# The Cyprus Cement Public Company Limited

# Report and financial statements
# 31 December 2014

## Contents

# The Cyprus Cement Public Company Limited

## Board of Directors and other officers

### Board of Directors

George St. Galatariotis (Executive Chairman)
Thomas M. Schmidheiny (Vice-Chairman) (resigned at 20 June 2014)
Costas St. Galatariotis (Executive Director)
Stavros G. St. Galatariotis (Executive Director)
Vassos G. Lazarides (Finance Director) (passed away at 30 October 2014)
Tasos Anastasiou (Executive Director)
Michalis Moushouttas (Director)
Antonis Antoniou Latouros (Director)

### Company Secretary

**C.C.C. Secretarial Limited**
197 Makariou III Avenue
Gala Tower
CY-3030 Limassol
Cyprus

### Registered office

Moni
CY-4525 Limassol
Cyprus

# The Cyprus Cement Public Company Limited

## Declaration of Directors and other responsible officers of the Company for the preparation of the financial statements

In accordance with Article 9 sections 3 (c) and (7) of the Transparency Requirements (Traded Securities in Regulated Markets) Law of 2007 to 2014 ("Laws") we, the members of the Board of Directors and the Company officials responsible for the drafting of the consolidated and separate financial statements of The Cyprus Cement Public Company Limited for the year ended 31 December 2014, we confirm that, to the best of our knowledge:

(a) the annual consolidated and separate financial statements which are presented on pages 11 to 86:

(i) were prepared in accordance with the applicable 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 profit or loss of The Cyprus Cement Public Company Limited and the businesses that are included in the consolidated accounts as a total, and

(b) the Board of Directors Report gives a fair review of the developments and the performance of the business as well as the financial position of The Cyprus Cement Public Company Limited and the businesses that are included in the consolidated accounts as a total, together with a description of the main risks and uncertainties they are facing.

**Members of the Board of Directors**

| Name and surname | Signature |
|---|---|
| George St. Galatariotis (Executive Chairman) | |
| Costas St. Galatariotis (Executive Director) | |
| Stavros G. St. Galatariotis (Executive Director) | |
| Tasos Anastasiou (Executive Director) | |
| Michalis Moushouttas (Director) | |
| Antonis Antoniou Latouros (Director) | |

**Responsible for the preparation of the financial statements**

| Name and surname | Signature |
|---|---|
| Elena Stylianou (Financial Controller) | |

Limassol
28 April 2015

# The Cyprus Cement Public Company Limited

## Report of the Board of Directors

1 The Board of Directors of The Cyprus Cement Public Company Limited (the “Company”), its subsidiaries and its associate, collectively referred to as the “Group”, presents its report together with the audited consolidated financial statements and the audited separate financial statements of the Company for the year ended 31 December 2014.

**Principal activities**

2 The principal activities of the Company and the Group are the development/exploitation of land and the undertaking of strategic investments in companies operating in hotel and tourism industry and in the production and sale of cement and related business.

**Review of developments, position and performance of the Group’s and Company's business**

3 The net loss of the Group for the year ended 31 December 2014 amounted to €1.449.230 (2013 €10.923.216). On 31 December 2014 the total assets of the Group were €349.358.368 (2013: €427.104.212) and the net assets were €272.178.032 (2013: €273.548.154). The net loss of the Company for the year amounted to €358.443 (2013: loss €17.265.555). On 31 December 2014 the total assets of the Company were €338.871.205 (2013: €342.882.461) and the net assets were €268.450.837 (2013: €268.809.280).

*Issue of share capital in subsidiary L’ Union Nationale (Tourism and Sea Resorts) Ltd and change in its shareholding structure*

4 On 23 October 2013, the subsidiary C.C.C. Tourist Enterprises Public Company Limited (“CCCT”) signed an agreement and plan of subscription (“Agreement”) with Emerald Coast Properties Ltd (“Investor”), according to which the company’s subsidiary, L’ Union Nationale (Tourism and Sea Resorts) Ltd (“L’ Union”), would issue at par 20 000 000 shares of a new class, with a nominal value of €1 each, to be subscribed by the Investor, with CCCT waiving its pre-emption rights. The completion of the transaction was subject to fulfillment of certain conditions and to the results of a due diligence investigation from the Investor.

5 On 31 January 2014, all conditions of the above Agreement have been satisfied and CCCT, by a special resolution on the same day, issued and allotted 20 000 000 shares with nominal value of €1 each, to the Investor for the subscription price of €20.000.000. After the issue of the said new shares, CCCT and the Investor each had 50% share in L’ Union.

6 The Group recognised a loss of €1.497.124 from the transaction described above, being the difference between the book value of L’ Union’s assets attributable to CCCT before and after the completion of the Agreement

*Additional issue of shares in L’Union and capital restructuring*

7 On 6 June 2014, CCCT signed a memorandum of understanding (“Memorandum”) with the Investor, who held 50% of issued share capital in L’ Union. According to Memorandum, the issued share capital of L’ Union would increase by approximately €52,5 million by issuing new shares to the Investor and simultaneously waiving of the rights of CCCT.

8 On 30 September 2014, the capital restructuring of L' Union was completed. With the restructuring, the issued share capital of L' Union increased by €52,5 million with the issue of 40 076 336 shares, at nominal value of €1,31 per share. The issue of the aforementioned shares caused CCCT to own a percentage of 24,98% of the total issued share capital of L' Union. The proceeds from the issue of shares were used exclusively for the repayment of the bank loans of L' Union to the Bank of Cyprus Public Company Limited.

9 The transaction mentioned above resulted to an accounting profit of €2.007.272 to the Group, which represents the difference between the carrying amount of the net assets of L' Union attributable to CCCT before and after the completion of restructuring.

10 The financial position, development and performance of the Company and the Group as presented in these financial statements are as expected.

**Principal risks and uncertainties**

11 The activities of the Company and the Group are influenced by various risks and uncertainties related to the construction and tourist industries. These activities are influenced by a number of factors which include, but are not limited to, the following:

- The operating environment of Cyprus and the conditions created after the Eurogroup decisions on 25 March 2013 (Notes 1 and 2).
- National and international economic and geopolitical factors.
- The global financial crisis which affected the tourism, the construction industry and real estate sector.
- The impact of war, terrorist acts, diseases and epidemics which may impact tourists' arrivals on the island.
- Increased competition within Cyprus and the neighbouring countries.
- Increases in labour and energy costs.

12 The Group monitors these risks through various mechanisms and revises its strategy in order to mitigate, to the extent this is possible, the impact of such risks.

13 The principal financial risks and uncertainties faced by the Company and the Group are outlined in Notes 1, 2, 3 and 4 of the financial statements.

**Expected development of the Company and the Group**

14 The Board of Directors does not expect any other significant changes in the operations of the Company and the Group except of the developments described in "Review of developments, position and performance of the Group's and the Company's business.

# Report of the Board of Directors (continued)

**Results**

15 The Group's results for the year are set out on pages 11 and 12 and the respective results of the Company are presented on page 13. The net loss for the year is transferred to retained earnings.

16 The final results of the Group for 2014 amounted to a loss of €1.449.230 while the indicative results for the year as announced on 27 February 2015 amounted to a loss of €1.199.000. The difference of €250.230 is mainly due to a difference in the final results of the associated company, Vassiliko Cement Works Public Company Limited and the subsidiary CCCT.

**Share capital**

17 There were no changes in the share capital of the Company during the year.

**Board of Directors**

18 The members of the Board of Directors at 31 December 2014 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2014, except Mr Thomas M. Schmidheiny, who retired on 20 June 2014 and Mr Vassos G. Lazarides who passed away on 30 October 2014.

19 In accordance with the Company's Articles of Association Messrs Stavros G. St. Galatariotis and Tasos Anastasiou retire at the next Annual General Meeting and, being eligible, offer themselves for re-election.

20 There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

**Corporate Governance Code**

21 The Board of Directors has not adopted the provisions of the Corporate Governance Code. The Company is not obliged to adopt the provisions of the Code as its titles are traded in the Alternative Market of the Cyprus Stock Exchange. The main reason for the non adoption of the Corporate Governance Code is that the Board of Directors expects that the costs to be incurred for the adoption of the Corporate Governance Code would be disproportionately higher than any anticipated benefits that may be derived from its adoption.

22 The Board of Directors is responsible for the establishment of adequate internal control procedures and risks control mechanisms, for the drafting, preparation, content and publication of all periodical information that is required of listed companies. The responsible person for the preparation of the financial statements is the Financial Controller.

23 The Board of Directors has not established an Audit Committee pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013. According to Article 46 of the Laws, the Company has assigned the tasks of the Audit Committee to the Board of Directors as a body.

### Corporate Governance Code (continued)

*Shareholders holding more than 5% of the Company's share capital*

24 The shareholders who held at least 5% of the issued share capital of the Company on 28 April 2015 are as follows:

| | |
|---|---|
| C.C.C. Holdings & Investments Limited * | 23,04% |
| K+G Complex Public Company Limited * | 32,07% |
| George S. Galatariotis & Sons Limited* | 13,47% |

* Included in the interest of George St. Galatariotis as presented in the Directors' interest below.

25 The Company has not issued any titles with special control rights and there are no restrictions on voting rights.

26 The appointment and replacement of the members of the Board of Directors is done by the Company at its Annual General Meeting in accordance with the provisions of the Company's Articles of Association. The Company's Articles of Association provides that the Board of Directors has the power to appoint, at any time, any person as Director and such person that is appointed by the Board of Directors will hold his office until the next Annual General Meeting of the Company.

27 The Company's Articles of Association can be modified by the passing of a Special Resolution at an Extraordinary General Meeting of the shareholders.

28 The Board of Directors, subject to approval by the Company's shareholders, may issue or repurchase Company's shares. The issue of any new shares is further subject to the provisions of the Company's Articles of Association, the prevailing law and the principle of fair treatment to all existing shareholders.

29 The Board of Directors consists of 6 members and meetings are convened at regular intervals. The Board of Directors approves the Company's strategy and supervises the adoption and realization of the Company's and Group's strategic development.

### Corporate Governance Code (continued)

*Directors' interest in the Company's share capital*

30 The beneficial interest in the Company's share capital held by each Director, their spouse, children and companies in which they hold directly or indirectly at least 20% of the shares with voting rights in a general meeting, at 31 December 2014 and on 28 April 2015 was as follows:

| | **At 28 April 2015** | **At 31 December 2014** |
|---|---|---|
| | **%** | **%** |
| George St. Galatariotis [(1)] | 69,97 | 69,97 |
| Costas St. Galatariotis [(1)] | - | - |
| Stavros G. St. Galatariotis [(1)] | - | - |
| Michalis Moushouttas | - | - |
| Antonis Antoniou Latouros | 0,05 | 0,05 |
| Tasos Anastasiou | - | - |

(1) The total interest held by Mr. George St. Galatariotis includes his indirect participation resulting from family relationships between himself and Stavros G. St. Galatariotis and Costas St. Galatariotis, their direct and indirect interest through companies which they control.

### Contracts with Directors and related parties

31 Other than the transactions and the balances with Directors and related parties referred to in Note 32 of the financial statements, there were no other significant contracts with the Company, or its subsidiaries as at 31 December 2014 in which the Directors or related parties had a material interest. Related persons include the spouse, minor children and companies in which Directors hold directly or indirectly at least 20% of the voting rights in a general meeting.

### Events after the balance sheet date

32 The material post balance sheet events, which have a bearing on the understanding of the financial statements are presented in Note 33.

### Branches

33 The Company and the Group did not operate through any branches during the year.

## Report of the Board of Directors (continued)

**Independent auditors**

34 The independent auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution for their appointment and authorizing the Board of Directors to fix their remuneration will be submitted at the Annual General Meeting.

**By Order of the Board**

**C.C.C. Secretarial Limited**
**Secretary**

Limassol, 28 April 2015

# Independent auditor's report

## To the members of The Cyprus Cement Public Company Limited

### Report on the consolidated and separate financial statements of The Cyprus Cement Public Company Limited

We have audited the accompanying consolidated financial statements of The Cyprus Cement Public Company Limited (the "Company") and its subsidiaries (the "Group"), and the separate financial statements of the Company, which comprise the consolidated statement of financial position and the statement of financial position of the Company as at 31 December 2014, and the consolidated statements of income, comprehensive income, changes in equity and cash flows, and the statements of comprehensive income, changes in equity and cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information.

*Board of Directors' responsibility for the financial statements*

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

*Auditor's responsibility*

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

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

*PricewaterhouseCoopers Ltd, City House, 6 Karaiskakis Street, CY-3032 Limassol, Cyprus*
*P O Box 53034, CY-3300 Limassol, Cyprus*
*T: +357 25 - 555 000, F:+357 - 25 555 001, www.pwc.com.cy*

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

*Opinion*

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

## Report on other legal and regulatory requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2014, we report the following:

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

Pursuant to the requirements of the Directive DI190-2007-04 of the Cyprus Securities and Exchange Commission, we report that a corporate governance statement has been made for the information relating to paragraphs (a), (b), (c), (f) and (g) of Article 5 of the said Directive, and it forms a special part of the Report of the Board of Directors.

## Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2014 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.

Yiangos Kaponides
Certified Public Accountant and Registered Auditor

For and on behalf of
PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, Cyprus
28 April 2015

# The Cyprus Cement Public Company Limited

## Consolidated income statement
## for the year ended 31 December 2014

| | Note | **2014** € | 2013 € |
|---|---|---|---|
| **Continuing operations** | | | |
| Revenue | 5 | **797.933** | 679.961 |
| Operating and administrative expenses | 8 | **(1.727.257)** | (1.833.667) |
| Other income | 7 | **878** | 500 |
| Other (losses)/profits - Net | 6 | **(650.187)** | 3.367 |
| **Operating loss** | | **(1.578.633)** | (1.149.839) |
| Finance costs | 11 | **(1.272.829)** | (1.174.252) |
| Share of profit/(loss) of investments accounted for using equity method | 19 | **1.631.754** | (2.783.253) |
| **Loss before tax** | | **(1.219.708)** | (5.107.344) |
| Taxation | 12 | **97.446** | (42.588) |
| **Loss for the year from continued operations** | | **(1.122.262)** | (5.149.932) |
| **Discontinued operations** | | | |
| Loss for the year from discontinued operations | 21 | **(837.117)** | (5.773.284) |
| Loss from loss on control of subsidiary entity | 21 | **(1.497.124)** | - |
| Profit from capital reorganisation of joint venture | 21 | **2.007.273** | - |
| **Loss for the year** | | **(1.449.230)** | (10.923.216) |
| **Loss from continued operations attributable to:** | | | |
| Owners of the Company | | **(1.205.745)** | (5.129.050) |
| Non-controlling interest | | **83.483** | (20.882) |
| | | **(1.122.262)** | (5.149.932) |
| **Loss for the year:** | | | |
| Owners of the parent | | **(1.425.761)** | (8.955.473) |
| Non-controlling interest | | **(23.469)** | (1.967.743) |
| | | **(1.449.230)** | (10.923.216) |
| **Loss per share from continued operations attributable to the shareholders of the Company (cent per share):** | | | |
| - Basic and fully diluted | 13 | **(0,88)** | (3,73) |
| **Loss per share attributable to the shareholders of the Company based on the weighted average number of ordinary shares (cent per share):** | | | |
| - Basic and fully diluted | 13 | **(1,04)** | (6,51) |

The notes on pages 24 to 86 are an integral part of these financial statements.

# The Cyprus Cement Public Company Limited

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

| | Note | **2014** | 2013 |
|---|---|---|---|
| | | **€** | € |
| Loss for the year | | **(1.449.230)** | (10.923.216) |
| **Other comprehensive income:** | | | |
| **Items that cannot be reclassified in profit and loss:** | | | |
| **Continuing operations** | | | |
| Share of reserves of investments accounted for using equity method | 19 | **79.108** | (440.220) |
| **Discontinued operations** | | | |
| Deferred tax adjustment | 28 | **-** | 3.997.139 |
| Reversal of gain on revaluation of land and buildings | 16 | **-** | (20.131.724) |
| Other comprehensive income/(loss), net of tax | | **79.108** | (16.574.805) |
| **Total comprehensive loss for the year** | | **(1.370.122)** | (27.498.021) |
| **Loss from continued operations attributable to:** | | | |
| Owners of the parent | | **(1.342.903)** | (11.342.554) |
| Non-controlling interest | | **(27.219)** | (20.882) |
| | | **(1.370.122)** | (11.363.436) |
| **Loss for the year attributable to:** | | | |
| Owners of the parent | | **(1.342.903)** | (20.252.655) |
| Non-controlling interest | | **(27.219)** | (7.245.366) |
| **Total comprehensive loss for the year** | | **(1.370.122)** | (27.498.021) |

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 12.

