

The Cyprus Cement Public Company Limited

Report and financial statements

31 December 2017

Contents

	Page
Board of Directors and other officers	1
Declaration of Directors and other responsible officers of the Company for the preparation of the financial statements	2
Management Report	3 – 9
Independent auditor's report	10 – 16
Consolidated income statement	17
Consolidated statement of comprehensive income	18
Company's income statement	19
Company's statement of comprehensive income	20
Consolidated balance sheet	21 – 22
Company's balance sheet	23
Consolidated statement of changes in equity	24 – 26
Company's statement of changes in equity	27
Consolidated statement of cash flows	28
Company's statement of cash flows	29
Notes to the financial statements	30 – 84

The Cyprus Cement Public Company Limited

Board of Directors and other officers

Board of Directors

George St. Galatariotis (Executive Chairman)
Costas St. Galatariotis (Executive Director)
Stavros G. St. Galatariotis (Executive Director)
Tasos Anastasiou (Director)
Michalis Moushouttas (Director)
Antonis Antoniou Latouros (Director)

Financial Manager

Elena Stylianou

Company Secretary

C.C.C. Secretarial Limited

197 Makariou III Avenue
Gala Tower
CY-3030 Limassol
Cyprus

Auditors

PriceWaterhouseCoopers Ltd
City House
Karaiskaki 6
3032 Limassol, Cyprus

Registered office

197 Makariou III Avenue
Gala Tower
CY-3030 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 (N190(I) 2007), as this was amended, 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 2017, we confirm that, to the best of our knowledge:

- (a) the annual consolidated and separate financial statements which are presented on pages 17 to 84:
- (i) were prepared in accordance with 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 Management 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 (Director)	
Michalis Moushouttas (Director)	
Antonis Antoniou Latouros (Director)	

Responsible for the preparation of the financial statements

Name and surname	Signature
Elena Stylianou (Financial Manager)	

Limassol, 30 April 2018

The Cyprus Cement Public Company Limited

Management Report

1 The Board of Directors of The Cyprus Cement Public Company Limited (the "Company"), its subsidiaries, collectively referred to as the "Group", presents its management report together with the audited consolidated financial statements of the Group and the audited separate financial statements of the Company for the year ended 31 December 2017.

Principal activities

2 The principal activities of 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.

Changes in the Group

3 During the year there has been no change in Company's Group structure, except, that the Group ceased to exercise control over C.C.C. Secretarial Limited (Note 19). The Company/Group do not intend to make any redemption or merger.

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

4 The Group's net profit for the year amounted to €4.332 thousand compared to €7.203 thousand in 2016. The Group's net profit for the year is reduced compared to 2016. This is mainly due to the fact that the Group in 2016 presented profits of €4.475 thousand, from the revaluation of the Group's investment property at fair value, against net losses of €6.336 thousand in 2017 (Note 6). As well as the fact that the results of the associated company Vassiliko Cement Works Public Company Limited are slightly reduced in 2017 compared to 2016. Also, the net profit for the year was influenced by the deferred tax adjustment of €6.624 thousand. On 31 December 2017 the total assets of the Group were €327.326 thousand (2016: €353.149 thousand) and the total equity were €281.757 thousand (2016: €277.129 thousand).

5 On 9 March 2017, the subsidiary C.C.C. Real Estate Company Ltd, sold part of its investment property to Nelipo Properties Ltd (100% subsidiary of the Bank Cyprus Public Company Ltd), as part of the restructuring of the Group's and other related companies' credit facilities. The sale price of the investment property amounted to €30.750 thousand and the sale/transaction falls within the framework of the Tax Department regulations and provisions for tax relief for bank loans restructuring (Note 17).

6 Upon completion of the transaction, the Group has end up with zero debt and other financial obligations, since the Group's loans with other bank institutions were taken over by the related companies that were part of this loan restructuring (Note 25).

7 As a result of the transaction the Group and the Company have reduced finance expenses in year 2017 compared to the year 2016.

The Cyprus Cement Public Company Limited

Management Report (continued)

8 The Company's net profit for the year ended 31 December 2017 amounted to €6.674 thousand compared to €1.097 thousand in 2016. The Company's net profit is significantly improved in the year 2017 compared to 2016. This is due to increased dividends received from its associated Vassiliko Cement Works Public Company Ltd (€4.004 thousand in 2017 compared to €2.912 thousand in 2016). Also the net profit for the year was influenced by the deferred tax adjustment of €9.669 thousand. Additional in 2017, the Company has recognised an impairment loss on its investment in subsidiary, C.C.C. Real Estate Company Limited, of €6.898 thousand. On 31 December 2017 the total assets of the Company were €314.410 thousand (2016: €334.523 thousand) and the total equity were €270.476 thousand (2016: €266.004 thousand).

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

Non-financial information's

10 The Company/Group takes into account and complies with all health, safety and environmental regulations that affect the operations in which the Company/Group operates. In this context, the Board of Directors monitors on an ongoing basis non-financial Key Performance Indicators in relation to health, safety and environmental regulations. Until now, the Company/Group has not violated any of the aforementioned regulations. The Company/Group is not involved in any legal, governmental or arbitral proceedings that will result in any material obligations to the Company/Group. This is in line with the general culture and vision of the Company/Group.

Principal risks and uncertainties

11 The principal risks and uncertainties faced by the Group and the Company are disclosed in Notes 1, 3, 4 and 29 of the financial statements. The activities of the Company/Group are influenced by various risks and uncertainties related to the construction and tourist industry as well as the economic crisis that has prevailed over the last years in Cyprus. These activities are influenced by a number of factors which include, but are not limited to, the following:

- The operating environment of Cyprus (Note 1).
- National and international economic and geopolitical factors.
- 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.

Use of financial instruments by the Group and the Company

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

The Cyprus Cement Public Company Limited

Management Report (continued)

14 The Company's and the Group's risk management program focuses on the unpredictability of the financial markets and aims to reduce the potential adverse effects on the financial performance of the Company and the Group. Risk management is conducted by the Management.

Interest rate risk associated with fair value

15 The interest rate risk of the Group/Company is derived from interest-bearing assets. Fixed interest-bearing assets expose the Group/Company to fair value interest rate risk.

16 At December 31, 2017, the Group's assets bearing a fixed interest rate amounted to €8.663 thousand. The Company's assets bearing a fixed interest rate amounted to €8.663 thousand. The Group's/Company's management monitors the fluctuations in interest rates on a continuous basis and acts accordingly. The Group/Company does not apply hedge accounting for fair value interest rate risk.

Credit risk

17 Credit risk arises from deposits with banks and financial institutions as well as from balances with related companies, including outstanding receivables and binding transactions. The Group's/Company's Management does not expect any damages from non-fulfilment of obligations on behalf of these parties.

18 For banks and financial institutions, only organizations that are rated by independent parties are accepted. The Management estimates the customer's credit quality, taking into account his financial situation, past experience and other factors.

19 At 31 December 2017, the Group's/Company's credit risk arises from loan receivables of €8.663 thousand/€8.663 thousand, trade and other receivables of €596 thousand/€981 thousand and bank balances of €1.343 thousand/€1.343 thousand. At 31 December 2017, Group's and Company's receivables of €58 thousand (2016: €58 thousand) were impaired and provided for. At 31 December 2017 the amount of provision was €58 thousand (2016: €58 thousand).

Liquidity risk

20 The Management controls current liquidity on the basis of expected cash flows. Prudent liquidity risk management involves the management of sufficient cash and the availability of finance through a sufficient amount of blocked credit facilities. The Group's/Company's Management believes that it is successful in managing the Group's/Company's exposure to liquidity risk.

Expected development of the Company and the Group

21 The Board of Directors does not expect any significant changes or developments in Company's and the Group's operations, financial position and performance for the foreseeable future.

The Cyprus Cement Public Company Limited

Management Report (continued)

Results

22 The Group's results for the year are set out on pages 17 and 18 and the respective results of the Company are presented on pages 19 and 20. Having assessed both the availability of profits for distribution and the liquidity of the Group/Company, the shareholders approved the dividend payment as presented below.

Dividends

23 At the Annual General Meeting of the shareholders held on 30th June 2017, the payment of a dividend from the profits for the year ended 31 December 2016, amounting to €2.202 thousand and corresponding to €0,016 per share, was approved. The dividend was paid to the shareholders on 27 July 2017.

