2. whether the net realisable value for the Company's inventory exceeds cost.
3. the ability of the Company to continue as a going concern.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty though, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. Management's current expectations and estimates could differ from actual results.

Management has considered the unique circumstances that had a material impact on the business operations and the risk exposures of the Company and has concluded that the main impacts on the Company's profitability/liquidity position have arisen from:

- interruption of production,
- supply chain disruptions,
- unavailability of personnel,
- reduction in sales due to closure of facilities and stores and search for alternatives,
- delays in planned business expansion.

Management has assessed and is in the process of reassessing the trading and relevant cash flows using revised assumptions and incorporating downside scenarios in assessing actual and potential financing needs, taking into consideration the main impacts identified above.

From the analysis performed no additional liquidity needs/impact on financial covenants have been identified.

Management will continue to monitor the situation closely and assess additional measures as a fall back plan in case the period of disruption becomes prolonged.

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.

Environmental risk

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

Compliance risk

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

Litigation risk

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

34. Financial instruments and risk management (continued)

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.

35. Fair values

The fair value of the investments in securities quoted on the Cyprus Stock Exchange is disclosed in note 19. The fair value of investment property is disclosed in note 14. The fair values of the other monetary assets and liabilities are approximately the same as their book values.

36. Contingent Liabilities

As at 31 December 2020 the Group had contingent liabilities in respect of bank guarantees arising in the ordinary course of business from which the Board of Directors is not anticipating that material liability will arise. These guarantees amounted to €664 thousand (2019: €743 thousand).

37. Commitments

Capital expenditure contracted for at the reporting date but not yet incurred is as follows:

	Group		**Company**	
	Carrying amount		**Carrying amount**	
	2020	2019	**2020**	2019
	€000	€000	**€000**	€000
Property, plant and equipment	**3.845**	6.706	**3.845**	6.706

38. Events after the reporting period

The Directors proposed the payment of a dividend of €0,15 per Ordinary Share out of the profits of 2019 included in the Retained Earnings Reserve. If approved at the Annual General Meeting, the dividend will be paid to the entitled shareholders registered as at 9 June 2021 (record date).

There were no other 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 2020.

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