The notes on pages 24 to 86 are an integral part of these financial statements.

# The Cyprus Cement Public Company Limited

## Company's statement of comprehensive income for the year ended 31 December 2014

| | Note | **2014** | 2013 |
|---|---|---|---|
| | | **€** | € |
| Other income | 7 | **637.872** | 500 |
| Other operating and administrative expenses | 8 | **(181.439)** | (344.940) |
| Other losses | 6 | **(2.217)** | (1.040.500) |
| Impairment of investment in subsidiary | 20 | **-** | (14.866.880) |
| | | **454.216** | (16.251.820) |
| Finance costs | 11 | **(812.396)** | (1.013.735) |
| **Loss before tax** | | **(358.180)** | (17.265.555) |
| Tax charge | 12 | **(263)** | - |
| **Total comprehensive loss for the year** | | **(358.443)** | (17.265.555) |

The notes on pages 24 to 86 are an integral part of these financial statements.

# The Cyprus Cement Public Company Limited

## Consolidated balance sheet at 31 December 2014

| | Note | **2014** € | 2013 € |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 16 | **40.740** | 97.557.876 |
| Investment property | 17 | **271.341.006** | 271.968.351 |
| Investments accounted for using the equity method | 19 | **77.033.932** | 53.726.054 |
| Available for sale financial assets | 22 | **-** | 2.848 |
| | | **348.415.678** | 423.255.129 |
| **Current assets** | | | |
| Land under development and inventories | 23 | **-** | 1.542.387 |
| Trade and other receivables | 24 | **928.991** | 2.107.822 |
| Cash and cash equivalents | 25 | **13.699** | 198.874 |
| | | **942.690** | 3.849.083 |
| **Total assets** | | **349.358.368** | 427.104.212 |
| **Equity and liabilities** | | | |
| **Equity attributable to owners of the parent** | | | |
| Share capital | 26 | **59.172.679** | 59.172.679 |
| Share premium | 26 | **848.729** | 848.729 |
| Fair value reserve | | **106.427.843** | 115.279.747 |
| Revenue reserve | | **17.235.700** | 17.235.700 |
| Other reserves | | **(15.032)** | (15.032) |
| Retained earnings | | **80.703.559** | 73.194.557 |
| | | **264.373.478** | 265.716.380 |
| **Non-controlling interest** | | **7.804.554** | 7.831.774 |
| **Total equity** | | **272.178.032** | 273.548.154 |
| **Non-current liabilities** | | | |
| Deferred tax liabilities | 28 | **53.565.714** | 63.598.833 |
| Borrowings | 27 | **20.153.878** | 68.465.908 |
| | | **73.719.592** | 132.064.741 |

# The Cyprus Cement Public Company Limited

# Consolidated balance sheet at 31 December 2014 (continued)

| | Note | **2014** € | 2013 € |
|---|---|---|---|
| **Current liabilities** | | | |
| Provisions | 30 | **298.000** | 391.215 |
| Trade and other payables | 29 | **495.260** | 4.602.979 |
| Current tax liabilities | | **305** | 9.811 |
| Borrowings | 27 | **2.667.179** | 16.487.313 |
| | | **3.460.744** | 21.491.318 |
| **Total liabilities** | | **77.180.336** | 153.556.074 |
| **Total equity and liabilities** | | **349.358.368** | 427.104.212 |

On 28 April 2015 the Board of Directors of The Cyprus Cement Public Company Limited authorised these financial statements for issue.

George St. Galatariotis, Executive Chairman

Costas St. Galatariotis, Executive Director

The notes on pages 24 to 86 are an integral part of these financial statements.

# The Cyprus Cement Public Company Limited

## Company's balance sheet
## at 31 December 2014

| | Note | **2014** € | 2013 € |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Investment property | 17 | **836.950** | 836.950 |
| Investments in subsidiaries | 20 | **282.948.274** | 282.948.274 |
| Investments in associates | 19 | **52.597.405** | 52.597.405 |
| | | **336.382.629** | 336.382.629 |
| **Current assets** | | | |
| Trade and other receivables | 24 | **2.475.368** | 6.499.615 |
| Cash and cash equivalents | 25 | **13.208** | 217 |
| | | **2.488.576** | 6.499.832 |
| **Total assets** | | **338.871.205** | 342.882.461 |
| **Equity and liabilities** | | | |
| **Capital and reserves** | | | |
| Share capital | 26 | **59.172.679** | 59.172.679 |
| Share premium | | **910.103** | 910.103 |
| Revenue reserve | | **17.282.506** | 17.282.506 |
| Retained earnings | | **191.085.549** | 191.443.992 |
| | | **268.450.837** | 268.809.280 |
| **Non-current liabilities** | | | |
| Borrowings | 27 | **13.055.353** | 14.735.266 |
| Deferred tax liabilities | 28 | **53.565.714** | 53.565.714 |
| | | **66.621.067** | 68.300.980 |
| **Current liabilities** | | | |
| Provisions | 30 | **-** | 391.215 |
| Trade and other payables | 29 | **2.135.783** | 518.766 |
| Borrowings | 27 | **1.663.518** | 4.862.220 |
| | | **3.799.301** | 5.772.201 |
| **Total liabilities** | | **70.420.368** | 74.073.181 |
| **Total equity and liabilities** | | **338.871.205** | 342.882.461 |

On 28 April 2015 the Board of Directors of The Cyprus Cement Public Company Limited authorised these financial statements for issue.

George St. Galatariotis
Executive Chairman

Costas St. Galatariotis
Executive Director

The notes on pages 24 to 86 are an integral part of these financial statements.

# The Cyprus Cement Public Company Limited

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

| | Attributable to owners of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium[2] | Fair value reserve [2] | Other reserves [2] | Revenue reserve | Retained earnings[1] | Total equity | Non-controlling interest | Total |
| | € | € | € | € | € | € | € | € | € |
| **Balance at 1 January 2013** | 59.172.679 | 848.729 | 126.576.929 | (15.032) | 17.235.700 | 82.150.280 | 285.969.285 | 15.077.357 | 301.046.642 |
| **Comprehensive income** | | | | | | | | | |
| Loss for the year | - | - | - | - | - | (8.955.473) | (8.955.473) | (1.967.743) | (10.923.216) |
| **Other comprehensive income** | | | | | | | | | |
| Share of fair value and other reserves of associated companies (Note 19) | - | - | (440.220) | - | - | - | (440.220) | - | (440.220) |
| Deferred tax adjustment (Note 28) | - | - | 2.689.675 | - | - | - | 2.689.675 | 1.307.464 | 3.997.139 |
| Reversal of revaluation gain of land and buildings/transfer of additional cost to retained earnings | - | - | (13.546.637) | - | - | - | (13.546.637) | (6.585.087) | (20.131.724) |
| Total other comprehensive income | - | - | (11.297.182) | - | - | - | (11.297.182) | (5.277.623) | (16.574.805) |
| Total comprehensive income for the year 2013 | - | - | (11.297.182) | - | - | (8.955.473) | (20.252.655) | (7.245.366) | (27.498.021) |
| **Transactions with owners** | | | | | | | | | |
| Defence on deemed dividend distribution | - | - | - | - | - | (250) | (250) | (271) | (467) |
| Total transactions with owners | - | - | - | - | - | (250) | (250) | (271) | (467) |
| **Balance at 31 December 2013** | 59.172.679 | 848.729 | 115.279.747 | (15.032) | 17.235.700 | 73.194.557 | 265.716.380 | 7.831.774 | 273.548.154 |

# The Cyprus Cement Public Company Limited

## Consolidated statement of changes in equity for the year ended 31 December 2014 (continued)

| | Attributable to owners of the Company | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premium[2] | Fair value reserve [2] | Other reserves [2] | Revenue reserve | Retained earnings[1] | Total equity | Non-controlling interest | Total |
| | € | € | € | € | € | € | € | € | € |
| **Balance at 1 January 2014** | 59.172.679 | 848.729 | 115.279.747 | (15.032) | 17.235.700 | 73.194.557 | 265.716.380 | 7.831.774 | 273.548.154 |
| **Comprehensive income** | | | | | | | | | |
| Loss for the year | - | - | - | - | - | (1.425.761) | (1.425.761) | (23.469) | (1.449.230) |
| **Other comprehensive income** | | | | | | | | | |
| Share of fair value and other reserves of associated companies (Note 9) | - | - | 82.859 | - | - | - | 82.859 | (3.751) | 79.108 |
| Transfer due to loss of control in subsidiary (Note 21) | - | - | (8.934.763) | - | - | 8.934.763 | - | - | - |
| Total other comprehensive income | - | - | (8.851.904) | - | - | 8.934.763 | 82.859 | (3.751) | 79.108 |
| Total comprehensive income for the year 2014 | - | - | (8.851.904) | - | - | 7.509.002 | (1.342.902) | (27.220) | (1.370.122) |
| **Transactions with owners** | | | | | | | | | |
| Defence on deemed dividend distribution | - | - | - | - | - | - | - | - | - |
| Total transactions with owners | - | - | - | - | - | - | - | - | - |
| **Balance at 31 December 2014** | 59.172.679 | 848.729 | 106.427.843 | (15.032) | 17.235.700 | 80.703.559 | 264.373.478 | 7.804.554 | 272.178.032 |

# The Cyprus Cement Public Company Limited

# Consolidated statement of changes in equity for the year ended 31 December 2014 (continued)

(1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of 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. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The special contribution for defence rate increased to 17% in respect of profits of year of assessment 2009 and to 20% in respect of profits of years of assessment 2010 and 2011 and is reduced back to 17% in respect of profits of years of assessment 2012 onwards. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

(2) The share premium, the fair value reserve and other reserves are not available for distribution in the form of dividends.

The notes on pages 24 to 86 are an integral part of these financial statements.

# Company's statement of changes in equity
# for the year ended 31 December 2014

| | Share capital € | Share premium [2] € | Fair value reserve [2] € | Revenue reserve € | Retained earnings [1] € | Total € |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2013** | 59.172.679 | 910.103 | 113.967.992 | 17.282.506 | 94.741.555 | 286.074.835 |
| **Comprehensive income** | | | | | | |
| Loss for the year | - | - | - | - | (17.265.555) | (17.265.555) |
| Transfer of fair value reserves due to reorganization (Note 33) | - | - | (113.967.992) | - | 113.967.992 | - |
| Total other comprehensive income for the year | - | - | (113.967.992) | - | 113.967.992 | - |
| Total comprehensive income for the year 2013 | - | - | (113.967.992) | - | 96.702.437 | (17.265.555) |
| **Balance at 31 December 2013/ 1 January 2014** | 59.172.679 | 910.103 | - | 17.282.506 | 191.443.992 | 268.809.280 |
| **Comprehensive income** | | | | | | |
| Loss for the year | - | - | - | - | (358.443) | (358.443) |
| Total comprehensive income for the year 2014 | - | - | - | - | (358.443) | (358.443) |
| **Balance at 31 December 2014** | 59.172.679 | 910.103 | - | 17.282.506 | 191.085.549 | 268.450.837 |

(1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of 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. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The special contribution for defence rate increased to 17% in respect of profits of year of assessment 2009 and to 20% in respect of profits of years of assessment 2010 and 2011 and is reduced back to 17% in respect of profits of years of assessment 2012 onwards. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

(2) The share premium and the fair value reserve are not available for distribution in the form of dividends.

The notes on pages 24 to 86 are an integral part of these financial statements.

# The Cyprus Cement Public Company Limited

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

| | Note | 2014 € | 2013 € |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss before tax from discontinued and continued operations | | **(1.546.676)** | (9.497.113) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 16,21 | **181.786** | 1.916.124 |
| Loss on sale of property, plant and equipment | 6 | **119** | 15.807 |
| Loss due to loss of control in subsidiary | 21 | **1.497.124** | - |
| Profit due to shareholding restructuring of joint venture | 21 | **(2.007.273)** | - |
| Provision for bad debts | 24 | **-** | 13.607 |
| Reversal of impairment loss on doubtful debts | 24 | **(2.020)** | (11.292) |
| Interest income | 7 | **(878)** | - |
| Interest expense | 11,21 | **1.550.214** | 4.953.119 |
| Share of (gain)/loss of investments accounted for using the equity method | 19 | **(1.631.754)** | 2.893.699 |
| Exchange (gains)/losses on borrowings | 11 | **-** | (75.111) |
| Fair value losses of investment property | 6 | **645.000** | - |
| | | **(1.314.358)** | 20.840 |
| Changes in working capital: | | | |
| Inventories | | **(6.478)** | 97.069 |
| Trade and other receivables | | **781.032** | (178.165) |
| Trade and other payables | | **1.048.488** | (925.109) |
| **Cash from/(used in) operations** | | **508.684** | (797.365) |
| Tax paid | | **(12.766)** | (62.492) |
| **Net cash from/(used in) operating activities** | | **495.918** | (859.857) |
| **Cash flows from investing activities** | | | |
| Purchases of property, plant and equipment | 16 | **(35.329)** | (591.475) |
| Interest received | | **878** | - |
| Additional contributions to the joint venture | 19 | **-** | (3.259) |
| Effect of loss of control in subsidiary | 21 | **9.533.916** | - |
| Proceeds from sale of property, plant and equipment | 16 | **-** | 3.502 |
| Additions in investment property | 17 | **(17.655)** | (65.000) |
| **Net cash from/(used in) investing activities** | | **9.481.810** | (656.232) |

# Consolidated statement of cash flows for the year ended 31 December 2014 (continued)

| | Note | **2014** € | 2013 € |
|---|---|---|---|
| **Cash flows from financing activities** | | | |
| Repayments of bank borrowings | | **(377.891)** | (51.286.258) |
| Proceeds from new borrowings | | **468.172** | 54.078.581 |
| Proceeds from loans from related parties | | **781.756** | 2.738.509 |
| Repayments of loans from related parties | | **(56.539)** | (4.068) |
| Defence contribution on dividends paid | | **-** | (467) |
| Interest paid | | **(1.028.770)** | (4.319.344) |
| **Net cash from/(used in) financing activities** | | **(213.272)** | 1.206.953 |
| **Net (decrease)/increase in cash, cash equivalents and bank overdrafts** | | **9.764.456** | (309.136) |
| **Cash, cash equivalents and bank overdrafts at beginning of year** | | **(12.096.662)** | (11.787.526) |
| **Cash, cash equivalents and bank overdrafts at end of year** | 25 | **(2.332.206)** | (12.096.662) |

The Group has not restated the comparable amounts in the cash flow statement for discontinued operations which are presented in Note 21. All notes in the financial statements which relate to statement of comprehensive income have been restated.

The notes on pages 24 to 86 are an integral part of these financial statements.

# Company's statement of cash flows for the year ended 31 December 2014

| | Note | **2014** € | 2013 € |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Loss profit before tax | | **(358.180)** | (17.265.555) |
| Adjustments for: | | | |
| Dividend income | 7 | **(636.993)** | - |
| Interest income | 7 | **(247)** | - |
| Profit on sale of property, plant and equipment | 6 | **-** | (3.500) |
| Interest expense | 11 | **812.396** | 1.013.735 |
| Impairment of investment in subsidiary | 20 | **-** | 14.866.880 |
| Write off balance with related company | 6 | **-** | 1.044.000 |
| | | **(183.024)** | (344.440) |
| Changes in working capital: | | | |
| Trade and other receivables | | **(1.978.292)** | (319.667) |
| Trade and other payables | | **1.623.701** | (535.115) |
| **Cash used in operations** | | **(537.089)** | (1.199.222) |
| Tax (paid)/refunded | | **(263)** | (2.320) |
| **Net cash used in operating activities** | | **(537.352)** | (1.201.542) |
| **Cash flows from investing activities** | | | |
| Additions in investment property | 17 | **-** | (906.391) |
| Proceeds from sale of property, plant and equipment | 16 | **-** | 3.500 |
| Interest received | 7 | **247** | - |
| Proceeds from dividends received | | **272.997** | - |
| **Net cash from/(used in) investing activities** | | **273.244** | (902.891) |
| **Cash flows from financing activities** | | | |
| Repayments of bank borrowings | | **(254.682)** | (87.157) |
| Proceeds from new borrowings | | **1.202.928** | 2.960.090 |
| Interest paid | 11 | **(570.394)** | (775.523) |
| **Net cash used from financing activities** | | **377.852** | 2.097.408 |
| **Net (decrease)/increase in cash, cash equivalents and bank overdrafts** | | **113.744** | (7.025) |
| **Cash, cash equivalents and bank overdrafts at beginning of year** | | **(1.692.030)** | (1.685.005) |
| **Cash, cash equivalents and bank overdrafts at end of year** | 25 | **(1.578.286)** | (1.692.030) |

The notes on pages 24 to 86 are an integral part of these financial statements.