Share capital

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

Board of Directors

25 The members of the Board of Directors at 31 December 2017 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2017.

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

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

Corporate Governance Code

28 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.

29 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 Manager.

The Cyprus Cement Public Company Limited

Management Report (continued)

30 Pursuant to article 78 of the Auditors' Law of 2017, the Board of Directors of the Company has proceeded to the establishment of an Audit Committee on 19 January 2018. The Audit Committee consists of the following members:

- Mr. Antonis Latouros - President of the Committee
- Mr. Michalis Mousiouttas - Member of the Committee
- Mr. Tasos Anastasiou - Member of the Committee

31 The majority of Audit Committee members are Independent Non-Executive Directors. The Committee will meet with external auditors for independent discussion without the presence of Executive Directors. The Audit Committee will review a wide range of financial issues, including annual and semi-annual results, statements and accompanying reports, before submitting them to the Board of Directors, as well as overseeing the procedures for choosing accounting principles and accounting calculations for the Company's financial statements. Also, the Audit Committee advises the Board of Directors on the appointment of external auditors and their fees for audit and non-audit work. The external auditors shall carry out independent and objective audits of internal financial control procedures only to the extent they deem necessary to express an opinion in their report on the accounts. The Audit Committee discusses extensively with the auditors the findings that have arisen during the audit as well as the auditors' report.

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

32 The shareholders who held at least 5% of the issued share capital of the Company on 30th April 2018 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.

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

34 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.

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

36 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.

The Cyprus Cement Public Company Limited

Management Report (continued)

37 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.

Directors' interest in the Company's share capital

38 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 2017 and on 30 April 2018 was as follows:

	At 30 April 2018 %	At 31 December 2017 %
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

39 Other than the transactions and the balances with Directors and related parties referred to in Note 30 of the financial statements, there were no other significant contracts with the Company, or its subsidiaries as at 31 December 2017 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

40 The material post balance sheet events, which have a bearing on the understanding of the financial statements are presented in Note 31.

Branches

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

The Cyprus Cement Public Company Limited

Management Report (continued)

Independent auditors

42 Pursuant to the provisions of the Auditors' Law of 2017 (53 (I) / 2017) and the related interpretation of the said law by the Cyprus Public Audit Oversight Board, the Company will proceed with a public tendering procedure for the selection of the independent auditors for the year 2018. The tendering procedure for the selection of independent auditors will be conducted by the Audit Committee of the Company and the independent Auditors selected, will be approved and appointed by the Annual General Meeting of Shareholders of the Company.

By Order of the Board

C.C.C. Secretarial Limited
Secretary

Limassol, 30 April 2018



Independent Auditor's Report **To the Members of The Cyprus Cement Public Company Limited**

Report on the Audit of the Consolidated and Separate Financial Statements

Our opinion

In our opinion, the accompanying consolidated financial statements of The Cyprus Cement Public Company Limited (the "Company") and its subsidiaries (together the "Group") and the accompanying separate financial statements of the Company give a true and fair view of the consolidated and separate financial position of the Group and Company respectively as at 31 December 2017, and of the consolidated and separate financial performance and the consolidated and separate cash flows of the Group and the Company respectively, for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

What we have audited

We have audited the consolidated and separate financial statements which are presented in pages 18 to 96 and comprise:

- the consolidated balance sheet as at 31 December 2017;
- the balance sheet of the Company as at 31 December 2017;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the income statement of the Company for the year then ended;
- the statement of comprehensive income of the Company for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the statement of changes in equity of the Company the year then ended;
- the consolidated statement of cash flows for the year then ended;
- the cash flow statement of the Company for the year then ended; and
- the notes to the consolidated and separate financial statements, which include a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the consolidated and separate financial statements is International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

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

PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No.143594). Its registered office is at 3 Themistocles Dervis Street, CY-1066, Nicosia. A list of the company's directors, including for individuals the present and former (if any) name and surname and nationality, if not Cypriot and for legal entities the corporate name, is kept by the Secretary of the company at its registered office. PwC refers to the Cyprus member firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

Basis for opinion

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

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

Independence

We remained independent of the Group and the Company throughout the period of our appointment in accordance with the *International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the consolidated and separate financial statements in Cyprus and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

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

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

Key Audit Matter

How our audit addressed the Key Audit Matter

Fair value of land for development

Refer to Notes 4 and 17 of the consolidated and separate financial statements.

We focused on this matter due to the size of the fair value of the land for development amounting to €238.108 thousands at 31 December 2017 and due to the complexity and high degree of subjectivity of the management’s assessment of the fair value of the property, including the high degree of subjectivity in the method used to separate the property into notional zones.

The fair value of the land for development at 31 December 2017 was estimated by the Group’s management on the basis of the comparative method taking into account the sale price of the transaction made on 9 March 2017 for part of the property as part of the restructuring of the credit facilities of the Group and other related companies which was adjusted on the basis of the discount and the division of the property into zones to represent the fair value of the entire property based on current market

We discussed with the Group’s management and assessed the data, assumptions, valuation methodology and calculations made by the Group’s Management for the estimation of the fair value of the property, based on data and assumptions of high subjectivity, particularly in relation to the separation of the property into notional zones.

The separation of the property into notional zones was done to take into account the diversity and geographic advantages of each zone.

Internal experts of our office, with the required knowledge and skills, have been involved to support us in our assessment of the fair value measurement of the property performed by the Group’s Management.

conditions. The adjusted fair value as estimated by the Group's Management was then increased by 3% to reflect the improved market conditions at 31 December 2017 relative to the transaction date (Note 17).

More specifically, with the support of internal experts, we examined the calculations made by the Group's Management and the technical and mathematical accuracy of the valuation model. We also evaluated the reasonableness of the significant assumptions made by the Group's Management through a comparison with observable market data.

In addition, we evaluated the sensitivity analysis in relation to the effect on the fair value of the property on profits arising from the change in the separation of the property into notional zones.

Finally, we evaluated the adequacy of the disclosures made in Note 17 of the consolidated and separate financial statements in relation to the data, key assumptions and sensitivity analysis on a specific key assumption.

The results of the above procedures were satisfactory for the purposes of our audit.

Key Audit Matter

How our audit addressed the Key Audit Matter

Fair value of available-for-sale financial assets

We discussed with the Group's management and assessed the data, assumptions, valuation methodology and calculations made by the Group's Management to estimate the fair value of available-for-sale financial assets.

Refer to Notes 4 and 20 of the consolidated and separate financial statements.

We focused on this matter because of the size of the fair value of available-for-sale financial assets of € 20.703 thousands at 31 December 2017 and because of the complexity and high degree of subjectivity involved in the Group's Management's assessment of the fair value of the investment.

We as the group auditors have been involved in the audit work of the reporting unit for which the work was performed by component auditors to conclude whether sufficient appropriate audit evidence in relation to our assessment of the fair value measurement of the investment has been obtained. Our involvement in that work included, amongst others, review of the audit work in the files of component auditors in scope and frequent communications with component audit teams to ensure that our audit plan was appropriately executed.

Additionally, internal experts of our office, with the required knowledge and skills, have been involved to support us in our assessment of the fair value of the investment.

The fair value of the investment was estimated by the Group's management based on the discounted cash flow method for the valuation of the residential apartments building and the EBITDA multiple method for the valuation of the hotel complex.

The fair value of the investment was estimated by the Group's Management at €20.703 thousands at 31 December 2017.

More specifically, with the support of our internal experts, we examined the calculations made by the Group's Management and the technical and mathematical accuracy of the valuation model. We also assessed the reasonableness of the significant assumptions made by the Group's Management through a comparison with observable market data. We also assessed the fair value of the borrowings of the investment and the capital expenditures until the completion of the project which adjusted the fair value of the investment.

In addition, we evaluated the sensitivity analysis of the Group's Management in relation to the effect on the fair value of the investment in other comprehensive income arising from the change in the key assumptions.

Finally, we evaluated the adequacy of the disclosures made in Note 20 of the consolidated and separate financial statements in relation to the data, key assumptions and sensitivity analysis on these key assumptions.

The results of the above procedures were satisfactory for the purposes of our audit.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Declaration of the Board of Directors and other Company officials responsible for the financial statements and in the Management Report, but does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and those charged with governance for the Consolidated and Separate Financial Statements

The Board of Directors is responsible for the preparation of the consolidated and separate financial statements 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.