# Notes to the financial statements

## 1 General information

### Country of incorporation

The Cyprus Cement Public Company Limited (the "Company") was incorporated in Cyprus in 1951, as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113 and later became a public company. The Company is listed on the Cyprus Stock Exchange. The registered office of the Company is at Moni, CY-4525 Limassol, Cyprus.

### Principal activities

The principal activities of the Company and the Group, are the development/exploitation of land and the undertaking of strategic investments in companies operating in hotel and tourism industry and in the manufacturing and sale of cement and related business.

### Operating environment of the Group and the Company

### (a) Operating environment of the Group and the Company

The Cyprus economy has been adversely affected from the crisis in the Cyprus banking sector in conjunction with the inability of the Republic of Cyprus to borrow from international markets. These events led to negotiations between the Republic of Cyprus and the European Commission, the European Central Bank and the International Monetary Fund (the "Troika") for financial support which resulted into the Eurogroup decision on 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through a "bail in". Additionally, during 2013 and 2014 the Cyprus economy further contracted with a decrease in the Gross Domestic Product.

The uncertain economic conditions in Cyprus, the unavailability of financing, the restructuring of the banking sector through the use of a "bail in" for Laiki Bank and Bank of Cyprus and the imposition of capital controls together with the current instability of the banking system and the continuing overall economic recession, could affect (1) the ability of the Group and the Company to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions, (2) the ability of the Group's and the Company's trade and other debtors to repay the amounts due to the Group and the Company (3) the ability of the Group and the Company to sell its existing inventories or enter into contracts for the development of new (property) units / the ability of the Group and the Company to generate sufficient turnover, to sell its existing inventories and offer its services to customers, and (4) the cash flow forecasts of the Group's and the Company's management in relation to the impairment assessment for financial and non-financial assets.

## 1 General information (continued)

**Operating environment of the Group and the Company (continued)**

**(a) Operating environment of the Group and the Company (continued)**

The management of the Company and the Group has assessed:

(1) Whether any impairment allowances are deemed necessary for the financial assets carried at amortized cost by considering the economic situation and outlook at the end of the reporting period. Impairment of trade and other receivables is determined using the "incurred loss" model required by International Accounting Standard 39 "Financial Instruments: Recognition and Measurement". This standard requires recognition of impairment losses for receivables that arose from past events and prohibits recognition of impairment losses that could arise from future events, no matter how likely those future events are.

(2) Whether the net realizable value for the Group's inventory exceeds cost. Where net realizable value is below cost, the excess should be charged to the profit or loss for the year. The demand for many types of real estate properties has been significantly affected and transactions are less frequent, therefore the estimated selling price is highly judgmental.

(3) The fair value of investment property owned (Note 4).

(4) The ability of the Group to continue as a going concern (Note 2).

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

On the basis of the evaluation performed, the Group's and the Company's management has concluded that no provisions or impairment charges, other than as disclosed in the financial statements, are deemed necessary.

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

## 2 Summary of significant accounting policies

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

**Basis of preparation**

The consolidated financial statements of The Cyprus Cement Public Company Limited and its subsidiaries and the separate financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2014 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

## 2 Summary of significant accounting policies (continued)

The financial statements have been prepared under the historical cost convention, as modified by the revaluation in fair value of land and buildings, investment property and available-for-sale financial assets.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's and the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

### Going concern

During the year ended 31 December 2014, the Group incurred a loss of €1.449.230 (2013: €10.923.216) and as at 31 December 2014, its current liabilities exceeded its current assets by €2.518.054 (2013: €17.642.234). The availability and accessibility of liquid assets (cash) that will allow the Group to repay its liabilities promptly are important factors in the assessment of the Group to apply the going concern basis for the preparation of the consolidated financial statements.

The financial conditions described in Note 1, could have adverse impact on the valuation of the Group's property, on its ability to secure adequate liquidity or financing, and on the revenue due to a potential decrease in demand for products and services offered by the Group due to reduced consumer purchasing power. The deterioration in operating conditions could also have an impact on the cash flow forecasts of the Group's management and their assessment for the impairment of financial and non-financial assets.

The consolidated and separate financial statements have been prepared on a going concern basis, which provides the realization of assets and fulfilment of liabilities in the normal course of business. Therefore, the financial statements do not include any adjustments relating to the recovery of assets and the amount and classification of liabilities or any other adjustments that may be necessary.

The Board of Directors of the Company believes that the preparation of these consolidated financial statements and separate financial statements on a going concern basis is appropriate for the following reasons:

(i) The Group was able to raise the necessary liquidity to fund its operations for at least 12 months from the balance sheet date from financial institutions in Cyprus. Additionally, based on a valuation conducted from independent professional valuers, the market value of the immovable property exceeds significantly the levels of the Group's borrowings and the Group's management believes that it will be able to ensure additional liquidity in the future, if necessary.

(ii) During 2014, the subsidiary C.C.C. Tourist Enterprises Public Company Limited reached an agreement, according to which its investment in L' Union would be restructured as disclosed in Note 21. Further to the reorganization and renovation of the Le Meridien Limassol Spa and Resort (owned by L' Union), it is expected that the Group's liquidity will improve.

### Adoption of new and revised IFRSs

During the current year the Company and the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2014. This adoption did not have a material effect on the accounting policies of the Company and the Group, with the exception of the following:

## 2 Summary of significant accounting policies (continued)

### Adoption of new and revised IFRSs (continued)

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

- Annual Improvements to IFRSs 2012 (issued in December 2013 and effective for annual periods beginning on or after 1 July 2014, unless otherwise stated below*). The improvements consist of changes to seven standards. IFRS 2 was amended to clarify the definition of a 'vesting condition' and to define separately 'performance condition' and 'service condition'; The amendment is effective for share-based payment transactions for which the grant date is on or after 1 July 2014.IFRS 3 was amended to clarify that (1) an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32, and (2) all non-equity contingent consideration, both financial and non-financial, is measured at fair value at each reporting date, with changes in fair value recognised in profit and loss. Amendments to IFRS 3 are effective for business combinations where the acquisition date is on or after 1 July 2014. IFRS 8 was amended to require (1) disclosure of the judgements made by management in aggregating operating segments, including a description of the segments which have been aggregated and the economic indicators which have been assessed in determining that the aggregated segments share similar economic characteristics, and (2) a reconciliation of segment assets to the entity's assets when segment assets are reported. The basis for conclusions on IFRS 13 was amended to clarify that deletion of certain paragraphs in IAS 39 upon publishing of IFRS 13 was not made with an intention to remove the ability to measure short-term receivables and payables at invoice amount where the impact of discounting is immaterial. IAS 16 and IAS 38 were amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model. IAS 24 was amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity ('the management entity'), and to require to disclose the amounts charged to the reporting entity by the management entity for services provided.

- Annual Improvements to IFRSs 2013 (issued in December 2013 and effective for annual periods beginning on or after 1 January 2015*).The improvements consist of changes to four standards. The basis for conclusions on IFRS 1 is amended to clarify that, where a new version of a standard is not yet mandatory but is available for early adoption; a first-time adopter can use either the old or the new version, provided the same standard is applied in all periods presented. IFRS 3 was amended to clarify that it does not apply to the accounting for the formation of any joint arrangement under IFRS 11. The amendment also clarifies that the scope exemption only applies in the financial statements of the joint arrangement itself. The amendment of IFRS 13 clarifies that the portfolio exception in IFRS 13, which allows an entity to measure the fair value of a group of financial assets and financial liabilities on a net basis, applies to all contracts (including contracts to buy or sell non-financial items) that are within the scope of IAS 39 or IFRS 9. IAS 40 was amended to clarify that IAS 40 and IFRS 3 are not mutually exclusive. The guidance in IAS 40 assists preparers to distinguish between investment property and owner-occupied property. Preparers also need to refer to the guidance in IFRS 3 to determine whether the acquisition of an investment property is a business combination.

## 2 Summary of significant accounting policies (continued)

### Adoption of new and revised IFRSs (continued)

- Annual Improvements to IFRSs 2014 (issued on 25 September 2014 and effective for annual periods beginning on or after 1 January 2016*). The amendments impact 4 standards. IFRS 5 was amended to clarify that change in the manner of disposal (reclassification from "held for sale" to "held for distribution" or vice versa) does not constitute a change to a plan of sale ore distribution, and does not have to be accounted for as such. The amendment to IFRS 7 adds guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement, for the purposes of disclosures required by IFRS 7. The amendment also clarifies that the offsetting disclosures of IFRS 7 are not specifically required for all interim periods, unless required by IAS 34.The amendment to IAS 19 clarifies that for post-employment benefit obligations, the decisions regarding discount rate, existence of deep market in high-quality corporate bonds, or which government bonds to use as a basis, should be based on the currency that the liabilities are denominated in, and not the country where they arise. IAS 34 will require a cross reference from the interim financial statements to the location of "information disclosed elsewhere in the interim financial report".

- IFRS 9 “Financial Instruments: Classification and Measurement” *(issued in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

  (i) Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

  (ii) Classification for debt instruments is driven by the entity’s business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets’ cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

  (iii) Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

  (iv) Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

## 2 Summary of significant accounting policies (continued)

**Adoption of new and revised IFRSs (continued)**

(v) IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

(vi) Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

- IFRIC 21 - Levies (issued on 20 May 2013 and effective for annual periods beginning 17 June 2014). The interpretation clarifies the accounting for an obligation to pay a levy that is not income tax. The obligating event that gives rise to a liability is the event identified by the legislation that triggers the obligation to pay the levy. The fact that an entity is economically compelled to continue operating in a future period, or prepares its financial statements under the going concern assumption, does not create an obligation. The same recognition principles apply in interim and annual financial statements. The application of the interpretation to liabilities arising from emissions trading schemes is optional.

- IFRS 15, Revenue from Contracts with Customers (issued on 28 May 2014 and effective for the periods beginning on or after 1 January 2017*). The new standard introduces the core principle that revenue must be recognised when the goods or services are transferred to the customer, at the transaction price. Any bundled goods or services that are distinct must be separately recognised, and any discounts or rebates on the contract price must generally be allocated to the separate elements. When the consideration varies for any reason, minimum amounts must be recognised if they are not at significant risk of reversal. Costs incurred to secure contracts with customers have to be capitalised and amortised over the period when the benefits of the contract are consumed.

- Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38 (issued on 12 May 2014 and effective for the periods beginning on or after 1 January 2016*). In this amendment, the IASB has clarified that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate because revenue generated by an activity that includes the use of an asset generally reflects factors other than the consumption of the economic benefits embodied in the asset.

- Equity Method in Separate Financial Statements - Amendments to IAS 27 (issued on 12 August 2014 and effective for annual periods beginning 1 January 2016*). The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

## 2 Summary of significant accounting policies (continued)

### Adoption of new and revised IFRSs (continued)

- Sale or Contribution of Assets between an Investor and its Associate or Joint Venture - Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after 1 January 2016)*. These amendments address an 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. A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are held by a subsidiary. The IFRS is effective for annual periods beginning on or after 1 January 2016.

  The Company and the Group is currently assessing the impact of the above amendments on its financial statements.

  * *Denotes standards, interpretations and amendments which have not yet been endorsed by the European Union.*

### Consolidated financial statements

The consolidated financial statements include the financial statements of The Cyprus Cement Public Company Limited (the “Company”), its subsidiary companies and its associated company, which are collectively referred to as the “Group”.

### (1) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquire on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest’s proportionate share of the recognised amounts of acquiree’s identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date fair value of the Group’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

## 2 Summary of significant accounting policies (continued)

### Consolidated financial statements (continued)

### (1) Subsidiaries (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the income statement.

Inter-company transactions, balances, income and expenses on transactions between Group companies are eliminated. Profit and losses resulting from inter-company transactions that are recognised in assets are also eliminated. When necessary, accounting policies of subsidiaries have been changed to ensure consistency with the policies adopted by the Group.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

### (2) Transactions with non-controlling interests

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

### (3) Investments in associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill identified on acquisition net of any accumulated impairment losses.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

## 2 Summary of significant accounting policies (continued)

**Consolidated financial statements (continued)**

**(3) Investments in associates (continued)**

The Group's share of post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary, to ensure consistency with the accounting policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in profit or loss.

After application of the equity method, including recognising the associates' losses, the carrying amount of the investment in associate which includes the goodwill arising on acquisition is tested for impairment by comparing its recoverable amount with its carrying amount whenever there is an indication of impairment and recognizes the amount adjacent to 'share of profit/(loss)' of associates in the profit or loss.

**(4) Joint arrangements**

The Company's joint arrangement is structured as a limited company and provides the Company and the parties to the agreements with rights to the net assets of the limited company under the arrangements. Therefore, this arrangement is classified as a joint venture of the Company. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and liabilities of the joint arrangement and, therefore, account for their interest in the assets, liabilities, income and expenses. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement and hence, calculate their interest using the equity method. The proportionate consolidation of joint ventures is no longer allowed.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary, to ensure consistency with the accounting policies adopted by the Group dilution gains and losses arising in investments in joint ventures are recognized in profit or loss.

## 2 Summary of significant accounting policies (continued)

**Separate financial statements of the Company**

**(1) Investments in subsidiaries**

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

**(2) Investments in associates**

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights.

Investments in associates are measured at cost less impairment. Investments in associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

**Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors of the Group (the chief operating decision-maker). The Board of Directors, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the steering committee that makes strategic decisions.

**Revenue recognition**

Revenue is measured at fair value of the consideration received or receivable and represents amounts receivable for the sale of goods and services in the ordinary course of the Group's and Company's activities, net of value added taxes, returns and discounts.

The Group and the Company recognise revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's and Company's activities as described below. The Company and the Group base their estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenues earned by the Group and the Company are recognised on the following bases:

## 2 Summary of significant accounting policies (continued)

**Revenue recognition (continued)**

**(i) Sales of goods**

Sales of goods are recognized when significant risks and rewards of ownership of the goods have been transferred to the customer. This is usually when the Group and the Company has sold or delivered goods to the customer, the customer has accepted the goods and collectability of the related receivable is reasonably assured. The sale of food and beverages from the restaurants and bars of the hotels are recognised at the time the invoice is issued to the customer which involves the delivery of goods and their acceptance by the customer.

**(ii) Sales of services**

Sales of services relate mostly to the accommodation services in the hotel of the Group and they are recognized in the accounting period that the services are offered. A transaction that relates to an accommodation services in a hotel is assumed to be completed at the end of each chargeable night and is recognized on a daily basis. Other sale of services are recognized in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

**(iii) Interest income**

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

**(iv) Rental income**

Rental income arising on operating leases is recognised on a straight line basis over the lease term.

**(v) Dividend income**

Dividend income is recognised when the right of the Company/Group to receive payment is established.

**Employee benefits**

**(i) Social insurance contributions**

The Group and the employees contribute to the Government Social Insurance Fund based on employees' salaries. The scheme is funded by payments from employees and by the Group. The Group's contributions are expensed as incurred and are included in staff costs. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

## 2 Summary of significant accounting policies (continued)

**Employee benefit (continued)**

**(ii) Defined contributions 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. The Group contributed to the Provident Fund of its employees and to the Provident Fund of its management team which are defined contribution plans. Obligations for contributions to defined contribution plans are recognized as an employee benefit expense in profit or loss when they are due. During the year the Provident Fund of the management team was dissolved.

**Foreign currency translation**

**(i) Functional and presentation currency**

Items included in the Group’s and Company's financial statements are measured using the currency of the primary economic environment in which the Group and Company operate (“the functional currency”). The financial statements are presented in Euro (€), which is the Group’s and Company's functional and presentation currency.

**(ii) Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within “finance costs”. All other foreign exchange gains and losses are presented in profit or loss within “other (losses )/gains – net”.

**Current and deferred income tax**

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

## 2 Summary of significant accounting policies (continued)

**Current and deferred income tax (continued)**

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Group and the Company where there is an intention to settle the balances on a net basis.