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

Those charged with governance are responsible for overseeing the Group's and the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Report on Other Legal and Regulatory Requirements

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

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Company in 2008 by the Board of Directors for the audit of the financial statements for the year ended 31 December 2008. Our appointment has been renewed annually by shareholder resolution representing a total period of uninterrupted engagement appointment of 10 years.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated and separate financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 30 April 2018 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Group and the Company and which have not been disclosed in the consolidated and separate financial statements or the management report.

Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, based on the work undertaken in the course of our audit, the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated and separate financial statements.
- In light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the management report. We have nothing to report in this respect.



- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the management report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and is consistent with the consolidated and separate financial statements.
- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.
- In light of the knowledge and understanding of the Group and the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

The engagement partner on the audit resulting in this independent auditor's report is Mr. Elias M. Theodorou.

Elias M. Theodorou
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors
City House, 6 Karaiskakis Street,
CY-3032 Limassol, Cyprus

Limassol, 30 April 2018

The Cyprus Cement Public Company Limited

Consolidated income statement for the year ended 31 December 2017

	Note	2017 €000	2016 €000
Revenue	7	393	627
Operating and administrative expenses	8	(974)	(1.457)
Other (losses)/gain	6	(6.336)	4.479
Operating (loss)/profit		(6.917)	3.649
Finance costs	10	(335)	(1.080)
Share of profit from investments accounted for using equity method	18	4.960	5.198
(Loss)/profit before tax		(2.292)	7.767
Taxation	11	6.624	(564)
Profit for the year		4.332	7.203
Profit for the year attributable to:			
Owners of the Company		4.348	7.215
Non-controlling interest		(16)	(12)
		4.332	7.203
Profit per share attributable to the shareholders of the Company (cent per share):			
- Basic and fully diluted	12	3,16	5,24

The notes on pages 30 to 84 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 2017

	Note	2017 €000	2016 €000
Profit for the year		4.332	7.203
Other comprehensive income:			
Items that cannot be reclassified in profit or loss:			
Share of reserves of investments accounted for using equity method	18	230	(46)
Reversal of deferred tax	26	2.288	-
Other comprehensive income for the year		2.518	(46)
Total comprehensive income for the year		6.850	7.157
Total comprehensive income for the year attributable to:			
Owners of the parent		6.866	7.169
Non-controlling interest		(16)	(12)
		6.850	7.157

The items in the above statement are disclosed net of tax. The tax related to each component of other comprehensive income is disclosed in Note 11.

The notes on pages 30 to 84 are an integral part of these financial statements.

The Cyprus Cement Public Company Limited

Company's income statement for the year ended 31 December 2017

	Note	2017 €000	2016 €000
Revenue	7	4.356	2.912
Operating and administrative expenses	8	(214)	(154)
Other losses	6	(6.898)	(932)
Operating (loss)/profit		(2.756)	1.826
Finance costs	10	(239)	(729)
(Loss)/profit before tax		(2.995)	1.097
Taxation	11	9.669	-
Total Profit for the year		6.674	1.097

The notes on pages 30 to 84 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 2017

	2017 €000	2016 €000
Profit for the year	6.674	1.097
Other comprehensive income for the year	<u>-</u>	<u>-</u>
Total comprehensive income for the year	<u><u>6.674</u></u>	<u><u>1.097</u></u>

The notes on pages 30 to 84 are an integral part of these financial statements.

The Cyprus Cement Public Company Limited

Consolidated balance sheet at 31 December 2017

	Note	2017 €000	2016 €000
Assets			
Non-current assets			
Property, plant and equipment	16	28	51
Investment property	17	237.108	274.808
Investments accounted for using the equity method	18	57.885	56.692
Available-for-sale financial assets	20	20.703	20.703
		316.764	352.254
Current assets			
Loan receivables	21	8.663	-
Trade and other receivables	22	596	894
Cash and cash equivalents	23	1.343	1
		10.602	895
Total assets		327.326	353.149
Equity and liabilities			
Equity attributable to owners of the parent			
Share capital	24	59.173	59.173
Share premium	24	910	910
Fair value reserve		106.344	115.266
Revenue reserve		17.236	17.236
Other reserves		(15)	(15)
Retained earnings		91.324	77.760
		274.973	270.331
Non-controlling interest		6.784	6.798
Total equity		281.757	277.129
Non-current liabilities			
Deferred tax liabilities	26	45.213	54.125
Borrowings	25	-	18.909
Provisions	28	300	-
		45.513	73.034

The Cyprus Cement Public Company Limited

Consolidated balance sheet at 31 December 2017 (continued)

	Note	2017 €000	2016 €000
Current liabilities			
Trade and other payables	27	54	209
Current tax liabilities		-	1
Borrowings	25	2	2.776
		<u>56</u>	<u>2.986</u>
Total liabilities		<u>45.569</u>	<u>76.020</u>
Total equity and liabilities		<u>327.326</u>	<u>353.149</u>

On 30 April 2018 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 30 to 84 are an integral part of these financial statements.

The Cyprus Cement Public Company Limited

Company's balance sheet at 31 December 2017

	Note	2017 €000	2016 €000
Assets			
Non-current assets			
Property, plant and equipment	16	28	37
Investment property	17	837	837
Investments in subsidiaries	19	249.950	280.855
Investments in associates	18	52.608	52.597
		<u>303.423</u>	<u>334.326</u>
Current assets			
Loans receivables	21	8.663	-
Trade and other receivables	22	981	197
Cash and cash equivalents	23	1.343	-
		<u>10.987</u>	<u>197</u>
Total assets		<u><u>314.410</u></u>	<u><u>334.523</u></u>
Equity and liabilities			
Capital and reserves			
Share capital	24	59.173	59.173
Share premium	24	910	910
Revenue reserve		17.283	17.283
Retained earnings		193.110	188.638
		<u>270.476</u>	<u>266.004</u>
Non-current liabilities			
Borrowings	25	-	13.644
Deferred tax liabilities	26	43.897	53.566
		<u>43.897</u>	<u>67.210</u>
Current liabilities			
Trade and other payables	27	35	32
Borrowings	25	2	1.277
		<u>37</u>	<u>1.309</u>
Total liabilities		<u><u>43.934</u></u>	<u><u>68.519</u></u>
Total equity and liabilities		<u><u>314.410</u></u>	<u><u>334.523</u></u>

On 30 April 2018 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 30 to 84 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 2017

	Attributable to owners of the Company						Non-controlling interest €000	Total equity €000	
	Share capital €000	Share premium ⁽²⁾ €000	Fair value reserve ⁽²⁾ €000	Other reserves ⁽²⁾ €000	Revenue reserve €000	Retained earnings ⁽¹⁾ €000			Total €000
Balance at 1 January 2016	59.173	910	115.312	(15)	17.236	70.546	263.162	6.810	269.972
Profit for the year	-	-	-	-	-	7.215	7.215	(12)	7.203
Other comprehensive income									
Share of fair value and other reserves of associated companies (Note 18)	-	-	(46)	-	-	-	(46)	-	(46)
Total other comprehensive income	-	-	(46)	-	-	-	(46)	-	(46)
Total comprehensive income for the year 2016	-	-	(46)	-	-	7.215	7.169	(12)	7.157
Transactions with owners									
Defence tax on deemed dividend distribution	-	-	-	-	-	(1)	(1)	-	(1)
Total transactions with owners	-	-	-	-	-	(1)	(1)	-	(1)
Balance at 31 December 2016	59.173	910	115.266	(15)	17.236	77.760	270.331	6.798	277.129

The Cyprus Cement Public Company Limited

Consolidated statement of changes in equity for the year ended 31 December 2017 (continued)

	Attributable to owners of the Company						Non-controlling interest €000	Total equity €000	
	Share Capital €000	Share premium ⁽²⁾ €000	Fair value reserve ⁽²⁾ €000	Other reserves ⁽²⁾ €000	Revenue reserve €000	Retained earnings ⁽¹⁾ €000			Total €000
Balance at 1 January 2017	59.173	910	115.266	(15)	17.236	77.760	270.331	6.798	277.129
Profit for the year	-	-	-	-	-	4.348	4.348	(16)	4.332
Other comprehensive income									
Reversal of deferred tax (Note 26)	-	-	2.288	-	-	-	2.288	-	2.288
Share of fair value and other reserves of associated companies (Note 18)	-	-	230	-	-	-	230	-	230
Transfer between reserves	-	-	(11.440)	-	-	11.440	-	-	-
Total other comprehensive income	-	-	(8.922)	-	-	11.440	2.518	-	2.518
Total comprehensive income for the year 2017	-	-	(8.922)	-	-	15.788	6.866	(16)	6.850
Transactions with owners									
Loss of control of subsidiary	-	-	-	-	-	(22)	(22)	2	(20)
Dividend paid from profits prior years (Note 13)	-	-	-	-	-	(2.202)	(2.202)	-	(2.202)
Total transactions with owners	-	-	-	-	-	(2.224)	(2.224)	2	(2.222)
Balance at 31 December 2017	59.173	910	106.344	(15)	17.236	91.324	274.973	6.784	281.757

The Cyprus Cement Public Company Limited

Consolidated statement of changes in equity for the year ended 31 December 2017 (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 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 from 15% 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 30 to 84 are an integral part of these financial statements.