No deferred tax is recognised for investments in subsidiaries and associates as the profits on sale of securities are not taxable.

**Dividend distribution**

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

**Non-current Assets Held for Sale and Discontinued Operations**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use (including the loss of control of a subsidiary holding the assets), within twelve from the reporting date. These assets can be part of an entity, a group of assets held for sale or a non-current asset.

Assets are classified as ‘held for sale’ when all the following conditions are met: (a) assets must be available for immediate sale in its present condition, (b) the management of the Group has approved and initiated an active programme to locate a buyer (c) assets must be actively marketed for sale at a price that is reasonable in relation to its current fair value (d) the sale should be expected to qualify for recognition as a completed sale within one year and (e) it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets or disposal groups classified as ‘held for sale’ in the current period balance sheet are not reclassified in the are not reclassified in the prior period balance sheet to reflect current period’s classification.

## 2 Summary of significant accounting policies (continued)

### Non-current Assets Held for Sale and Discontinued Operations (continued)

A disposal group is a group of assets (current or non-current) to be disposed of, by sale or otherwise, together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction. The Group includes goodwill if the disposal group includes an operation within the cash-generating unit to which goodwill has been allocated at the acquisition.

Disposal groups are measured in at the lower of its carrying amount and fair value less costs to sell.

Liabilities directly related to the disposal group which will be transferred during the sale are reclassified and presented separately in the consolidated balance sheet.

A discontinued operation is a component of the disposal group (cash generating unit) that has either been disposed of, or classified as held for sale, and (a) represents a separate major line of business or geographical area of operation, (b) is part of a single coordinated plan to dispose of a major line of business or geographical area of operation or (c) is a subsidiary acquired exclusively with a view to resale. Profit or loss and cash flows of discontinued operations are presented separately from continuing operations and corresponding amounts of prior period are re-presented in order to evaluate the financial impact of the discontinued operations.

### Property, plant and equipment

Land and buildings comprising mainly of a hotel, are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Revaluations are carried out with sufficient regularity to ensure that the carrying amount at the balance sheet date does not differ materially from that which would be determined using fair value at the balance sheet date. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Increases in the carrying amount arising on revaluation of land and buildings are recognised in other comprehensive income and credited to other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged against other reserves directly in equity; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from "fair value reserves" to "retained earnings".

Buildings and equipment developed on leased land are depreciated over the shorter of their estimated useful lives and the lease period.

Land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight line method to allocate their cost or revalued amounts to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

| | |
|---|---|
| Buildings | 25 to 50 years |
| Plant and machinery | 10 to 20 years |
| Motor vehicles | 5 to 8 years |
| Furniture and fittings | 3 to 20 years |
| Cutlery and linen | 4 years |

## 2 Summary of significant accounting policies (continued)

**Property, plant and equipment (continued)**

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the asset will flow to the Group/Company and the cost of the asset can be measured reliably.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in "other (losses)/gains – net" in profit or loss.

When revalued assets are sold, the amounts included in the other reserves are transferred to retained earnings.

**Leases**

Leases of property, plant and equipment where the Company/the Group has substantially all the risks and rewards of ownership are classified as finance leases.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight line basis over the period of the lease.

**Investment property**

Investment property, principally comprising land, is held for capital appreciation. Investment property is carried at fair value, representing open market value determined annually by external valuers.

**Goodwill**

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

## 2 Summary of significant accounting policies (continued)

**Impairment of non financial assets**

Assets that have an indefinite useful life, including goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

**Financial assets**

**(i) Classification**

The Company and the Group classify their financial assets in the following categories: available for sale financial assets and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- **Loans and receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. The Company's/Group's loans and receivables comprise "trade and other receivables" and "cash and bank balances" in the balance sheet.

- **Available for sale financial assets**

Available for sale financial assets are non derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless management intends to dispose of the investment within twelve months of the balance sheet date.

**(ii) Recognition and measurement**

Regular way purchases and sales of financial assets are recognised on the trade date which is the date on which the Group and the Company commit to purchase or sell the asset. Financial assets are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the income statement. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group and the Company have transferred substantially all risks and rewards of ownership.

Available for sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

## 2 Summary of significant accounting policies (continued)

**Financial assets (continued)**

**(ii) Recognition and measurement (continued)**

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as “gains and losses on available-for-sale financial assets”.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in profit or loss as part of other income when the Company's/Group’s right to receive payments is established.

**(iii) Impairment of financial assets**

The Group and the Company assess at the balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company/the Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

## 2 Summary of significant accounting policies (continued)

**Financial assets (continued)**

**(iii) Impairment of financial assets (continued)**

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

**Inventories**

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

**Properties under development**

Properties under development comprise of land under development and is stated at the lower of cost and net realisable value.

**Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

**Trade receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company/the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments (more than 120 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within ‘selling and marketing costs’. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against ‘selling and marketing costs’ in profit or loss.

## 2 Summary of significant accounting policies (continued)

**Share capital**

Ordinary shares are classified as equity.

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

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

**Provisions**

Provisions are recognised when the Group and the Company have a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

**Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

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

Borrowing costs are interest and other costs that the Group/Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Group and the Company and the costs can be measured reliably.

## 2 Summary of significant accounting policies (continued)

**Borrowings (continued)**

Borrowings are classified as current liabilities, unless the Group and the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

**Trade payables**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

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

**Cash and cash equivalents**

In the statement of cashflows, cash and cash equivalents include cash in hand and deposits held at call with banks with original maturities of three months or less and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities.

**Comparatives**

Comparative figures have been adjusted to conform with changes in the presentation for the current year. Details of the prior year adjustments are disclosed in Note 21.

## 3 Financial risk management

### (i) Financial risk factors

The Company's and Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk), credit risk and liquidity risk.

The risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance. Risk management is carried out by the Board of Directors.

- **Market risk**

  **Cash flow interest rate risk**

  The Group and the Company have interest bearing assets, which mainly represent cash held at bank and receivables from related companies. These balances bear interest at market variable rates. Any changes in market rates would not have significant effect on the loss for the year.

  The Group's and Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company and the Group to cash flow interest rate risk. The Board of Directors monitors the interest rate fluctuations on a continuous basis and acts accordingly.

## 3 Financial risk management (continued)

### (i) Financial risk factors (continued)

- **Market risk (continued)**

**Cash flow interest rate risk (continued)**

At 31 December 2014 and 2013, if interest rates on Euro denominated borrowings fluctuated as described below, with all other variables held constant, the post tax loss for the year would have been affected as presented in the table below:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **Interest rate higher/lower** | **Effect on loss for the year** | **Interest rate higher/lower** | **Effect on loss for the year** |
| | % | | % | |
| **2014** | | | | |
| Euro | 0,5 | €99.842 higher/lower | 0,5 | €64.395 higher/lower |
| **2013** | | | | |
| Euro | 0,5 | €371.670 higher/lower | 0,5 | €85.768 higher/lower |

The effect on loss for the year is a result of higher/lower interest expense on floating rate borrowings.

- **Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated parties are accepted. See Note 15 for further disclosures on credit risk.

The Board of Directors does not expect any losses from non-performance by these counterparties.

- **Liquidity risk**

Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. The Board of Directors maintains flexibility in funding by maintaining availability under committed credit lines.

The Board of Directors monitors rolling forecasts of the Company's and Group's liquidity reserve (comprises undrawn borrowing facility (Note 27) and cash and cash equivalents (Note 25)) on the basis of expected cash flow.

The table below analyses the Group's and the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months (with the exception of borrowings) equal their carrying balances as the impact of discounting is not significant.

## 3 Financial risk management (continued)

### (i) Financial risk factors (continued)

- **Liquidity risk (continued)**

**The Group**

| | Less than 1 year € | 1 to 2 years € | 2 to 5 years € | Over 5 years € |
|---|---|---|---|---|
| **At 31 December 2014** | 3.138.648 | 1.914.882 | 639.838 | 5.603.864 |
| Borrowings | 495.260 | - | - | - |
| Trade and other payables | | | | |
| | 3.633.908 | 1.914.882 | 639.838 | 5.603.864 |
| **At 31 December 2013** | 18.522.979 | 11.180.439 | 18.791.425 | 78.949.737 |
| Borrowings | 4.602.994 | - | - | - |
| Trade and other payables | | | | |
| | 23.125.973 | 11.180.439 | 18.791.425 | 78.949.737 |

**The Company**

| | Less than 1 year € | 1 to 2 years € | 2 to 5 years € | Over 5 years € |
|---|---|---|---|---|
| **At 31 December 2014** | | | | |
| Borrowings | 2.384.237 | 1.702.008 | 8.309.707 | 5.603.864 |
| Trade and other payables | 2.135.783 | - | - | - |
| | 4.520.020 | 1.702.008 | 8.309.707 | 5.603.864 |
| **At 31 December 2013** | | | | |
| Borrowings | 5.549.128 | 8.120.790 | 5.122.030 | 3.959.737 |
| Trade and other payables | 518.766 | - | - | - |
| | 6.067.894 | 8.120.790 | 5.122.030 | 3.959.737 |

The liquidity risk arising from corporate guarantees for related parties is disclosed in Note 32 (viii) and in the event of default, the minimum period which they can be called for repayment is within one year.

### (ii) Capital risk management

The Company's/Group’s objectives when managing capital are to safeguard the Company's/Group’s ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders of the Company/Group and to maintain an optimal capital structure to reduce the cost of capital.

## 3 Financial risk management (continued)

### (ii) Capital risk management (continued)

Consistent with others in the industry, the Company/the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

The gearing ratios at 31 December 2014 and 2013 were as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Total borrowings (Note 27) | **22.821.057** | 84.953.221 | **14.718.871** | 19.604.190 |
| Less: cash and cash equivalents (Note 24) | **(13.699)** | (198.874) | **(13.208)** | (217) |
| Net debt | **22.807.358** | 84.754.347 | **14.705.663** | 19.603.973 |
| Total equity | **272.178.032** | 273.548.154 | **268.450.837** | 268.809.280 |
| Total capital as defined by management | **294.985.390** | 358.302.501 | **283.156.500** | 288.413.253 |
| Gearing ratio | **8%** | 24% | **5%** | 7% |

The decrease in the gearing ratios during 2014 was mainly due to borrowings repaid during the year and due to the effect of loss of control in an indirect subsidiary undertaking.

The Company/Group take into account equity as presented in balance sheet's share capital.

### (iii) Fair value estimation

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company/Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance sheet date. The Company/Group uses mainly estimated discounted cash flow models to determine the fair value for the financial instruments which are not traded in an active market.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group/Company for similar financial instruments.

### (iv) Offsetting financial assets and liabilities

The Group and the Company does not have any financial assets or financial liabilities that are subject to offsetting, enforceable master netting arrangements or any similar agreements.

## 4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### (i) Critical accounting estimates and assumptions

The Company/Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Fair value of investment property**

  The fair value of investment property is based on valuations carried out by external, independent professional valuers, who hold recognised and relevant professional qualifications, and have relevant experience of the location and segment of the investment property being valued. The estimates were based primarily on comparable sale prices from recent transactions for similar assets adjusted to reflect the special nature and the uniqueness of the investment property and its urban planning characteristics.

  The key assumptions used for estimating the fair value of investment property include:

  - Implementation of the provisions of the Local Development Plan and the provision of the increased building coefficient for the development of large-scale properties.

  - Estimates for the net buildable square meters for the implementation of infrastructure works.

  The economic crisis and the uncertain economic conditions had a significant impact on the real estate sector. The unavailability of financing and the instability of the market, and hence the unavailability of adequate comparable sales, combined with other unpredictable economic, political and legal factors, have impacted the degree of accuracy of property valuations. Therefore, the management considers that the valuation of investment property is subject to significant critical judgment and there is a high likelihood that the value of the property may be lower.

  Any negative changes in the above key assumptions would lead to a significant decrease in the fair value of the investment property (Note 17).

## 4 Critical accounting estimates and judgements (continued)

### (i) Critical accounting estimates and assumptions (continued)

- **Fair value of "call option"**

  Based on the agreement signed on 30 September 2014 with the Investor; the subsidiary CCCT has a call option to request L' Union to issue exclusively shares to CCCT so that is obtains 50% of the shares in L' Union. The option can be exercised after three years but before the end of six years from the date of the reorganisation (i.e. from 30 September 2017 to 30 September 2020). If the option is expressed the shares will be issued on the fair value as determined by an external value. The value of the call option has not been reflected in the Group's financial statements as the Board of Director's considers its value to be insignificant.

## 5 Segment information

As per management approach in relation to IFRS 8, the operating segments are presented in accordance with the internal reporting provided to the Board of Directors (the chief operating decision-maker), which is responsible for allocating resources and assessing performance of the operating segment. All operating segments used by the Group meet the definition of a reportable segment as per IFRS 8.

The basic operating segments of the Group for which segment information is presented are as follows:

(1) Investment property

(2) Hotel and tourism – strategic investment in L' Union

(3) Cement - strategic investment in Vassiliko Cement Work Public Company Limited

The segment "other" activities of the Group relates mainly to secretarial and management services provided to related companies of the Group.

The Board of Directors of the Group assesses the performance of the operating segments based on a measure of earnings before interest, taxes, depreciation and amortisation (EBITDA). This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs and impairments when the impairment is the result of an isolated, non-recurring event. Interest income and expenditure are not allocated to segments. Other information presented, is accounted as per the financial statements.

## 5 Segment information (continued)

The segment information provided to the management of the Group for the reportable segments is as follows:

### For the year ended 31 December 2014

| | Hotel and Tourism € | Investment property € | Cement € | Other € | Total € |
|---|---|---|---|---|---|
| Segment revenue | - | - | - | 797.933 | 797.933 |
| Loss before interest, taxes, depreciation and amortisation | - | (123.217) | - | (784.932) | (908.149) |
| Depreciation, impairment and fair value losses | - | 645.000 | - | 26.362 | 671.362 |
| Income tax credit/(charge) | - | 100.706 | - | (3.268) | 97.446 |
| Share of loss from associates | 327.538 | - | 1.304.216 | - | 1.631.754 |
| **Total segment assets** | 23.700.467 | 271.341.006 | 53.333.465 | 983.430 | 349.358.368 |
| Total assets includes: Investments in associates | 23.700.467 | - | 53.333.465 | - | 77.033.932 |
| Additions to non-current assets | - | 17.655 | - | 9.345 | 27.000 |
| **Total segment liabilities** | - | 6.787.629 | - | 70.392.402 | 77.180.031 |

### For the year ended 31 December 2013

| | Hotel and Tourism € | Investment property € | Cement € | Other € | Total € |
|---|---|---|---|---|---|
| Segment revenue | - | - | - | 679.961 | 679.961 |
| Loss before interest, taxes, depreciation and amortisation | - | (344.440) | - | (727.777) | (1.117.217) |
| Depreciation, impairment and fair value losses | - | - | - | 32.622 | 32.622 |
| Income tax charge | - | - | - | (42.588) | (42.588) |
| Share of loss from associates | - | - | (2.783.253) | - | (2.783.253) |
| **Total segment assets** | 101.627.078 | 271.968.351 | 52.575.658 | 930.277 | 427.101.364 |
| Total assets includes: Investments in associates | - | - | 52.575.658 | - | 52.575.658 |
| Investment in joint venture | 1.150.396 | - | - | - | 1.150.396 |
| Additions to non-current assets | 586.213 | 65.000 | - | 8.521 | 659.734 |
| **Total segment liabilities** | 77.511.175 | 73.923.856 | - | 2.111.232 | 153.546.263 |

## 5 Segment information (continued)

### Reconciliation of segment results

A reconciliation of loss before interest, taxes, depreciation and amortisation to loss before tax is as follows:

| | 2014 € | 2013 € |
|---|---|---|
| Loss before interest, taxes depreciation and impairment | **(908.149)** | (1.117.217) |
| Depreciation, impairment and fair value losses | **(671.362)** | (32.622) |
| Interest income (Note 7) | **878** | - |
| Operating loss | **(1.578.633)** | (1.149.839) |
| Finance costs (Note 11) | **(1.272.829)** | (1.174.252) |
| Share of loss of investments accounted for using the equity method (Note 19) | **1.631.754** | 2.783.253 |
| Loss before tax | **(1.219.708)** | (5.107.344) |