The Cyprus Cement Public Company Limited

Company's statement of changes in equity for the year ended 31 December 2017

	Share capital €000	Share premium ⁽²⁾ €000	Revenue reserve €000	Retained earnings ⁽¹⁾ €000	Total €000
Balance at 1 January 2016	59.173	910	17.283	187.541	264.907
Profit for the year	-	-	-	1.097	1.097
Total comprehensive income for the year 2016	-	-	-	1.097	1.097
Balance at 31 December 2016/1 January 2017	59.173	910	17.283	188.638	266.004
Profit for the year	-	-	-	6.674	6.674
Total comprehensive income for the year 2017	-	-	-	6.674	6.674
Transactions with owners					
Dividend paid from profits prior year (Note 13)	-	-	-	(2.202)	(2.202)
Total transactions with owners	-	-	-	(2.202)	(2.202)
Balance at 31 December 2017	59.173	910	17.283	193.110	270.476

(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 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 from 15% 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 reserve is not available for distribution in the form of dividends.

The notes on pages 30 to 84 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 2017

	Note	2017 €000	2016 €000
Cash flows from operating activities			
(Loss)/Profit before tax		(2.292)	7.767
Adjustments for:			
Depreciation of property, plant and equipment	16	9	25
Profit from disposal of property, plant and equipment	6	-	(4)
Interest income	7	(393)	-
Interest expense	10	335	1.080
Share of profit of investments accounted for using the equity method	18	(4.960)	(5.198)
Net (losses)/profit from investment property	6	6.336	(4.475)
		<u>(965)</u>	<u>(805)</u>
Changes in working capital:			
Trade and other receivables		(163)	(91)
Trade and other payables		95	41
Cash used in operations		<u>(1.033)</u>	<u>(855)</u>
Tax paid		-	(4)
Net cash used in operating activities		<u>(1.033)</u>	<u>(859)</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	16	-	(48)
Proceeds from disposal property, plant and equipment	16	-	4
Additions in investment property	16	-	(25)
Proceeds from dividends received		4.004	2.912
Proceeds from disposal of investment property		-	550
Loans granted to related parties		(560)	-
Interest received		41	-
Net cash from investing activities		<u>3.485</u>	<u>3.393</u>
Cash flows from financing activities			
Repayments of bank borrowings		(203)	(1.622)
Proceeds from new borrowings		-	730
Repayments of loans from related parties	30 (vi)	-	(1.884)
Proceeds from loans from related parties	30 (vi)	380	-
Dividends paid		(692)	-
Interest paid		(311)	(610)
Net cash used in financing activities		<u>(826)</u>	<u>(3.386)</u>
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		<u>1.626</u>	<u>(853)</u>
Cash, cash equivalents and bank overdrafts at beginning of year		<u>(285)</u>	<u>568</u>
Cash, cash equivalents and bank overdrafts at end of year	23	<u><u>1.341</u></u>	<u><u>(285)</u></u>

The notes on pages 30 to 84 are an integral part of these financial statements.

The Cyprus Cement Public Company Limited

Company's statement of cash flows for the year ended 31 December 2017

	Note	2017 €000	2016 €000
Cash flows from operating activities			
(Loss)/Profit before tax		(2.995)	1.097
Adjustments for:			
Dividend income	7	(4.004)	(2.912)
Profit from disposal of property, plant and equipment	6	-	(4)
Depreciation	16	9	9
Interest expense	10	239	729
Interest income	7	(352)	-
Impairment of investment in subsidiary	6	6.898	-
Impairment of receivable with related party	6	-	936
		<u>(205)</u>	<u>(145)</u>
Changes in working capital:			
Trade and other receivables		(1.002)	(78)
Trade and other payables		3	(814)
Cash used in operations		<u>(1.204)</u>	<u>(1.037)</u>
Tax paid		-	-
Net cash used in operating activities		<u>(1.204)</u>	<u>(1.037)</u>
Cash flows from investing activities			
Purchases of property, plant and equipment	16	-	(46)
Proceeds from disposal of property, plant and equipment	16	-	4
Proceeds from dividends received		4.004	2.912
Loans granted to related parties		(560)	(936)
Net cash from investing activities		<u>3.444</u>	<u>1.934</u>
Cash flows from financing activities			
Repayments of bank borrowings		(203)	(215)
Proceeds from new borrowings		-	730
Repayments of loans from related parties	30 (vi)	-	(1.865)
Proceeds from loans from related parties	30 (vi)	380	-
Dividends paid		(692)	-
Interest paid		(208)	(487)
Net cash used in financing activities		<u>(723)</u>	<u>(1.837)</u>
Net increase/(decrease) in cash, cash equivalents and bank overdrafts		<u>1.517</u>	<u>(940)</u>
Cash, cash equivalents and bank overdrafts at beginning of year		<u>(176)</u>	<u>764</u>
Cash, cash equivalents and bank overdrafts at end of year	23	<u><u>1.341</u></u>	<u><u>(176)</u></u>

The notes on pages 30 to 84 are an integral part of these financial statements.

The Cyprus Cement Public Company Limited

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 197 Makariou III Avenue, Gala Tower, CY-3030 Limassol, Cyprus.

Principal activities

The principal activities of 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

The Cypriot economy after overcoming the economic downturn of the last years has recorded a positive growth in 2016 and 2017. Overall, prospects for the Cyprus economic remain positive, however, there are still downside risks of recession due to high levels of non-performing loans, the sovereign debt ratio, and the likely deterioration of Cyprus's external environment.

This operating environment, may have a significant influence on Company's/Group's business and its financial position. The Group's and the Company's management is taking all the necessary measures to ensure the viability of the Group's and the Company's business, however, the future effects of the current financial position are difficult to foresee, and the current management's forecasts could differ from the actual results.

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.

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 (together the “Group”) and the separate financial statements of the Company have been prepared in accordance with the 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 2017 have been adopted by the EU through the endorsement procedure established by the European Commission.

The Cyprus Cement Public Company Limited

2 Summary of significant accounting policies (continued)

Basis of preparation (continued)

The financial statements have been prepared under the historical cost convention, as modified by the revaluation at 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.

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 2017. This adoption did not have a material effect on Group's/Company's accounting policies, except the following set out below:

- Disclosure Initiative - Amendments to IAS 7 (issued on 29 January 2016 and effective for annual periods beginning on or after 1 January 2017)*. As a result of this amendment, the Company and the Group disclose a reconciliation of movements in liabilities arising from financing activities. (Note 23.)

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations that are effective for annual periods beginning after 1 January 2017, 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 Group/the Company, except the following set out below:

- 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 amortized cost, those to be measured subsequently at fair value through other comprehensive income and those to be measured subsequently at fair value through profit or loss.
 - (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 amortized 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.

The Cyprus Cement Public Company Limited

2 Summary of significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

- (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.
- (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.

The Company and the Group at this stage assess the impact of amendments, new standards and interpretations on the financial statements.

Consolidated financial statements

The consolidated financial statements include the financial statements of The Cyprus Cement Public Company Limited (the “Company”), its subsidiary companies, 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 to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Cyprus Cement Public Company Limited

2 Summary of significant accounting policies (continued)

Consolidated financial statements (continued)

The Group applies the acquisition method to account for business combinations. The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the following;

- fair values of the assets transferred
- liabilities incurred to the former owners of the acquired business
- equity interests issued by the Group
- fair value of any asset or liability resulting from a contingent consideration arrangement
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquired entity and the fair value of any previous equity interest in the acquired entity at the acquisition date over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired, the difference is recognized directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognized in profit or loss.

If the business combination is achieved in stages, the carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognized in profit or loss.

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.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated balance sheet.

When the Group ceases to have control over an entity, 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.

The Cyprus Cement Public Company Limited

2 Summary of significant accounting policies (continued)

Consolidated financial statements (continued)

(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.

Dividends received or receivable from associate are recognised as a reduction in carrying amount of the investment.

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.

The Group's share of post-acquisition profits or losses of associates is recognised in the income statement and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post acquisition movements are adjusted against 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 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.

The Group ceases to equity account from the date that it loses significant influence over the associate or from the date the investment is classified as held for sale.

When the group ceases to exercise significant influence over an associate, any retained interest in the entity is remeasured to its fair value. In addition, the Group recognizes in profit or loss any difference between (i) the fair value of the retained interest and any income from the sale of the share in the associate and (ii) the carrying amount of the investment on the date that the Group lost significant influence over the associate.

When an entity ceases to be recognised as an associate and it is afterwards recognised as a financial asset in accordance with IAS 39 "Financial Instruments: Recognition and Measurement", the fair value of the retained interest in the associate is considered to be the fair value of the financial asset on initial recognition.

The Cyprus Cement Public Company Limited

2 Summary of significant accounting policies (continued)

Consolidated financial statements (continued)

(3) Investments in associates (continued)

Any gain or loss previously recognised in the statement of comprehensive income, in respect of the investment in the associate, is transferred to the profit or loss on the date the Group loses significant influence over the associate.

Separate financial statements of the Company

(1) Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company 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 Cyprus Cement Public Company Limited

2 Summary of significant accounting policies (continued)

Revenue recognition (continued)

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:

(i) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(ii) 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.

(iii) Dividend income

Dividend income is recognised when the right of the Company/Group to receive payment is established. However the investment may need to be tested for impairment as a consequence.

Employee benefits

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.

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.

The Cyprus Cement Public Company Limited

2 Summary of significant accounting policies (continued)

Foreign currency translation (continued)

(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 recognized 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/the Group 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.

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.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

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 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 Company/the Group where there is an intention to settle the balances on a net basis.

Dividend distribution

Dividend distribution to the Group's/Company's shareholders is recognised as a liability in the Group's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Group/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 Group's/Company's shareholders.

The Cyprus Cement Public Company Limited

2 Summary of significant accounting policies (continued)

Property, plant and equipment

All items of property, plant and equipment are stated at historical cost less depreciation. Historical costs include costs directly related to the acquisition of property, plant and equipment.

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:

Machinery and equipment	10 to 20 years
Motor vehicles	5 to 8 years
Furniture and fittings	3 to 20 years

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.

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 income statement on a straight line basis over the period of the lease.

Investment property

Investment property, principally comprising land, is held for capital appreciation and is not used by the Group/Company. Investment property is carried at fair value, representing open market value. Changes in fair value are recognized in "other gains / (losses) - net" in the consolidated income statement.

Investment property is written off from the balance sheet when it is sold and gains and losses on the disposal of investment property are determined by comparing proceeds with book value and recognized in income statement. When the consideration for the sale includes a contingent consideration then the contingent consideration is recognized when it is probable that it will be paid. In such a case, the contingent consideration is recognized as a receivable in the balance sheet.

The Cyprus Cement Public Company Limited

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 "loan receivables", "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.

The Cyprus Cement Public Company Limited

2 Summary of significant accounting policies (continued)

Financial assets (continued)

(ii) Recognition and measurement (continued)

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.

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.

The Cyprus Cement Public Company Limited

2 Summary of significant accounting policies (continued)

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 realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company/Group or the counterparty.

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 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. 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 in profit or loss.

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.

Profit per share

Basic earnings per share are calculated as follows; The profits attributable to the Company's shareholders are divided by the weighted average number of ordinary shares issued during the year.

The Cyprus Cement Public Company Limited

2 Summary of significant accounting policies (continued)

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.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

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.

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.

The Cyprus Cement Public Company Limited

2 Summary of significant accounting policies (continued)

Financial guarantees

Financial guarantees are recognized as a financial liability when the guarantee is issued. The liability is initially measured at its fair value and subsequently greater than the amount determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" and the amount initially recognized less accumulated depreciation, as appropriate.

The fair value of the financial guarantees is determined as the present value of the difference between the net cash flows between the contractual payments under the loan agreement and the payments that would be required without the guarantee or the estimate of the amount that would be payable to third parties for the commitment of the obligations.

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.

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**

- Fair value interest rate risk**

- The Group's and the Company's interest rate risk arises from interest-bearing assets. Interest-bearing assets represent loan receivables from related parties and cash held at bank. The assets bearing fixed interest rates are expose the Group and the Company to fair value interest rate risk.

- The Group's and the Company's exposure to fair value interest rate risk is not significant, as loan receivables bear fixed interest and are payable on demand.

- At 31 December 2016, 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.

The Cyprus Cement Public Company Limited

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Market risk (continued)**

Fair value interest rate risk (continued)

At 31 December 2016, if interest rates on Euro denominated borrowings fluctuated as described below, with all other variables held constant, the post tax profit/loss for the year would have been affected as presented in the table below:

	The Group		The Company	
	Interest rate higher/lower	Effect on Profit/loss for the year	Interest rate higher/lower	Effect on loss for the year
	%		%	
2016				
Euro	0,5	€108 thousand Lower/higher	0,5	€75 thousand Lower/higher

The effect on results for the year after tax for 2016 is a result of higher/lower interest expense on floating rate borrowings.

At 31 December 2017, the Group and the Company did not have any borrowings and therefore there is no exposure to cash flow interest rate risk.

- **Credit risk**

Credit risk arises from loan receivables from related companies, cash and cash equivalents, deposits with banks and financial institutions, as well as outstanding receivables and committed transactions.

For banks and financial institutions, only independently rated parties are accepted. The management assesses the credit quality of the counterparties, taking into consideration their financial position, past experience and other factors. 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 25) and cash and cash equivalents (Note 23) on the basis of expected cash flow.

The Cyprus Cement Public Company Limited

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Liquidity risk (continued)**

The Company/Group has the following unused borrowing facilities:

	<u>The Group</u>		<u>The Company</u>	
	2017 €000	2016 €000	2017 €000	2016 €000
Floating charge				
Expires within one year	1.595	1.629	1.560	1.604

Facilities that expire within one year are annual facilities that are subject to revision at different dates.

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.

The Group

	Less than 1 year €000	1 to 2 years €000	2 to 5 years €000	Over 5 years €000
At 31 December 2017				
Borrowings	2	-	-	-
Trade and other payables	54	-	-	-
Guarantees	1.500	-	-	-
	<u>1.556</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2016				
Borrowings	3.672	5.312	7.485	9.509
Trade and other payables	209	-	-	-
Guarantees	31.590	-	-	-
	<u>35.471</u>	<u>5.312</u>	<u>7.485</u>	<u>9.509</u>

The Cyprus Cement Public Company Limited

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- Liquidity risk (continued)

The Company

	Less than 1 year €000	1 to 2 years €000	2 to 5 years €000	Over 5 years €000
At 31 December 2017				
Borrowings	2	-	-	-
Trade and other payables	35	-	-	-
Guarantees	-	-	-	-
	<u>37</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 2016				
Borrowings	1.883	4.473	4.483	7.122
Trade and other payables	32	-	-	-
Guarantees	19.170	-	-	-
	<u>21.085</u>	<u>4.473</u>	<u>4.483</u>	<u>7.122</u>

The liquidity risk arising from corporate guarantees with related parties is disclosed in Note 30 (vii) 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.

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 Cyprus Cement Public Company Limited

3 Financial risk management (continued)

(ii) Capital risk management (continued)

The gearing ratios at 31 December 2017 and 2016 were as follows:

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Total borrowings (Note 25)	2	21.685	2	14.921
Less: cash and cash equivalents (Note 23)	(1.343)	(1)	(1.343)	-
(Net cash and cash equivalents) / Net debt	(1.341)	21.684	(1.341)	14.921
Total equity	281.757	277.129	270.476	266.004
Total capital as defined by management	280.416	298.813	269.135	280.925
Gearing ratio	0%	7%	0%	5%

(iii) Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

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

The following table presents the Group's financial assets that are measured at fair value at 31 December 2017.