### Reconciliation of segment assets and liabilities

Reportable segments' assets are reconciled to total assets as follows:

| | 2014 € | 2013 € |
|---|---|---|
| Segment assets for reportable segments | **349.358.368** | 427.101.364 |
| **Unallocated assets:** | | |
| Available-for-sale financial assets | **-** | 2.848 |
| **Total assets as per consolidated balance sheet** | **349.358.368** | 427.104.212 |

Reportable segments' liabilities are reconciled to total liabilities as follows:

| | 2014 € | 2013 € |
|---|---|---|
| Segment liabilities for reportable segments | **77.180.031** | 153.546.263 |
| **Unallocated liabilities:** | | |
| Current tax liabilities | **305** | 9.811 |
| **Total liabilities as per consolidated balance sheet** | **77.180.336** | 153.556.074 |

## 6 Other losses

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Property, plant and equipment: | | | | |
| (Loss)/Gain on sale (Note 16) | **(119)** | 3.367 | **-** | 3.500 |
| Investment property: | | | | |
| Fair value losses (Note 17) | **(645.000)** | - | **-** | - |
| Financial Assets available-for-sale: | | | | |
| Impairment | **(2.848)** | - | **-** | - |
| Other Losses | **(2.220)** | - | **-** | - |
| Balances with related parties: | | | | |
| Subsidiary balance written off (Note 32 (v)) | **-** | - | **(2.217)** | (1.044.000) |
| | **(650.187)** | 3.367 | **(2.217)** | (1.040.500) |

## 7 Other income

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Interest income: | | | | |
| Bank balances | **878** | - | **247** | - |
| Dividend income (Note 19) | **-** | - | **636.993** | - |
| Other income | **-** | 500 | **632** | 500 |
| | **878** | 500 | **637.872** | 500 |

## 8 Operating and administrative expenses

### The Group

| | **2014** | 2013 |
|---|---|---|
| | **€** | € |
| Staff costs (Note 9) | **1.075.384** | 1.128.636 |
| Electricity and fuel costs | **19.388** | 18.482 |
| Advertising and promotion costs | **926** | 892 |
| Repairs and maintenance costs | **14.244** | 9.631 |
| Other administration and related costs | **439.208** | 545.512 |
| Depreciation | **26.362** | 32.622 |
| Other operating costs | **151.745** | 97.892 |
| | **1.727.257** | 1.833.667 |

### The Company

| | **2014** | 2013 |
|---|---|---|
| | **€** | € |
| Other administration and related costs | **105.388** | 186.715 |
| Other operating costs | **76.051** | 158.225 |
| | **181.439** | 344.940 |

## 9 Staff costs

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Wages and other contributions | **989.828** | 1.023.745 | **-** | - |
| Provident fund contributions | **-** | 22.953 | **-** | - |
| Social insurance contributions | **85.556** | 81.938 | **-** | - |
| | **1.075.384** | 1.128.636 | **-** | - |

## 10 Operating loss

The following expenses have been included in operating losses:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Statutory auditor's remuneration for audit services | **37.800** | 43.300 | **27.000** | 36.600 |
| Statutory auditor's remuneration for tax services | **-** | 6.840 | **-** | 6.250 |
| Directors' remuneration/key management remuneration (Note 32 (iv)) | **405.212** | 415.462 | **6.000** | 8.000 |

## 11 Finance costs

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Interest expense: | | | | |
| Bank borrowings and overdraft | **997.522** | 990.855 | **539.330** | 873.549 |
| Interest on balances with related parties (Note 32 (iii)) | **275.250** | 173.898 | **273.066** | 140.186 |
| Other finance costs | **-** | 5.880 | **-** | - |
| Overdue taxation | **57** | 3.619 | **-** | - |
| | **1.272.829** | 1.174.252 | **812.396** | 1.013.735 |

## 12 Taxation

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| **Current tax charge:** | | | | |
| Corporation tax | **2.997** | 17.700 | **-** | - |
| Defence contribution | **263** | 24.888 | **263** | - |
| **Deferred tax (Note 28)** | | | | |
| Origination and reversal of temporary differences | **(100.706)** | **-** | **-** | **-** |
| **Tax (charge)/credit** | **(97.446)** | 42.588 | **263** | - |

## 12 Taxation (continued)

The tax on the Group's and Company's loss before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Loss from continued operations before tax | **(1.219.708)** | (5.107.344) | **(358.180)** | (17.265.555) |
| Tax calculated at the applicable corporation tax rate of 12,5% | **(152.464)** | (606.715) | **(44.772)** | (2.158.194) |
| Tax effect of expenses not deductible for tax purposes | **159.025** | 597.851 | **114.930** | 1.994.762 |
| Tax effect of allowances and income not subject to tax | **(122.823)** | (139.511) | **(79.734)** | (450) |
| Tax effect of losses for which no deferred tax asset has been recognised | **18.553** | 165.380 | **9.576** | 163.882 |
| Deferred tax arising from the change in regulation | **263** | 24.888 | **263** | - |
| Defence contribution | **-** | 695 | **-** | - |
| Additional tax | | | | |
| Income tax charge | **(97.446)** | 42.588 | **263** | - |

The Company and the Group are subject to income tax on taxable profits at the rate of 12,5% as from 1 January 2013.

As from tax year 2012 brought forward losses of only five years may be utilised and set off against income taxes. Up to 31 December 2008, under certain conditions interest may be subject to special defence contribution at the rate of 10%. In such cases 50% of the same interest it will be exempt from income tax thus having an effective tax rarte burden of approximately 15%. From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 10%; increased to 15% as from 31 August 2011, and to 30% as from 29 April 2013.

Gains on securities' disposal which their definition falls within titles for tax purposes (including shares, bonds, debentures, rights etc) are exempted under Cyprus corporation tax.

According to Income Tax Law, the Company and its subsidiaries where the company controls, directly or indirectly, at least 75% of the issued share capital, constitute a "group" for tax purposes. A "group" company would be entitled to transfer losses and offset them against profits among the companies of the group.

The tax (charge)/credit relating to components of other comprehensive income is as follows:

### Tax effects of components of other comprehensive income

**The Group**

| | Year ended 31 December | | | | | |
|---|---|---|---|---|---|---|
| | **2014** | | | 2013 | | |
| | **Before tax** | **Tax (charge)/ credit** | **After tax** | Before tax | Tax (charge)/ credit | After tax |
| | **€** | **€** | **€** | € | € | € |
| **Associated companies:** | | | | | | |
| Changes in equity | **79.108** | **-** | **79.108** | (440.220) | - | (440.220) |
| Other comprehensive Income | **79.108** | **-** | **79.108** | (440.220) | - | (440.220) |

## 13 Loss per share

Loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the period.

**Basic and fully diluted**

| | **31 December 2014** | 31 December 2013 |
|---|---|---|
| Loss from continued operations attributable to equity holders of the Company- € | **(1.205.745)** | (5.129.050) |
| Loss attributable to equity holders of the Company - € | **(1.425.761)** | (8.955.473) |
| Weighted average number of ordinary shares in issue | **137.610.883** | 137.610.883 |
| Loss from continued operations per share- basic and fully diluted (cent per share) | **(0,88)** | (3,73) |
| Loss per share - basic and fully diluted (cent per share) | **(1,04)** | (6,51) |

## 14 Financial instruments by category

**The Group**

| | **Loans and receivables €** | **Total €** |
|---|---|---|
| **31 December 2014** | | |
| **Assets as per consolidated balance sheet** | | |
| Trade and other receivables | 928.991 | 928.991 |
| Cash and bank balances | 13.699 | 13.699 |
| **Total** | 942.690 | 942.690 |

| | **Other financial liabilities €** | **Total €** |
|---|---|---|
| **Liabilities as per consolidated balance sheet** | | |
| Borrowings | 22.821.057 | 22.821.057 |
| Trade and other payables | 495.260 | 495.260 |
| **Total** | 23.316.317 | 23.316.317 |

| | **Loans and receivables €** | **Available for sale €** | **Total €** |
|---|---|---|---|
| **31 December 2013** | | | |
| **Assets as per consolidated balance sheet** | | | |
| Available for sale financial assets | - | 2.848 | 2.848 |
| Trade and other receivables | 2.107.822 | - | 2.107.822 |
| Cash and bank balances | 198.874 | - | 198.874 |
| **Total** | 2.306.696 | 2.848 | 2.309.544 |

## 14 Financial instruments by category (continued)

### The Group (continued)

| | Other financial liabilities € | Total € |
|---|---|---|
| **Liabilities as per consolidated balance sheet** | | |
| Borrowings | 84.953.221 | 84.953.221 |
| Trade and other payables | 4.602.994 | 4.602.994 |
| **Total** | 89.556.215 | 89.556.215 |

### The Company

| | Loans and receivables € | Total € |
|---|---|---|
| **31 December 2014** | | |
| **Assets as per balance sheet** | | |
| Trade and other receivables | 2.475.368 | 2.475.368 |
| Cash and bank balances | 13.208 | 13.208 |
| **Total** | 2.488.576 | 2.488.576 |

| | Other financial liabilities € | Total € |
|---|---|---|
| **Liabilities as per balance sheet** | | |
| Borrowings | 14.718.871 | 14.718.871 |
| Trade and other payables | 2.135.783 | 2.135.783 |
| **Total** | 16.854.654 | 16.854.654 |

| | Loans and receivables € | Total € |
|---|---|---|
| **31 December 2013** | | |
| **Assets as per balance sheet** | | |
| Trade and other receivables | 6.499.515 | 6.499.615 |
| Cash and bank balances | 217 | 217 |
| **Total** | 6.499.832 | 6.499.832 |

| | Other financial liabilities € | Total € |
|---|---|---|
| **Liabilities as per balance sheet** | | |
| Borrowings | 19.604.190 | 19.604.190 |
| Trade and other payables | 518.766 | 518.766 |
| **Total** | 20.122.956 | 20.122.956 |

## 15 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counterparty default rates:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| **Trade receivables** | | | | |
| Counterparties without external credit rating | | | | |
| Group 1 | **-** | 1.007.530 | **-** | - |
| | **-** | 1.007.530 | **-** | - |
| **Other receivables** | | | | |
| Group 2 | **248.222** | 131.311 | **2.474.572** | 5.749.368 |
| Group 3 | **680.769** | 902.524 | **796** | 750.247 |
| | **928.991** | 1.033.835 | **2.475.368** | 6.499.615 |
| **Cash at bank and short term bank deposits** | | | | |
| Ca | **-** | 198.657 | **-** | - |
| Caa3 | **13.699** | 217 | **13.208** | 217 |
| | **13.699** | 198.874 | **13.208** | 217 |

Group 1 – existing customers with no defaults in the past.
Group 2 – companies within the group, common control companies, associates and companies with significant influence with no defaults in the past.
Group 3 – other receivables.

None of the financial assets that are fully performing or impaired has been renegotiated in the last year.

## 16 Property, plant and equipment

### The Group

| | Land and buildings € | Machinery and equipment € | Motor vehicles € | Furniture and fittings € | Cutlery and linen € | Total € |
|---|---|---|---|---|---|---|
| **At 1 January 2013** | | | | | | |
| Cost or valuation | 121.942.341 | 7.190.339 | 426.337 | 8.213.735 | 1.913.557 | 139.686.309 |
| Accumulated depreciation | (7.780.585) | (5.402.811) | (375.972) | (6.639.342) | (454.041) | (20.652.751) |
| Net book amount | 114.161.756 | 1.787.528 | 50.365 | 1.574.393 | 1.459.516 | 119.033.558 |
| **Year ended 31 December 2013** | | | | | | |
| Opening net book amount | 114.161.756 | 1.787.528 | 50.365 | 1.574.393 | 1.459.516 | 119.033.558 |
| Additions | 170.097 | 86.714 | - | 124.873 | 209.791 | 591.475 |
| Depreciation charge | (585.424) | (411.351) | (18.120) | (388.532) | (512.697) | (1.916.124) |
| Disposals | - | (10.661) | (133) | (4.262) | (4.253) | (19.309) |
| Impairment charge | (20.131.724) | - | - | - | - | (20.131.724) |
| Write off of depreciation due to impairment | | | | | | |
| Closing net book amount | 93.614.705 | 1.452.230 | 32.112 | 1.306.472 | 1.152.357 | 97.557.876 |
| **At 31 December 2013** | | | | | | |
| Cost or valuation | 101.816.322 | 7.236.820 | 425.200 | 8.321.233 | 2.116.484 | 119.916.059 |
| Accumulated depreciation | (8.201.617) | (5.784.590) | (393.088) | (7.014.761) | (964.127) | (22.358.183) |
| Net book amount | 93.614.705 | 1.452.230 | 32.112 | 1.306.472 | 1.152.357 | 97.557.876 |

## The Cyprus Cement Public Company Limited

### 16 Property, plant and equipment (continued)

| | Land and buildings € | Machinery and equipment € | Motor Vehicles € | Furniture and fittings € | Cutlery and linen € | Total € |
|---|---|---|---|---|---|---|
| **Year ended 31 December 2014** | | | | | | |
| Opening net book amount | 93.614.705 | 1.452.230 | 32.112 | 1.306.472 | 1.152.357 | 97.557.876 |
| Additions | - | 22.980 | - | 12.002 | 347 | 35.329 |
| Depreciation charge | (48.785) | (45.770) | (13.032) | (35.794) | (38.408) | (181.789) |
| Disposals | - | - | - | (119) | - | (119) |
| Disposal due to loss of control of subsidiary (Note 21) | (93.565.920) | (1.420.019) | - | (1.270.322) | (1.114.296) | (97.370.557) |
| Closing net book amount | - | 9.421 | 19.080 | 12.239 | - | 97.557.876 |
| **At 31 December 2014** | - | 192.064 | 167.230 | 193.451 | - | 552.745 |
| Cost or valuation | - | (182.643) | (148.150) | (181.212) | - | (512.005) |
| Accumulated depreciation | | | | | | |
| Net book amount | - | 9.421 | 19.080 | 12.239 | - | 40.740 |

In the consolidated cash flow statement, proceeds from sale of property, plant and equipment comprise:

| | **2014** **€** | 2013 € |
|---|---|---|
| Net book amount | **119** | 135 |
| Loss on sale of property, plant and equipment (Note 6) | **(119)** | 3.367 |
| Proceeds from sale of property, plant and equipment | **-** | 3.502 |

## 16 Property, plant and equipment (continued)

The Group's fair value reserve includes an amount of €113.967.992 in relation to the revaluation gain of property, which was included in property, plant and equipment up to 2008 and after the termination of cement production operations was transferred to investment property. During 2013, the Company transferred the property to the fully owned subsidiary C.C.C. Real Estate Limited as part of the reorganization of the Group and therefore, the revaluation reserve was transferred to retained earnings in the balance sheet of the Company.

At 31 December 2013, if land and buildings were shown at the historical cost, the carrying amount would be €68.768.956 (2012: €69.184.283).

Land and buildings of the Group are secured as disclosed in Note 27.

At 31 December 2013, the net book amount of the two-story buildings which are subject to long term commitments as described in Note 31(iii) was €1.519.972 (2012: €1.519.972)

| | Land and buildings | Motor vehicles | Furniture and fittings | Total |
|---|---|---|---|---|
| **At 1 January 2013** | € | € | € | € |
| Cost or valuation | 164.392 | 202.813 | 978 | 368.183 |
| Accumulated depreciation | (164.392) | (202.813) | (978) | (368.183) |
| Net book amount | - | - | - | - |
| **Year ended 31 December 2013** | | | | |
| Opening net book amount | - | - | - | - |
| Depreciation charge | - | - | - | - |
| **Net book amount at the end of the year** | - | - | - | - |
| **At 31 December 2013** | | | | |
| Cost or valuation | - | 118.237 | 978 | 119.215 |
| Accumulated depreciation | - | (118.237) | (978) | (119.215) |
| Net book amount | - | - | - | - |
| **Year ended 31 December 2014** | | | | |
| Opening net book amount | - | - | - | - |
| Depreciation charge | - | - | - | - |
| Net book amount at the end of the year | - | - | - | - |
| **At 31 December 2014** | | | | |
| Cost or valuation | - | 118.237 | - | 118.237 |
| Accumulated depreciation | - | (118.237) | - | (118.237) |
| Net book amount | - | - | - | - |

## 16 Property, plant and equipment (continued)

In the consolidated cash flow statement, proceeds from sale of property, plant and equipment comprise:

| | **2014** | 2013 |
|---|---|---|
| | **€** | € |
| Net book amount | **-** | - |
| Loss on sale of property, plant and equipment (Note 6) | **-** | 3.500 |
| Proceeds from sale of property, plant and equipment | **-** | 3.500 |

At 31 December 2014, the Company had property, plant and equipment with cost of €118.237 (2013: €119.215) which were fully depreciated but are still in use by the Company.