	Level 3 €000	Total €000
At 31 December 2017		
Assets		
Available-for-sale financial assets:		
- Equity securities	20.703	20.703
Total financial assets measured at fair value	20.703	20.703

The Cyprus Cement Public Company Limited

3 Financial risk management (continued)

(iii) Fair value estimation (continued)

The following table presents the Group's financial assets that are measured at fair value at 31 December 2016.

	Level 3 €000	Total €000
At 31 December 2016		
Assets		
Available-for-sale financial assets:		
- Equity securities	20.703	20.703
Total financial assets measured at fair value	<u>20.703</u>	<u>20.703</u>

The following table presents the changes in Level 3 investments for the year ended 31 December 2016 and 31 December 2017:

	Equity Securities 2017 €000	Equity Securities 2016 €000
Opening balance 1 January	20.703	20.703
At 31 December	<u>20.703</u>	<u>20.703</u>

The carrying value less provision for impairment 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 available to the Company/the Group for similar financial instruments.

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.

Taxation

Significant judgments and estimates are required in determining the corporate tax provision. There are transactions and calculations for which the ultimate tax determination is uncertain. The Company / Group recognizes liabilities for anticipated tax audit issues based on estimates and calculations as to whether additional tax will arise. Where the final tax outcome of these matters differs from the amounts that were initially recognized, such differences will affect the current and deferred tax assets and liabilities in the period in which such determination is made.

The Cyprus Cement Public Company Limited

4 Critical accounting estimates and judgements (continued)

(i) Critical accounting estimates and assumptions (continued)

• Fair value of investment property of €237.271 thousand (2016: €273.971 thousand)

The fair value of the investment property is based on observable comparable information of the market, including expected selling prices. Where observable comparable information are not available, the fair values are determined through significant judgements by the Company's management who have the relevant expertise, knowledge and recent experience that are necessary in the valuation of the investment property.

At 31 December 2017 and 31 December 2016, the fair value estimates of the investment property, were based on valuation methods which incorporate comparative observable selling prices, where these are available, adjusted to reflect properties specific nature, size, uniqueness and their urban planning features. For further information refer to Note 17.

For the purposes of the comparative method performed by the Company's management for the valuation of land, the land has been divided into three notional zones, considering the non-uniformity of the land the geographical advantages of each zone. Due to the high degree of subjectivity in the division of the land into the notional zones, the Company's management presents a sensitivity analysis in Note 17, to show the impact on the fair value of the investment property due to the change on the allocation of the total surface of the land to the different zones.

The main assumptions used for the valuation of the investment property are disclosed in Note 17.

Therefore, Company's management believes that the fair value of investment property is subject to a significant degree of subjectivity and an increased likelihood that the value of the property will be different.

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

• Fair value of available-for-sale financial assets

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Management uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

At 31 December 2017 and 31 December 2016, the fair value of the available for sale investment, has been determined by using the expected operating profit (known as "EBITDA") and the discounted cash flow method (DCF). The Company's management used the discounted cash flow method to measure the value of the residential apartments and the fair value method based on the expected operating profit (Earnings Before Interest and Depreciation, known as EBITDA) for the valuation of the hotel complex.

The Company's management assessed the different techniques and selected the fair value method which was based on the operational profit (EBITDA multiple), as the most appropriate taking into account the characteristics and particularities of the investment, the available information and the maximization of the observable data used in the estimation.

The Cyprus Cement Public Company Limited

4 Critical accounting estimates and judgements (continued)

(i) Critical accounting estimates and assumptions (continued)

In estimating future cash flows and operating profitability, the Group should make assumptions about future cash flows and expected operating profitability. These assumptions are based on historical trends as well as on future expectations. Although the Management believes that the assumptions used to calculate the fair value of the investment are reasonable and appropriate, these assumptions may be largely subjective. The principal assumptions used to estimate the fair value of financial assets and the sensitivity analysis of these key assumptions are disclosed in Note 20 of the financial statements.

• Fair value of call option

Following the agreement signed on 30 September 2014 between the Group and the 75% owner of Parklane Hotels Limited, the Group has a ("call option") to compel Parklane Hotels Limited to issue solely and exclusively to the Group shares at fair value which together with the existing shareholding (24,98%) will constitute 50% of the issued shares of Parklane Hotels Limited. The right can be exercised between 30 September 2017 to 30 September 2020. In the event of exercise of the right, the shares to be issued will be at fair value which will be determined by an independent party. The above call option has not been recognized in the Group's financial statements as the Board of Directors considers that the call option does not have significant value.

(ii) Significant estimates in the application of accounting policies

• Impairment of available-for-sale financial assets

The Group follows the instructions of IAS 39 to decide when an available-for-sale investment has been impaired. This decision requires considerable judgment. In exercising this judgment, the Group assesses, along with other factors, the amount and the extent to which the fair value of an investment is below cost and the financial viability and short-term business future of the investment, including factors such as the performance of the tourism industry and the expected operating and financial cash flows.

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

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.

The Cyprus Cement Public Company Limited

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 2017

	Hotel and Tourism €000	Investment property €000	Cement €000	Other €000	Reconciliation adjustments €000	Total €000
Revenue	-	-	102.467	393	(102.467)	393
Loss before interest, taxes, depreciation and amortisation	(46)	(714)	36.034	189	(36.034)	(571)
Total segment assets	20.703	238.108	296.943	10.630	(239.058)	327.326
Total assets includes:						
Investments in associates	-	-	-	12	57.873	57.885
Additions to non-current assets	-	86	16.401	-	(16.401)	86
Total segment liabilities	20	1.623	57.964	43.926	(57.964)	45.569

For the year ended 31 December 2016

	Hotel and Tourism €000	Investment property €000	Cement €000	Other €000	Reconciliation adjustments €000	Total €000
Revenue	-	-	94.744	627	(94.744)	627
Loss before interest, taxes, depreciation and amortisation	(40)	(76)	36.789	(685)	(36.789)	(801)
Total segment assets	20.703	274.808	297.851	946	(241.159)	353.149
Total assets includes:						
Investments in associates	-	-	-	-	56.692	56.692
Investments in available-for-sale financial assets	-	25	10.191	48	(10.191)	73
Total segment liabilities	48	60.963	63.830	15.008	(63.830)	76.019

Reconciliation of segment results

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

	2017 €000	2016 €000
Loss before interest, taxes and depreciation	(571)	(801)
Depreciation	(9)	(25)
Net (Losses)/Gains on investment property (Note 6)	(6.336)	4.475
Operating (loss)/profit	(6.917)	3.649
Finance costs (Note 10)	(335)	(1.080)
Share of profit of investments accounted for using the equity method (Note 18)	4.960	5.198
(Loss)/Profit before tax	(2.292)	7.767

The Cyprus Cement Public Company Limited

5 Segment information (continued)

Reconciliation of segment assets and liabilities

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

	2017 €000	2016 €000
Assets for reportable segments	327.326	353.149
Total assets as per consolidated balance sheet	327.326	353.149

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

	2017 €000	2016 €000
Liabilities for reportable segments	45.569	76.019
Unallocated liabilities:		
Current tax liabilities	-	1
Total liabilities as per consolidated balance sheet	45.569	76.020

6 Other (losses)/gain - net

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Property, plant and equipment: Profit from disposal (Note 16)	-	4	-	4
Investment property: Net (losses) / gains (Note 17)	(6.336)	4.475	-	-
Investments in subsidiaries: Impairment charge (Note 19)	-	-	(6.898)	-
Balances with related parties: Impairment charge of receivable from subsidiary (Note 30 (ix))	-	-	-	(936)
	(6.336)	4.479	(6.898)	(932)

7 Other income

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Services (1)	-	627	-	-
Interest income: Loans to related parties (Note 30 (iii))	393	-	352	-
Dividend income (Note 18)	-	-	4.004	2.912
	393	627	4.356	2.912

(1) The Group ceased to exercise control over C.C.C. Secretarial Limited and therefore does not consolidate the results for the year 2017 (Note 18).

The Cyprus Cement Public Company Limited

8 Operating and administrative expenses

The Group

	2017	2016
	€000	€000
Director's Remuneration (Note 30 (iv))	6	6
Staff costs (Note 9)	-	878
Auditors remuneration	34	39
Electricity and fuel costs	4	14
Legal and other costs	26	47
Repairs and maintenance costs	-	12
Depreciation (Note 16)	9	25
Rents	9	174
Insurance	7	36
Other administrative and operating costs	788	140
Other expenses	91	86
	974	1.457

The Group ceased to exercise control over C.C.C. Secretarial Limited and therefore does not consolidate the results for the year 2017 (Note 18).

The Company

	2017	2016
	€000	€000
Director's Remuneration (Note 30 (iv))	6	6
Auditors remuneration	29	28
Legal and other costs	9	14
Electricity and fuel costs	4	3
Depreciation (Note 16)	9	9
Insurance	7	7
Other administration and operating costs	84	28
Other expenses	66	59
	214	154

The total fees charged by the statutory audit firm for the statutory audit of the annual financial statements of the Group for the year ended December 31, 2017 amounted to €34 thousand/€29 thousand (2016: €39 thousand/€28 thousand) . The total fees charged by the statutory audit firm of the Group for the year ended 31 December 2017 for tax advisers services amounted to €0 thousand (2016: €20 thousand) and for other non-audit services amounted to €12 thousand (2016: €8 thousand).

9 Staff costs

	<u>The Group</u>		<u>The Company</u>	
	2017	2016	2017	2016
	€000	€000	€000	€000
Salaries	-	807	-	-
Contributions to social insurance	-	71	-	-
	-	878	-	-
Average number of staff	-	14	-	-

The Group ceased to exercise control over C.C.C. Secretarial Limited and therefore does not consolidate the results for the year 2017 (Note 18).

The Cyprus Cement Public Company Limited

10 Finance costs

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Interest expense:				
Bank borrowings and overdraft	314	935	218	584
Interest on balances with related parties (Note 30 (iii))	21	145	21	145
	<u>335</u>	<u>1.080</u>	<u>239</u>	<u>729</u>

11 Taxation

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Current tax charge:				
Income tax	-	5	-	-
Deferred tax (Note 26)				
Creation of temporary differences	757	559	-	-
Reversal of temporary differences	(7.381)	-	(9.669)	-
Tax (credit)/charge	<u>(6.624)</u>	<u>564</u>	<u>(9.669)</u>	<u>-</u>

The reversal of deferred tax represents the deferred tax recognized in profit or loss in previous years, and related to the property sold to Bank of Cyprus Public Company Ltd. The sale of the property falls within the framework of the Tax Department regulations and provisions for tax relief for bank loan restructuring, and therefore no tax was paid.

The amount of €757 thousand recognized for deferred tax in 2017 (2016: €559 thousand) resulted from the temporary differences between the tax base of investment property valued at fair value and their accounting value in the consolidated financial statements.

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

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
(Loss)/Profit before tax	<u>(2.292)</u>	<u>7.767</u>	<u>(2.995)</u>	<u>1.097</u>
Tax calculated at the applicable corporation tax rate of 12,5%	(286)	971	(374)	137
Tax effect of expenses not deductible for tax purposes	2.584	66	878	128
Tax effect of allowances and income not subject to tax	(7.982)	-	(10.169)	(364)
Tax effect of share of profit from investments accounted for using the equity method	(620)	(650)	-	-
Tax effect of losses for which no deferred tax asset has been recognised	(320)	177	(4)	99
Tax charge	<u>(6.624)</u>	<u>564</u>	<u>(9.669)</u>	<u>-</u>

The Cyprus Cement Public Company Limited

11 Taxation (continued)

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

As from tax year 2012 brought forward losses of only five years may be utilised. 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.

In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% as from 1 January 2012; reduced to 17% as from 1 January 2015. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

In accordance with the Income Tax Law, the Company and its subsidiaries, over which the Company controls directly or indirectly of the 75% of their issued share capital, are considered to be a "group" for tax purposes. A company of the "group" may transfer losses and offset them against profits elsewhere in 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					
	2017			2016		
	Before tax €000	Tax (charge)/ credit €000	After tax €000	Before tax €000	Tax (charge)/ credit €000	After tax €000
Associated companies:						
Changes in equity	230	-	230	(46)	-	(46)
Reverse of deferred tax	2.288	-	2.288	-	-	-
Other comprehensive Income	<u>2.518</u>	-	<u>2.518</u>	<u>(46)</u>	-	<u>(46)</u>

12 Earnings per share

Earnings per share is calculated by dividing the profit 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 2017	31 December 2016
Profit attributable to equity holders of the Company- €000	<u>4.348</u>	<u>7.203</u>
Weighted average number of ordinary shares in issue	<u>137.610.883</u>	<u>137.610.883</u>
Profit per share - basic and fully diluted (cent per share)	<u>3,16</u>	<u>5,24</u>

The Cyprus Cement Public Company Limited

13 Dividend per share

At the Annual General Meeting of the shareholders held on 30th June 2017, the payment of a dividend from the profits for the year ended 31 December 2016 amounting to €2.202 thousand and corresponding to €0,016 per share, was approved. The dividend was paid to the shareholders on 27 July 2017.

14 Financial instruments by category

The Group

	Loans and receivables €000	Available-for- sale €000	Total €000
31 December 2017			
Assets			
Available-for-sale financial assets	-	20.703	20.703
Loan receivables	8.663	-	8.663
Trade and other receivables (except tax receivable)	186	-	186
Cash and bank balances	1.343	-	1.343
Total	<u>10.192</u>	<u>20.703</u>	<u>30.895</u>
		Other financial liabilities €000	Total €000
Liabilities			
Borrowings		2	2
Trade and other payables		54	54
Total		<u>56</u>	<u>56</u>
	Loans and receivables €000	Available- for-sale €000	Total €000
31 December 2016			
Assets			
Available-for-sale financial assets	-	20.703	20.703
Trade and other receivables	402	-	402
Cash and bank balances	1	-	1
Total	<u>403</u>	<u>20.703</u>	<u>21.106</u>
		Other financial liabilities €000	Total €000
Liabilities			
Borrowings		21.685	21.685
Trade and other payables		209	209
Total		<u>21.894</u>	<u>21.894</u>

The Cyprus Cement Public Company Limited

14 Financial instruments by category (continued)

The Company

	Loans and Receivables €000	Total €000
31 December 2017		
Assets		
Loan receivables	8.663	8.663
Trade and other receivables	981	981
Cash and bank balances	1.343	1.343
Total	<u>10.987</u>	<u>10.987</u>
	Other financial Liabilities €000	Total €000
Liabilities		
Borrowings	2	2
Trade and other payables	35	35
Total	<u>37</u>	<u>37</u>
	Loans and Receivables €000	Total €000
31 December 2016		
Assets		
Trade and other receivables	197	197
Total	<u>197</u>	<u>197</u>
	Other financial Liabilities €000	Total €000
Liabilities		
Borrowings	14.921	14.921
Trade and other payables	32	32
Total	<u>14.953</u>	<u>14.953</u>

The Cyprus Cement Public Company Limited

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	
	2017	2016	2017	2016
	€000	€000	€000	€000
Loan receivables that are neither past due nor impaired				
Group 1	8.663	-	8.663	-
Other receivables that are neither past due nor impaired				
Group 1	43	35	981	197
Group 2	143	367	-	-
	186	402	981	197
Cash at bank and short term bank Deposits				
Caa2	-	-	-	-
Caa3	1.343	1	1.343	-
	1.343	1	1.343	-

Group 1 – companies within the group, common control companies, parent company, ultimate parent company, associates and companies with significant influence with no defaults in the past.

Group 2 – other receivables.

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

None of the receivables from related parties is overdue or impaired.