Property, plant and equipment which were used as security for the Company's bank borrowings are disclosed in Note 27.

## 17 Investment property

### The Group

| **Country** | **Land for development in Cyprus** | **2014** | 2013 |
|---|---|---|---|
| | **€** | **€** | € |
| **Fair Value at 1 January** | **271.968.351** | **271.968.351** | 271.903.351 |
| Additions | **17.655** | **17.655** | 65.000 |
| Net loss from fair value adjustments on investment property (Note 6) | **(645.000)** | **(645.000)** | - |
| Fair value at 31 December | **271.341.006** | **271.341.006** | 271.968.351 |

### The Company

| **Country** | **Land for development in Cyprus** | **2014** | 2013 |
|---|---|---|---|
| | **€** | **€** | € |
| **Fair Value at 1 January** | **836.950** | **836.950** | 270.500.000 |
| Additions | **-** | **-** | 906.391 |
| Transfer to subsidiary due to reorganisation (Note 18) | **-** | **-** | (270.569.441) |
| Fair value at 31 December | **836.950** | **836.950** | 836.950 |

The Company's/Group's investment property is measured at fair value. The Company/Group holds only one class of investment property being land in Cyprus.

The Company's policy is to recognise transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. There were no transfers in and out of levels during the year.

Investment property which was used as security for bank borrowings obtained by the Group and the Company are disclosed in Note 27.

## 17 Investment property (continued)

### Valuation process

The Company's investment properties were valued at 31 December 2014 and 2013 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. The investment properties were valued by an independent valuer based on the comparable method of valuation. Given the current conditions of Cyprus property market and the lack of availability of adequate comparable data, the valuation of the investment properties is categorised as Level 3.

The Group's/Company's finance department includes a team that review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer (CFO) and the Board of Directors. At the financial year end the finance department:

- verifies all major inputs to the independent valuation report,
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

The comparable prices used for the determination of the fair value of the property were adjusted to reflect the physical characteristics and urban data of the property (planning zones and building coefficient) as well as the market and financial trends and the prospects of the property.

### Information about fair value measurement using significant unobservable inputs (Level 3)- 31 December 2014

| Property | Valuation | Valuation technique | Unobservable inputs | Assumption | Variation |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Land for development in Cyprus | 271.341.006 | Comparable method | Price per square meter €230 | Variation in market value of land + / - 15% | +/- €40.579.555 |
| | | | Building coefficient 25% | Reduction in building coefficient (27,5% -35%) | €14.600.000 - €41.000.000 decrease |
| **Company** | | | | | |
| Land | 836.950 | Comparable method | Price per square meter €230 | Variation in market value of land + / - 15% | +/- €125.543 |

## 17 Investment property (continued)

### Information about fair value measurement using significant unobservable inputs (Level 3)- 31 December 2013

| Property | Valuation | Valuation technique | Unobservable inputs | Assumption | Variation |
|---|---|---|---|---|---|
| **Group** | | | | | |
| Land for development in Cyprus | 271.968.351 | Comparable method | Price per square meter €230 | Variation in market value of land + / - 15% | +/- €40.579.555 |
| | | | Building coefficient 25% | Reduction in building coefficient (27,5% -35%) | €14.600.000 - €41.000.000 decrease |
| **Company** | | | | | |
| Land | 836.950 | Comparable method | Price per square meter €230 | Variation in market value of land + / - 15% | +/- €125.543 |

## 18 Group's reorganisation

In October 2013, the Company implemented the Group's reorganisation plan under which the property held by the Company at Moni was transferred to the newly incorporated company C.C.C Real Estate Company Limited at a fair value of €270.569.441. Based on the provisions of reorganisation plan, the Company would also transfer bank loans of €3.737.969 when the relevant authorisations will be granted by the bank. The consideration for the reorganization was fees of €266.831.472 which was settled through the issuance of 999 998 shares of C.C.C. Real Estate Company Limited to the Company. During 2014, the transfer of bank borrowings to the subsidiary was completed.

## 19 Investments accounted for using the equity method

### (i) Investments in Vassiliko Cement Works Public Company Limited and L'Union

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| At beginning of year | **52.575.658** | 55.799.131 | **52.957.405** | 52.597.405 |
| Additions (1) | **23.384.405** | - | **-** | - |
| Share of profit/(loss) after tax | **1.631.754** | (2.783.253) | **-** | - |
| Share of changes in equity | **79.108** | (440.220) | **-** | - |
| Dividends (Note 7) | **(636.993)** | - | **-** | - |
| At end of year | **77.033.932** | 52.575.658 | **52.957.405** | 52.597.405 |

(1) Additions corresponds to the effect of Group's net current assets as presented in note 21.

## 19 Investments accounted for using the equity method (continued)

### (i) Investments in Vassiliko Cement Works Public Company Limited and L'Union (continued)

**The Group**

The investment of Group in associated companies is as follows:

| | Country | Principal activities | % interest held |
|---|---|---|---|
| **2014** | | | |
| Vassiliko Cement Works Public Company Limited | Cyprus | Production and sale of cement | 25,3% |
| L'Union Nationale (Tourism and Sea Resorts) Limited | Cyprus | Hotel and tourism | 24,98% (1) |
| **2013** | | | |
| Vassiliko Cement Works Public Company Limited | Cyprus | Production and sale of cement | 25,3% |

(1) Ownership percentage in L'Union held through its subsidiary "CCCT". The Company holds 67,29% in CCCT. The actual effective holding in L'Union is 16,81%.

The associated company Vassiliko Cement Works Public Company Limited is listed on the Cyprus Stock Exchange. On 31 December 2014, the fair value of the investment in associate based on the market price was €16.561.813 (2013: €9.827.889). The market price listed on the stock exchange is not representative since these shares are not traded in an active market.

The increase of the share capital as well as the change in shareholding structure of L'Union is as presented in Note 21. As a consequence of those transactions, the investment of the Company in L' Union is classified as joint venture and is accounted for under the equity method in accordance with IFRS 11 for the period from 1 February to 30 September 2014. From 1 October 2014 and thereafter, the Company's investment in L'Union is classified as an investment in associate and is accounted for under the equity method in accordance with IAS 28 "Investments in Associates and Joint Ventures".

At 31 December 2014, L' Union has the following issued shares:

- 20 000 000 ordinary shares at nominal value of €1,71 per share owned by the Company (class "A" shares).
- 20 000 000 ordinary shares at nominal value of €1 per share owned by the Investor (class "B" shares).
- 40 076 336 ordinary shares at nominal value of €1,31 per share owned by the Investor (class "C" shares).

All shares described above are classified as "pari passu" in all classes of shares (with no restrictions on voting rights and dividends) except (i) Class "A" holders have the right to appoint and remove a class "A" Director of the associated company and to vote in relation to their appointment, election or removal (ii) class "B" holders have the right to appoint and remove three Class "B" Directors of the associated company and to vote in relation to their appointment, election or removal (iii) Class "C" holders have the right to appoint and remove as many Class "C" Directors of the associated Company they wish to and further to vote in relation to the appointment, election and removal (iv) as far as the return of capital due the liquidation of the company is concerned, the percentage of rights of Class "A" shareholders, Class "B" shareholders and Class "C" shareholders will be €1,71 instead of €4,02, €1,00 instead €4,02 and €1.31 instead of €4,02 respectively.

## 19 Investments accounted for using the equity method (continued)

### (i) Investments in Vassiliko Cement Works Public Company Limited and L'Union (continued)

On 31 December 2014, the subsidiary CCCT and the Investor appointed one and five directors respectively. The decisions of the Board of Directors should be taken only if majority of Members agree. Further, decisions should be taken as described above, except if Law requirements indicate otherwise.

On November 2014, the hotel owned by L' Union was closed down for renovation and it is expected to be completed in the first 6 months of 2016.

**Contingent Liabilities and Commitments**

### (a) Operating lease commitments – where the investment in associate undertakings are lessees

Non-cancellable lease payments are as follows:

| | L'Union Nationale (Tourism and Sea Resorts) Limited | | Vassiliko Cement Works Public Company Limited | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Within 1 year | **119.000** | 119.000 | **118.000** | 168.000 |
| Between 2 to 5 years | **476.000** | 476.000 | **170.000** | 427.000 |
| Later than 5 years | **7.735.000** | 7.854.000 | **96.000** | 915.000 |
| | **8.330.000** | **8.449.000** | **384.000** | 1.510.000 |

### (b) Operating lease commitments – where the investment in associate undertakings are lessors

Minimum non-cancellable lease payments are as follows:

| | L'Union Nationale (Tourism and Sea Resorts) Limited | | Vassiliko Cement Works Public Company Limited | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Within 1 year | **145.000** | 199.000 | **-** | - |
| Between 2 to 5 years | **555.000** | 751.000 | **-** | - |
| Later than 5 years | **295.000** | 443.000 | **-** | - |
| | **995.000** | 1.393.000 | **-** | - |

## 19 Investments accounted for using the equity method (continued)

### (i) Investments in Vassiliko Cement Works Public Company Limited and L'Union (continued)

### (c) Capital Commitments

On 31 December 2014, the associated company L'Union has capital commitments, mainly relating to renovations and other relevant expenses amounting to €17.562.416. There were no capital commitments in respect of the associated company Vassiliko Cement Works Public Company Limited.

Set out below are the summarised financial information of the Associated companies:

**Summarised balance sheet**

| | L'Union Nationale (Tourism and Sea Resorts) Limited | | Vassiliko Cement Works Public Company Limited | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Current assets | **11.278.178** | 2.822.213 | **31.531.000** | 34.336.000 |
| Non-current assets | **96.722.142** | 98.650.396 | **265.471.000** | 278.471.000 |
| Current Liabilities | **2.875.234** | 14.933.492 | **(14.030.000)** | (19.396.000) |
| Non-current Liabilities | **9.932.909** | 62.827.753 | **(72.168.000)** | (85.602.000) |
| Net assets | **95.192.177** | 23.711.364 | **210.804.000** | 207.809.000 |

**Summarised statement of comprehensive income**

| | L'Union Nationale (Tourism and Sea Resorts) Limited | | Vassiliko Cement Works Public Company Limited | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Revenue | **14.516.546** | 15.766.089 | **84.110.000** | 79.594.000 |
| Loss for the year | **(584.187)** | (5.927.658) | **5.155.000** | (11.001.000) |
| Other Comprehensive income/ (losses) | **-** | (16.134.585) | **346.000** | (1.740.000) |
| Total comprehensive (loss)/ income for the year | **(584.187)** | (22.062.243) | **5.501.000** | (12.741.000) |

The information stated above reflect the amounts presented in the consolidated financial statements of the associate company.

## 19 Investments accounted for using the equity method (continued)

### (i) Investments in Vassiliko Cement Works Public Company Limited and L'Union (continued)

### Summarised reconciliation of financial information

The reconciliation of the summarised financial information is presented to the carrying value of the Investment in associate is as follows:

| | Vassiliko Cement Works Public Company Limited | |
|---|---|---|
| | **2014** | 2013 |
| | **€** | € |
| **Summarised financial information** | | |
| Net assets at 1 January [1] | **207.809.000** | 220.550.000 |
| Loss of the year | **5.155.000** | (11.001.000) |
| Other comprehensive (losses)/income for the year | **346.000** | (1.740.000) |
| Dividends | **(2.518.000)** | - |
| Special defence contribution-Dividend | **12.000** | - |
| **Net assets at 31 December** | **210.804.000** | 207.809.000 |
| Share of the investment in associate – 25,3% | **53.333.465** | 52.575.658 |
| **Carrying value** | **53.333.465** | 52.575.658 |

(1) Non-current assets and net assets have been adjusted in order to consider fair value adjustments arising on the acquisition of the associated company.

| | L'Union Nationale (Tourism and Sea Resorts) Limited | |
|---|---|---|
| | **2014** | 2013 |
| | **€** | € |
| **Net assets at 31 December** | **94.877.767** | |
| Share of the investment in associate – 24,98% | **23.700.467** | - |
| **Carrying value** | **23.700.467** | - |

### The Company

Investment in associated company is set out below:

| | **Country** | **Principal activities** | **% interest held** |
|---|---|---|---|
| **2014** | | | |
| Vassiliko Cement Works Public Company Limited | Cyprus | Production and sale of cement | 25,3% |
| **2013** | | | |
| Vassiliko Cement Works Public Company Limited | Cyprus | Production and sale of cement | 25,3% |

Up until 31 January 2014, the Group participated in the following unlisted investment in a joint venture through CCCT.

## 19 Investments accounted for using the equity method (continued)

### Contingent Liabilities and Commitments (continued)

### The Company (continued)

| | | | % of ownership interest | |
|---|---|---|---|---|
| | Country of | | **31 December 2014** | 31 December 2013 |
| **Name of entity** | **incorporation** | **Principal activities** | **%** | % |
| L'Union Branded Residences | Cyprus | Development and sale of up-market residential properties | **12,5** | 50,0 |

From 1 February 2014 and thereafter, the Group's investment in L' Union is accounted for under the equity method and as a result the percentage of participation in the above joint venture is not presented in Group's assets as at 31 December 2014.

The carrying value of the above Joint Venture was €1.150.396 as at 31 December 2013.

## 20 Investments in subsidiaries

The consolidated financial statements include the Company and its subsidiaries together referred to as the "Group". Subsidiaries are all entities over which the Group has control. The Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Set out below are all the significant subsidiaries registered in Cyprus:

| | | | % interest held | |
|---|---|---|---|---|
| **Name** | **Country of incorporation** | **Principal activities** | **31 December 2014** | **31 December 2013** |
| | | | **%** | **%** |
| CCC Laundries Limited | Cyprus | Dormant | **100,00** | 100,00 |
| C.C.C. Tourist Enterprises Public Company Limited (2) | Cyprus | Holding of investments in hotel and tourism industry | **67,29** | 67,29 |
| C.C.C. Secretarial Limited | Cyprus | Secretarial and administration services | **53,46** | 53,46 |
| C.C.C. Real Estate Limited | Cyprus | Holding and development of investment property | **100,00** | 100,00 |
| **Subsidiaries of CCC Laundries Limited** | | | | |
| White Linen (Famagusta) Limited | Cyprus | Dormant | **63,00** | 63,00 |
| CCC Laundries (Paphos) Limited | Cyprus | Dormant | **-** | 100,00 |

## 20 Investments in subsidiaries (continued)

| Name | Country of incorporation | Principal activities | % interest held 31 December 2014 | 31 December 2013 |
|---|---|---|---|---|
| | | | % | % |
| **Subsidiary of C.C.C. Tourist Enterprises Public Company Limited** [(2)] | | | | |
| L'Union Nationale (Tourism and Sea Resorts) Limited | Cyprus | Hotel and tourism | **24,98** | 100,00 |

(1) CCC Laundries (Paphos) Limited has been deregistered at 30 June 2014 from Registrar of companies.

(2) See notes 19 and 21 for the changes in percentage of participation in L' Union.

The total non-controlling interest as at 31 December 2014 amounted to €7.804.554 (2013: €7.831.774) and is mainly attributed to CCCT, with non-controlling interest of €7.808.181 (2013: €7.834.000). The percentage non-controlling interest in CCCT is 32,71%. The share of loss for the year ended 31 December 2014 attributed to the non-controlling interest of CCCT was €23.469 (2013: €1.967.743).

### Summarised financial information on subsidiaries with material non-controlling interests

### Summarised consolidated balance sheet

| | C.C.C. Tourist Enterprises Public Company Limited 2014 | 2013 |
|---|---|---|
| | **€** | € |
| Current assets | **208.614** | 2.971.539 |
| Current liabilities | **(44.130)** | (14.849.467) |
| Net current liabilities | **164.484** | (11.877.928) |
| Non-current assets | **23.706.445** | 98.655.539 |
| Non-current liabilities | **-** | (62.827.753) |
| Net non-current assets | **23.706.445** | 35.827.786 |
| Net assets | **23.870.929** | 23.949.858 |

## 20 Investments in subsidiaries (continued)

### Summarised consolidated income statement

| | C.C.C. Tourist Enterprises Public Company Limited | |
|---|---|---|
| | **2014** | 2013 |
| | **€** | € |
| Gain/ (Loss) from continued operations | **259.506** | (60.777) |
| Net Loss for the year | **(67.463)** | (6.014.655) |
| Other comprehensive loss | **(11.466)** | (16.134.585) |
| Total comprehensive loss | **(78.829)** | (22.149.240) |
| Total comprehensive loss attributed to non-controlling interest | **(25.818)** | (7.245.066) |

### Summarised consolidated cash flows

| | C.C.C. Tourist Enterprises Public Company Limited | |
|---|---|---|
| | **2014** | 2013 |
| | **€** | € |
| **Cash flows from operating activities** | | |
| Cash generated from operations | **448.328** | 858.408 |
| Income tax paid | **-** | (2.662) |
| Net cash generated from operating activities | **448.328** | 855.746 |
| Net cash from/ (used in) investing activities | **9.448.643** | (735.538) |
| Net cash from/ (used in) financing activities | **-** | (1.189.528) |
| Net increase/ (decrease) in cash, cash equivalents and bank overdrafts | **9.896.971** | (1.069.320) |
| Cash, cash equivalents and bank overdrafts at beginning of year | **(9.929.333)** | (8.860.013) |
| Cash, cash equivalents and bank overdrafts at end of year | **(32.362)** | (9.929.333) |

The information above is the amount before inter-company eliminations.

## 21 Discontinued Operations

### (i) Issue of share capital in L'Union Nationale (Tourism and Sea Resorts) Limited and shareholding restructuring

On 23 October 2013, the subsidiary CCCT signed an "Agreement and plan of Subscription" its with Emerald Coast Properties Limited, ("Investor"), according to which its subsidiary, L' Union, would issued 20 000 000 shares of a new class at par, with a nominal value of €1 each, to be subscribed by the Investor, with CCCT waiving its pre-emption rights. The completion of the transaction was subject to certain conditions and to due diligence from the Investor.

## 21 Discontinued Operations (continued)

### (i) Issue of share capital in L'Union Nationale (Tourism and Sea Resorts) Limited and shareholding restructuring (continued)

On 31 January 2014, all conditions of the above agreement were satisfied and the subsidiary company by a Special Resolution issued and allotted on the same date 20 000 000 shares with nominal value of €1 each, to the Investor for the subscription price of €20.000.000. After the issue of the said new shares, C.C.C. Tourist Enterprises Public Company Limited and the Investor each had 50% share in L' Union Nationale (Tourism and Sea Resorts) Limited ("L' Union").

The new funds were primarily used for the renovation of the Le Meridien Limassol Spa and Resort which began on November, as well as for the strengthening of the subsidiary's working capital.

The Group recognized a loss of € 1.497.194 from the transaction described above which is the difference between the carrying value of the net assets of the subsidiary attributable to the Company before and after the completion of the agreement. Further, an amount of €8.934.763 relating to accumulated fair value gains from the revaluation of the hotel incurred prior the agreement have been transferred from fair value reserves to retained earnings.

Set out below are the assets and liabilities of L'Union at the date which the control was lost:

| | **31 January 2014 €** |
|---|---|
| Property plant and equipment (Note 16) | 97.370.557 |
| Investment in partnership | 1.150.397 |
| Land under development | 790.333 |
| Inventories | 758.532 |
| Trade and other receivables | 397.800 |
| Cash and cash equivalents | (9.533.916) |
| Trade and other payables | (3.879.006) |
| Deferred Tax | (9.932.909) |
| Borrowings | (54.247.540) |
| **Total assets** | **22.874.248** |
| Share of the net assets attributable Group before share capital issue | (22.874.248) |
| Group's share in the net assets of L'Union at the date of loss of control | 21.377.124 |
| **Loss from-dilation of control in subsidiary undertaking** | **(1.497.124)** |

### (ii) Additional issue of share capital in L'Union and shareholding restructuring

On 6 June 2014, the subsidiary CCCT signed a Memorandum of Understanding with the investor who held 50% of the issued shares of L 'Union. The issued share capital of L' Union would increase approximately by additional €52,5 million through the issue of new shares to the investor (including the simultaneous waiver of all and any pre-emption rights of CCCT).

## 21 Discontinued Operations (continued)

### (ii) Additional issue of share capital in L’Union and shareholding restructuring (continued)

On 30 September 2014, the shareholding restructuring of L’Union was completed. After the restructuring, the issued share capital of L’Union increased by €52,5 million, by issuing 40 076 336 shares at nominal value of €1,31 per share. Upon completion of the share capital restructuring, CCCT holds 24,98% of the total issued share capital of L 'Union. The proceeds from this issue of shares will be used exclusively for the repayment of bank loans of L 'Union to the Bank of Cyprus Public Company Ltd.

This transaction resulted in an accounting profit of €2.007.272, which resulted from difference between the book value of the share at net assets of L’Union before and after the share capital issue.

Set out below is the change in net position of the Group at the date of capital issue:

| | 30 September 2014 € |
|---|---|
| Property plant and equipment | 96.832.672 |
| Investment in partnership | 1.150.397 |
| Land under development | 790.333 |
| Inventories | 641.431 |
| Trade and other receivables | 2.391.905 |
| Cash and cash equivalents | 10.442.341 |
| Trade and other payables | (5.574.597) |
| Deferred Tax | (9.932.909) |
| Borrowings | (52.662.673) |
| **Total assets** | **44.078.900** |
| Group’s net position in L’Union before share capital issue | (22.039.450) |
| Group’s share in L’Union at the date of loss of control (% held-25,02%) | 24.046.723 |
| **Profit on shareholding reorganization of joint venture** | **2.007.273** |

## 21 Discontinued Operations (continued)

### (iii) Results from discontinued operations

| | **2014** | 2013 |
|---|---|---|
| | **€** | € |
| **Turnover** | **440.688** | 15.766.089 |
| Administrative costs | **(844.996)** | (14.438.980) |
| Depreciation | **(155.424)** | (1.883.502) |
| Other Losses | **-** | (19.174) |
| Net finance cost | **(277.385)** | (3.703.756) |
| Share of loss of joint venture | **-** | (110.446) |
| Loss before tax | **(837.117)** | (4.389.769) |
| Taxation | **-** | (1.383.515) |
| **Net loss of the period from discontinued operations** | **(837.117)** | (5.773.284) |
| **Amounts not reclassified in the statement of comprehensive income** | | |
| Reversal of revaluation gain of land and buildings | **-** | (20.131.724) |
| Reversal of deferred tax on revaluation loss of land and buildings/transfer from deferred tax | **-** | 3.997.139 |
| **Total loss for the period** | **(837.117)** | (21.907.869) |

The above results for the period ended 31 December 2013 relate to the 100% results of L' Union for the whole period whereas for the period ended 31 December 2014 relate to the 100% of the results of L' Union for the month of January 2014 only in which period the Group controlled L' Union.

### (iv) Effect on cash flows from loss of control in subsidiary company

| | 31 January 2014 € |
|---|---|
| L'Union's cash and cash equivalent at the date of loss of control | 9.533.916 |
| Effect of loss of control of subsidiary on cash flows | 9.533.916 |

Summarised statement of cash-flows from discontinued operations:

| | **Period start at 1 January 2014 and ends to 31 January 2014 €** | Year ended 31 December 2013 € |
|---|---|---|
| Net cash flows from operating activities | **884.465** | 896.575 |
| Net cash flows from investing activities | **(25.984)** | (593.218) |
| Net cash flows from financing activities | **-** | (1.365.450) |

## 22 Available-for-sale financial assets

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| At the beginning and end of year | **-** | 2.848 | **-** | **-** |
| | **-** | 2.848 | **-** | **-** |

The available for sale financial assets which are not listed are analysed as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Euro - functional and presentation currency | **-** | 2.848 | **-** | - |

## 23 Land under development and inventories

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Raw materials, spare parts and other consumables | **-** | 199.795 | **-** | - |
| Food and beverage | **-** | 183.895 | **-** | - |
| Spa and health club supplies | **-** | 94.627 | **-** | - |
| Cleaning supplies | **-** | 273.737 | **-** | - |
| Land under development | **-** | 790.333 | **-** | - |
| | **-** | 1.542.387 | **-** | - |

## 24 Trade and other receivables

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Trade receivables | **1.480** | 1.158.822 | **-** | - |
| Less: Provision for impairment of trade receivables | **(1.480)** | (84.835) | **-** | - |
| Trade receivables- net | **-** | 1.073.987 | **-** | - |
| Receivables from related parties (Note 32 (v)) | **248.222** | 131.311 | **2.475.368** | 5.749.368 |
| Other receivables | **737.562** | 959.317 | **56.793** | 807.040 |
| Less: provision for impairment – other receivables | **(56.793)** | (56.793) | **(56.793)** | (56.793) |
| | **928.991** | 2.107.822 | **2.475.368** | 6.499.615 |

The fair value of trade and other receivables which are due within one year approximates their carrying amount at the balance sheet date.

## 24 Trade and other receivables (continued)

### The Company

As of 31 December 2014, receivables of €796 (2013: €4.223.446) were fully performing.

As of 31 December 2014, receivables from related parties of €2.474.572 (2013: €2.276.169) were past due but not impaired.

As of 31 December 2014, other receivables of €56.793 (2013: €56.793) were impaired and provided for.

### The Group

As of 31 December 2014, trade receivables of €nil (2013: €1.007.530) were fully performing.

Trade receivables that are less than four months past due are not considered impaired. As of 31 December 2014, trade receivables of €nil (2013: €66.457) were past due but not impaired. The ageing analysis of these trade receivables is as follows:

| | The Group | |
|---|---|---|
| | **2014** | 2013 |
| | **€** | € |
| Over 6 months | **-** | 66.457 |

As of 31 December 2014, trade receivables of €58.273 (2013: €141.628) were impaired and provided for. The amount of the provision was €58.273 as of 31 December 2014 (2013: €141.628).

The ageing of the receivables that were provided for is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Over 6 months | **58.273** | 141.628 | **56.793** | 56.793 |

Movements in the Company's/Group's provision for impairment of trade receivables are as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| At 1 January | **141.628** | 139.313 | **56.793** | 56.793 |
| Provision for receivables impairment | | 13.607 | **-** | - |
| Unused amounts reversed | **(2.020)** | (11.292) | **-** | - |
| Effect due to loss of control of subsidiary | **(81.335)** | - | **-** | - |
| At 31 December | **58.273** | 141.628 | **56.793** | 56.793 |

## 24 Trade and other receivables (continued)

### The Group (continued)

The creation and release of provision for impaired receivables have been included in 'administrative expenses' in profit or loss (Note 8). Amounts charged to the provision account are generally written off, when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above.

## 25 Cash and cash equivalents

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Cash at bank and in hand | **13.699** | 198.874 | **13.208** | 217 |
| | **13.699** | 198.874 | **13.208** | 217 |

Cash, cash equivalents and bank overdrafts include the following for the purposes of the statement of cash flows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Cash at bank and in hand | **13.699** | 198.874 | **13.208** | 217 |
| Bank overdrafts (Note 27) | **(2.345.905)** | (12.295.536) | **(1.591.494)** | (1.692.247) |
| | **(2.332.206)** | (12.096.662) | **(1.578.286)** | (1.692.030) |

The carrying amounts of the Group's and Company's trade and other receivables are denominated as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Euro | **928.991** | 2.107.822 | **2.475.368** | 6.499.615 |

The carrying amounts of the Group's and Company's cash and cash equivalents are denominated in the following currencies:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Euro | **13.699** | 198.874 | **13.208** | 217 |

The non-cash transaction as of 31 December 2014 relates to the offsetting of receivable balances during the reorganization (Note 18) through the transfer of bank borrowings and other relevant balances as a result of the reorganization.

## 26 Share capital and share premium

| | 31 December 2014 | | | 31 December 2013 | | |
|---|---|---|---|---|---|---|
| | Number of shares | Ordinary share capital € | Share premium € | Number of shares | Ordinary share capital € | Share premium € |
| **Issued and fully paid** | | | | | | |
| At beginning of year | **137.610.883** | **59.172.679** | **848.729** | 137.610.883 | 59.172.679 | 848.729 |
| At end of year | **137.610.883** | **59.172.679** | **848.729** | 137.610.883 | 59.172.679 | 848.729 |

The total authorised number of ordinary shares is 200 000 000 shares (2013: 200 000 000 shares) with a nominal value of €0,43 per share (2013: nominal value of €0,43 per share). All issued shares are fully paid.

## 27 Borrowings

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** € | 2013 € | **2014** € | 2013 € |
| **Current** | | | | |
| Bank overdrafts (Note 25) | **2.345.905** | 12.295.536 | **1.591.494** | 1.692.247 |
| Bank borrowings | **321.274** | 3.334.777 | **72.024** | 3.176.677 |
| Borrowings from related companies (Note 32 (vi)) | **-** | 857.000 | **-** | - |
| | **2.667.179** | 16.487.313 | **1.663.518** | 4.868.924 |
| **Non-current** | | | | |
| Bank borrowings | **15.285.949** | 64.598.446 | **8.215.018** | 10.902.753 |
| Borrowings from related companies (Note 32 (vi)) | **4.867.929** | 3.867.462 | **4.840.335** | 3.832.513 |
| | **20.153.878** | 68.465.908 | **13.055.353** | 14.735.266 |
| **Total borrowings** | **22.821.057** | 84.953.221 | **14.718.871** | 19.604.190 |

The bank loans are repayable by monthly and six monthly instalments by 2020.

The bank loans and overdrafts are secured as follows:

### The Group

(i) By mortgage of Group's land and buildings included in property, plant and equipment for the amount of €35,1 million – (released during the year).
(ii) By mortgage of Group's land included in investment property for the amount of €21 million (2013 :€34,3 million).
(iii) By fixed and floating charge on Group's assets for €5,1 million (2013: €11,9 million).
(iv) By corporate guarantees of Group companies for the amount of €6,4 million (2013: €55 million).
(v) By personal guarantees of the Directors for the amount of €7,9 million (2013: €4,1 million) (Note 32 (viii)).
(vi) By negative pledge of subsidiary company not to proceed with mortgage on the assets without the bank's prior approval.

## 27 Borrowings (continued)

**The Company**

(i) By floating charge on the Company's assets for the amount of €5,1 million (2013: €5,1 million).
(ii) By personal guarantees of the Directors for the amount of €4,5 million (2013: €4,1 million) (Note 32 (viii)).

The weighted average effective interest rates at the balance sheet date were as follows:

| | **2014** | 2013 |
|---|---|---|
| | **%** | % |
| Bank overdrafts | **6,60** | 7,62 |
| Bank borrowings | **5,10** | 5,50 |
| Borrowings from related parties | **6,25** | 6,50 |

The bank borrowings and bank overdrafts are arranged at floating rates. For borrowings at floating rates the interest rate reprises on a monthly basis exposing the Company/the Group to cash flow interest rate risk.

The carrying amounts of short-term bank overdrafts and bank loans approximate their fair value.

The carrying amounts of the borrowings are denominated in the following currencies:

| | **The Group** | | **The Company** | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Euro | **17.561.460** | 84.953.221 | **14.718.871** | 19.604.190 |
| | **17.561.460** | 84.953.221 | **14.718.871** | 19.604.190 |

The exposure of the borrowings to interest rate changes and the contractual repricing dates at the balance sheet date is as follows:

| | **The Group** | | **The Company** | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| 6 months or less | **17.561.460** | 84.953.221 | **14.718.871** | 19.604.190 |

The Company/Group has the following undrawn borrowing facilities:

| | **The Group** | | **The Company** | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Floating rate: | | | | |
| Expiring within one year | **781.097** | 550.378 | **522.879** | 158.239 |

The facilities expiring within one year are annual facilities subject to review at various dates during 2014.

## 28 Deferred income tax liabilities

The analysis of deferred income tax assets and deferred income tax liabilities are as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| **Deferred income tax liabilities** | | | | |
| Deferred tax liabilities to be recovered after more than twelve months | **53.565.714** | 63.598.833 | **53.565.714** | 53.565.714 |
| **Deferred income tax liabilities - net** | **53.565.714** | 63.598.833 | **53.565.714** | 53.565.714 |

The gross movement on the deferred income tax account is as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| At the beginning of the year | **63.598.833** | 66.215.116 | **53.565.714** | 53.565.714 |
| Charge to profit or loss (Note 12) | **(100.706)** | 1.380.856 | **-** | - |
| Tax credit relating to components of other comprehensive income | **-** | (3.997.139) | **-** | - |
| Loss on control of subsidiary | **(9.932.413)** | - | **-** | - |
| At end of year | **53.565.714** | 63.598.833 | **53.565.714** | 53.565.714 |

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

### The Group

| | Difference between depreciation and wear and tear allowance | Revaluation of property, plant and equipment | Investment property | Total |
|---|---|---|---|---|
| | € | € | € | € |
| At 1 January 2013 | 4.705.752 | 7.483.444 | 53.665.920 | 66.215.116 |
| Charged/(credited) to: | | | | |
| Profit or loss (Note 12) | 1.380.856 | - | - | 1.380.856 |
| Statement of changes in equity: | | | | |
| Other comprehensive income | - | (3.997.139) | - | (3.997.139) |
| At 31 December 2013 | 6.086.608 | 3.846.305 | 53.665.920 | 63.598.833 |

| | Difference Between Depreciation and wear and tear allowance | Revaluation of property, plant and equipment | Investment property | Total |
|---|---|---|---|---|
| | **€** | **€** | **€** | **€** |
| At 1 January 2014 | **6.086.608** | **3.846.305** | **53.665.920** | **63.598.833** |
| Charged/(credited) to: | | | | |
| Profit or loss (Note 12) | **-** | **-** | **(100.706)** | **(100.706)** |
| Statement of changes in equity: | | | | |
| Loss of control of subsidiary | **(6.086.608)** | **(3.846.305)** | **-** | **(9.932.913)** |
| At 31 December 2014 | **-** | **-** | **53.565.714** | **53.565.714** |

## 28 Deferred income tax liabilities (continued)

### The Company

| | Investment property € | Investment in subsidiary companies € | Total € |
|---|---|---|---|
| At 1 January 2013 | 53.565.714 | - | 53.565.714 |
| Charged: | | | |
| Transfer due to restructuring[1] | (53.565.714) | 53.565.714 | - |
| At 31 December 2013 | - | 53.565.714 | 53.565.714 |
| **At 1 January 2014/ 31 December 2014** | **-** | **53.565.714** | **53.565.714** |

(1) The tax based on the investment in subsidiary is the same as the tax base of the investment property transferred to the subsidiary due to restructuring (Note 34).

### Deferred tax

(i) Due to the increase of the corporate tax rate from 10% to 12,5% with effect from 1 January 2013 the deferred tax liability relating to accelerated capital allowances was increased by € 1,2 million.

(ii) Deferred tax was calculated using tax rate at 12,5%, while the share of temporary differences arising from the revaluation of land was calculated using tax rate of 20% which is the current rate of taxation on capital gains, taking into account indexation.

(iii) The offsetting of deferred tax assets and liabilities is considered appropriate as it relates to taxes imposed within the same tax jurisdiction.

## 29 Trade and other payables

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014 €** | 2013 € | **2014 €** | 2013 € |
| Trade payables | **1.000** | 2.196.186 | **1.000** | 100.846 |
| Payables to related parties (Note 32 (v)) | **303.385** | 386.333 | **2.093.772** | 253.703 |
| Other payables and accrued expenses | **190.875** | 2.020.475 | **41.011** | 164.217 |
| | **495.260** | 4.602.994 | **2.135.783** | 518.766 |

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

## 30 Provisions

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Provision for dismantling of machinery and equipment: | | | | |
| At the beginning of the year | **391.215** | 1.181.653 | **391.215** | 1.181.653 |
| Charged/(credited) to profit or loss: | | | | |
| Dismantling expenses incurred | **(93.215)** | (790.438) | **(93.215)** | (790.438) |
| Transfer to subsidiary due to reorganization | **-** | - | **(298.000)** | - |
| | **298.000** | 391.215 | **-** | 391.215 |

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Current | **(298.000)** | 391.215 | **-** | 391.215 |
| | **(298.000)** | 391.215 | **-** | 391.215 |

## 31 Contingencies and commitments

### (i) Operating lease commitments – where the Group is the lessee

The Company leases land from the Cyprus Republic at an annual rental of €8.692, which is included in other operating expenses.

In addition to the above, the Group through its subsidiary CCC Laundries Limited, has obligations relating to leases of industrial plots, numbers 8 and 9, located in the Limassol Industrial Area.

The lease relating to the industrial plot number 8 expired on 30 April 2009 and was renewed for an additional period of 33 years. The subsidiary company has the right to renew it for one more consecutive additional period of 33 years. Lease rent is reviewed every five years. Lease rent for the years ended 2014 and 2013 was €917 per annum.

The lease relating to the industrial plot number 9 ended on 31 January 2010 and was renewed for an additional period of 33 years. The subsidiary has the right to renew it for one more consecutive additional period of 33 years. Lease rent is reviewed every five years. Lease rent for the years ended 31 December 2014 and 2013 was €536,94 per annum.

On the basis of the above, at the end of the year, the future minimum amounts payable under the leases, assuming the leases are renewed for the additional two consecutive 33 years' periods based on the current annual rental fees, are as follows:

| | **2014** | 2013 |
|---|---|---|
| | **€** | € |
| Within 1 year | **1.454** | 1.454 |
| Between 2 to 5 years | **5.816** | 5.816 |
| Later than 5 years | **32.338** | 33.792 |
| | **39.608** | 41.062 |

## 31 Contingencies and commitments (continued)

### (ii) Capital commitments

*Dismantling of plant and machinery*

The capital expenditures, which contracts have been signed for, after the date of balance sheet but not yet completed amounted to €298.000 (2013: €391.215), and they relate to dismantling of plant and machinery and investment property.

### (iii) Other contingent liabilities of the Company

The Company has guaranteed bank overdrafts and loans of related companies as described in Note 32 (vii)). No obligations are expected to arise for the Company with respect to these guarantees.

## 32 Related party transactions

The Company is controlled by C.C.C. Holdings & Investments Limited (holding company), which is registered in Cyprus. The ultimate holding company is George S. Galatariotis & Sons Limited, also registered in Cyprus.

The related companies are companies under common control, companies controlled by the Directors of the Company and companies exercising significant influence to the Group and the Company.

The following transactions were carried out with related parties:

### (i) Purchases of services

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Related companies: | | | | |
| Secretarial and administration services [1] | **-** | - | **59.851** | 685.000 |
| Rent | **162.624** | 201.794 | **-** | - |
| | **162.624** | 201.794 | **59.851** | 685.000 |

[1] During 2013, an amount of €563.840 related to services charged for the future development of land included in investment property. This amount was capitalized within investment property in the separate financial statements of the Company.

### (ii) Sales of services

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Secretarial and administration services: | | | | |
| Holding company | **5.000** | 50.000 | **-** | - |
| Related companies | **752.019** | 566.061 | **-** | - |
| Ultimate holding company | **40.914** | 63.900 | **-** | - |
| | **797.933** | 679.961 | **-** | - |

## 32 Related party transactions (continued)

### (iii) Interest on balances with related parties

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Interest payable (Note 11): | | | | |
| Holding company | **-** | 6.367 | **-** | - |
| Subsidiary companies | **-** | - | **-** | 4.825 |
| Related company | **275.250** | 167.531 | **273.066** | 135.361 |
| | **275.250** | 173.898 | **273.066** | 140.186 |

### (iv) Key management personnel and Directors' compensation

The total remuneration of key management personnel (including also Directors' remuneration) was as follows:

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Director fees | **8.400** | 12.900 | **6.000** | 8.000 |
| Director emoluments | **396.812** | 402.562 | **-** | - |
| Total Directors | **405.212** | 415.462 | **6.000** | 8.000 |
| Remuneration of key management personnel | **98.854** | 106.361 | **-** | - |
| | **504.066** | 521.823 | **6.000** | 8.000 |

### The Group

| | Fees | Salaries and employer contributions | Employer's contribution to provident fund | Total |
|---|---|---|---|---|
| | € | € | € | € |
| **Year ended 31 December 2014** | | | | |
| **Executive Directors** | | | | |
| George St. Galatariotis | 1.400 | 84.982 | - | 86.382 |
| Costas St. Galatariotis | 1.400 | 112.992 | - | 114.392 |
| Stavros G. St. Galatariotis | 1.400 | 63.410 | - | 64.810 |
| Tasos Anastasiou | 1.400 | 72.078 | - | 73.478 |
| Vassos G. Lazarides | - | 63.350 | - | 63.350 |
| | 5.600 | 396.812 | - | 402.412 |
| **Non-executive Directors** | 1.400 | - | - | 1.400 |
| Michalis Moushouttas | 1.400 | - | - | 1.400 |
| Antonis Antoniou | | | | |
| | 2.800 | - | - | 2.800 |
| **Total** | **8.400** | **396.812** | **-** | **405.212** |

## 32 Related party transactions (continued)

### (iv) Key management personnel and Directors’ compensation (continued)

### The Group (continued)

| Year ended 31 December 2013 | Fees<br>€ | Salaries and employer contributions<br>€ | Employer’s contribution to provident fund<br>€ | Total<br>€ |
|---|---|---|---|---|
| **Executive Directors** | | | | |
| George St. Galatariotis | 1.400 | 115.172 | 3.046 | 119.618 |
| Costas St. Galatariotis | 1.400 | 58.567 | 778 | 60.745 |
| Stavros G. St. Galatariotis | 1.400 | 74.089 | 1.890 | 77.379 |
| Tasos Anastasiou | 1.400 | 70.684 | 1.814 | 73.898 |
| Vassos G. Lazarides | 3.100 | 75.180 | 1.342 | 79.622 |
| | 8.700 | 393.692 | 8.870 | 411.262 |
| **Non-executive Directors** | 1.400 | - | - | 1.400 |
| Thomas M. Schmidheiny | 1.400 | - | - | 1.400 |
| Michalis Moushouttas | 1.400 | - | - | 1.400 |
| Antonis Antoniou | | | | |
| | 4.200 | - | - | 4.200 |
| **Total** | **12.900** | **393.692** | **8.870** | **415.462** |

### The Company

| | Fees<br>€ | Salaries and employer contributions<br>€ | Employer’s contribution to provident fund<br>€ | Total<br>€ |
|---|---|---|---|---|
| **Years ended 31 December 2014** | | | | |
| **Executive Directors** | | | | |
| George St. Galatariotis | 1.000 | - | - | 1.000 |
| Costas St. Galatariotis | 1.000 | - | - | 1.000 |
| Stavros G. St. Galatariotis | 1.000 | - | - | 1.000 |
| Tasos Anastasiou | 1.000 | - | - | 1.000 |
| | 4.000 | - | - | 4.000 |
| **Non-executive Directors** | | | | |
| Michalis Moushouttas | 1.000 | - | - | 1.000 |
| Antonis Antoniou | 1.000 | - | - | 1.000 |
| | 2.000 | - | - | 2.000 |
| **Total** | **6.000** | **-** | **-** | **6.000** |

## 32 Related party transactions (continued)

### (iv) Key management personnel and Directors' compensation (continued)

### The Company (continued)

| | Fees | Salaries and employer contributions | Employer's contribution to provident fund | Total |
|---|---|---|---|---|
| | € | € | € | € |
| **Years ended 31 December 2013** | | | | |
| **Executive Directors** | | | | |
| George St. Galatariotis | 1.000 | - | - | 1.000 |
| Costas St. Galatariotis | 1.000 | - | - | 1.000 |
| Stavros G. St. Galatariotis | 1.000 | - | - | 1.000 |
| Tasos Anastasiou | 1.000 | - | - | 1.000 |
| Vassos G. Lazarides | 1.000 | - | - | 1.000 |
| | 5.000 | - | - | 5.000 |
| **Non-executive Directors** | | | | |
| Thomas M. Schmidheiny | 1.000 | - | - | 1.000 |
| Michalis Moushouttas | 1.000 | - | - | 1.000 |
| Antonis Antoniou | 1.000 | - | - | 1.000 |
| | 3.000 | - | - | 3.000 |
| **Total** | **8.000** | **-** | **-** | **8.000** |

### (v) Year end balances

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Receivable from related parties (Note 24): | | | | |
| Related companies | **32.048** | 131.311 | **796** | 12.781 |
| Associated companies | **216.174** | - | **-** | - |
| Subsidiary companies (1) | **-** | - | **2.474.572** | 5.736.587 |
| | **248.222** | 131.311 | **2.475.368** | 5.749.368 |
| Payable to related parties (Note 29): | | | | |
| Subsidiary companies | **-** | - | **2.093.772** | 149.375 |
| Other related companies | **12.036** | 82.749 | **-** | - |
| Holding company | **-** | 104.328 | **-** | 104.328 |
| Company exercising significant influence to the Group | **291.349** | 199.256 | **-** | - |
| | **303.385** | 386.333 | **2.093.772** | 253.703 |

(1) Receivable balance from subsidiary companies amounting to €2.276.169 related to financing facilities and does not bear interest. During 2013 the Company waived part of the receivable from the subsidiary company amounting to €1.044.000, which was considered as non-recoverable. Receivable from the subsidiary C.C.C. Real Estate Limited amounting to €3.410.418 arose due to the time needed from the bank for the transfer of the bank loan as per the provisions of the restructuring plan (Note 18). During 2014, the receivable was offset against the completion of bank loan transfer.

## 32 Related party transactions (continued)

### (v) Year end balances (continued)

Receivable from related and associated companies arose from sales/purchases of services and do not bear interest.

Payables to related parties arose from purchases/sales of services, bear average annual interest at 6,25% (2013: 6,5%) and are repayable on demand.

### (vi) Loans from related companies

| | The Group | | The Company | |
|---|---|---|---|---|
| | **2014** | 2013 | **2014** | 2013 |
| | **€** | € | **€** | € |
| Loans from company which exercises significant influence on the Group: | | | | |
| At beginning of year | **4.724.462** | 1.857.417 | **3.832.513** | 1.815.643 |
| Loans advanced during year | **781.756** | 2.728.509 | **734.756** | 1.881.509 |
| Repayments during year | **(56.539)** | (9.540) | **-** | - |
| Effect from loss of control of subsidiary | **(857.000)** | - | **-** | - |
| Interest paid (Note 32 (iii)) | **275.250** | 138.076 | **273.066** | 135.361 |
| At end of year (Note 27) | **4.867.929** | 4.724.462 | **4.840.335** | 3.832.513 |

The loan from the Company that exercises significant influence on the Group bears average annual interest at 6,25% (2013: 6,5%) and is unsecured. Loans mentioned above are repayable between 2 and 7 years.

### (vii) Guarantees for loans provided to related companies

The Group has guaranteed bank loans and overdrafts of related parties as follows:

| | 2014 | | 2013 | |
|---|---|---|---|---|
| | **Guarantees on investment property** | **Corporate guarantees** | Guarantees on investment property | Corporate guarantees |
| | **€** | **€** | € | € |
| Subsidiary companies | **-** | **5.937.000** | 8.500.000 | 55.037.000 |
| Ultimate holding company | **4.800.000** | **4.800.000** | 4.800.000 | 4.800.000 |
| Holding company | **9.250.000** | **9.250.000** | 9.250.000 | 9.250.000 |
| Other related companies under common control | **1.770.000** | **1.770.000** | 1.770.000 | 1.770.000 |
| | **15.820.000** | **15.820.000** | 15.820.000 | 15.820.000 |
| | **15.820.000** | **27.694.000** | 24.320.000 | 70.857.000 |

## 32 Related party transactions (continued)

### (vii) Guarantees for loans provided to related companies (continued)

The Company/the Group has guaranteed bank loans and overdrafts of related parties as follows:

| | **2014** | | 2013 | |
|---|---|---|---|---|
| | **Guarantees on investment property €** | **Corporate guarantees €** | Guarantees on investment property € | Corporate guarantees € |
| Subsidiary companies | **-** | **5.937.000** | 8.500.000 | 55.037.000 |
| Ultimate holding company | **-** | **-** | 4.800.000 | 4.800.000 |
| Holding company | **-** | **-** | 9.250.000 | 9.250.000 |
| Other related companies under common control | **-** | **-** | 1.770.000 | 1.770.000 |
| | **-** | **-** | 15.820.000 | 15.820.000 |
| | **-** | **5.937.000** | 24.320.000 | 70.857.000 |

### (viii) Personal guarantees of Directors

Bank borrowings and overdrafts of the Company and the Group are secured by personal guarantees of the Directors for the amount of €4,5 million and €7,9 million respectively (2013: €4,1 million and €4,1 million respectively) (Note 27).

## 33 Events after the balance sheet date

There were no other material events after the balance sheet date, which have a bearing on the understanding of the financial statements.

Independent auditor’s report on pages 9 to 10.