The Cyprus Cement Public Company Limited

16 Property, plant and equipment

The Group

	Machinery and equipment €000	Motor Vehicles €000	Furniture and fittings €000	Total €000
Year ended 31 December 2016				
Opening net book amount	7	10	11	28
Additions	1	46	1	48
Depreciation charge (Note 8)	(3)	(19)	(3)	(25)
Write off cost	-	(118)	-	(118)
Write off accumulated depreciation	-	118	-	118
Net book amount at the end of the year	<u>5</u>	<u>37</u>	<u>9</u>	<u>51</u>
At 31 December 2016				
Cost	195	95	196	486
Accumulated depreciation	(190)	(58)	(187)	(435)
Net book amount	<u>5</u>	<u>37</u>	<u>9</u>	<u>51</u>
Year ended 31 December 2017				
Opening net book amount	5	37	9	51
Write off	(5)	-	(9)	(14)
Depreciation charge (Note 8)	-	(9)	-	(9)
Net book amount at the end of the year	<u>-</u>	<u>28</u>	<u>-</u>	<u>28</u>
At 31 December 2017				
Cost	-	46	-	46
Accumulated depreciation	-	(18)	-	(18)
Net book amount	<u>-</u>	<u>28</u>	<u>-</u>	<u>28</u>

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

	2017 €000	2016 €000
Net book amount	-	-
Profit on sale of property, plant and equipment (Note 6)	-	4
Proceeds from sale of property, plant and equipment	<u>-</u>	<u>4</u>

- The sales of Property, plant and equipment in 2016, are related to motor vehicles that have been fully amortized.
- Depreciation charge of €9 thousand (2016: €25 thousand) was charged to “administrative expenses “in profit or loss.

The Cyprus Cement Public Company Limited

16 Property, plant and equipment (continued)

The Company

	Motor vehicles €000	Furniture and fittings €000	Total €000
At 1 January 2016			
Cost	118	1	119
Accumulated depreciation	(118)	(1)	(119)
Net book value	<u>-</u>	<u>-</u>	<u>-</u>
Year ended 31 December 2016			
Additions	46	-	46
Depreciation charge (Note 8)	(9)	-	(9)
Write off cost	(118)	-	(118)
Write off accumulated depreciation	118	-	118
Net book amount at the end of the year	<u>37</u>	<u>-</u>	<u>37</u>
At 31 December 2016			
Cost	46	-	46
Accumulated depreciation (Note 8)	(9)	-	(9)
Net book amount	<u>37</u>	<u>-</u>	<u>37</u>
Year ended 31 December 2017			
Opening net book amount	37	-	37
Depreciation charge (Note 8)	(9)	-	(9)
Net book amount at the end of the year	<u>28</u>	<u>-</u>	<u>28</u>
At 31 December 2017			
Cost	46	-	46
Accumulated depreciation	(18)	-	(18)
Net book amount	<u>28</u>	<u>-</u>	<u>28</u>

- Depreciation charge of €9 thousand (2016: €9 thousand) was charged to administrative expenses.

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

	2017 €000	2016 €000
Net book amount	-	-
Profit on sale of property, plant and equipment (Note 6)	-	4
Proceeds from sale of property, plant and equipment	<u>-</u>	<u>4</u>

The Cyprus Cement Public Company Limited

17 Investment property

The Group

	<u>Land for development in Cyprus</u>	
	2017	2016
	€000	€000
Fair value hierarchy	3	3
Fair Value at 1 January	274.808	270.858
Additions	86	25
Disposal of property	(30.750)	(550)
Provision for construction of road (Note 28)	300	-
Net (losses)/gain (Note 6)	(6.336)	4.475
Fair value at 31 December	<u>238.108</u>	<u>274.808</u>

The Company

	<u>Land in Cyprus</u>	<u>Land in Cyprus</u>
	2017	2016
	€000	€000
Fair Value at 1 January/31 December	<u>837</u>	<u>837</u>

On 9 March 2017, the subsidiary C.C.C. Real Estate Company Ltd sold part of its investment property to Nelipo Properties Ltd (100% subsidiary of the Bank Cyprus Public Company Ltd) as part of the restructuring of the Group's and other related companies credit facilities.

The sale price of the property amounted to €30.750 thousand, based on the fair value reduced by 30%, and the sale/transaction falls within the framework of the Tax Department regulations and provisions for tax relief for bank loan restructuring.

The Company's/Group's investment property is measured at fair value. Changes at fair values are presented in profit or loss. The Company/Group holds only one class of investment property, being land in Cyprus.

The bank loans of the Company and the Group at 31 December 2016 were secured with investment property (Note 25).

The bank loans of the related parties at 31 December 2017, were secured with Group's investment property (Note 30 (vii)).

(i) Valuation method and key assumptions

The investment property is valued by the Company's management who has the relevant expertise, knowledge and recent experience in the locations and segments of the investment property valued.

The fair value of the land for development at 31 December 2017 was estimated by the Group's management on the basis of the comparative method taking into account the sale price of the transaction made on 9 March 2017 for part of the property as part of the restructuring of the credit facilities of the Group and other related companies which was adjusted on the basis of the discount and the division of the property into zones to represent the fair value of the entire property based on current market conditions. The Company's management considers that the comparative method is the most suitable for the valuation of the property considering the characteristics and uniqueness of the investment property.

The Cyprus Cement Public Company Limited

17 Investment property (continued)

(i) Valuation method and key assumptions (continued)

The valuation of the investment property at 31 December 2017, was based on the adjusted fair value as estimated by the Group's management at 31 December 2016, which was then increased by 3%, to reflect improved market conditions at 31 December 2017 relative to the transaction date.

For the purpose of the comparative method performed by Group's management for the valuation of the property, the land has been divided into three notional zones considering the physical characteristics of each zone. As a result, the comparative method is based on observable prices for Zone A and adjustments were made for the valuation of the remaining zones using the zoning method.

The area of each notional zone and the price per square meter has been determined by the Company's management as follows;

At 31 December 2016, fair value of investment of €273.971 thousand as follows:

Notional Zone	Area (square meters '000/ %)	Price per square meter (€)
Zone A	240 / 21%	479
Zone B	135 / 11%	240 (1/2 of Zone A's price)
Zone C	801 / 68%	160 (1/3 of Zone A's price)

At 31 December 2017, fair value of investment of €237.271 thousand as follows:

Notional Zone	Area (square meters '000/ %)	Price per square meter (€)
Zone A	175 / 17%	494
Zone B	82 / 8%	247 (1/2 of Zone A's price)
Zone C	799 / 75%	165 (1/3 of Zone A's price)

The valuation of the Group's investment property has been classified as level 3 valuation since the valuation techniques used incorporate unobservable inputs.

(ii) Estimates of fair value using material that are not observable Data (Level 3) and sensitivity

The table below shows the possible impact of the fair value of the investment property in the Group's/Company's total income due to a change in the non-observable inputs (Level 3).

Information in respect of valuation of investment property using non-observable inputs (Level 3) – 31 December 2016					
Property	Valuation (€000)	Valuation method	Non-observable inputs	Change in input	Sensitivity
Land for development	273.971	Comparative method	Area allocation into notional zones ('000/ %)	Zone A – 176/ 15%	€16.998 thousands decrease
				Zone B – 176/ 15%	
				Zone C – 824/ 70%	
				Zone A – 706/ 60%	€8.736 thousands decrease
				Zone B – 470/ 40%	

The Cyprus Cement Public Company Limited

17 Investment property (continued)

(ii) Estimates of fair value using material that are not observable Data (Level 3) and sensitivity (continued)

Information in respect of valuation of investment property using non-observable inputs (Level 3) – 31 December 2017

Property	Valuation (€000)	Valuation method	Non-observable inputs	Change in input	Sensitivity
				Zone A – 106/ 10%	
				Zone B – 106/ 10%	€20.946 thousands decrease
				Zone C – 844/ 80%	
Land for development	237.271	Comparative method	Area allocation into notional zones ('000/ %)	Zone A – 106/ 10%	
				Zone B – 53/ 5%	€25.287 thousands decrease
				Zone C – 897/ 85%	

18 Investments accounted for using the equity method

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
At beginning of year	56.692	54.452	52.597	52.597
Transfer to available-for-sale financial assets ⁽¹⁾	7	-	10	-
Share of profit after tax	4.960	5.198	-	-
Share of changes in equity	(230)	(46)	-	-
Dividends (Note 7)	(4.004)	(2.912)	-	-
At end of year	<u>57.885</u>	<u>56.692</u>	<u>52.608</u>	<u>52.597</u>

(1) On 3 January 2017, its subsidiary Company, C.C.C. Tourist Enterprises Public Company Limited, sold the shares held in C.C.C. Secretarial Ltd to its parent company, The Cyprus Cement Public Company Ltd, and to the related company, K + G Complex Public Company Limited. As a result, the percentage hold in C.C.C. Secretarial Ltd was reduced to 50% and transferred from investment in subsidiaries to investments accounted for using the equity method.

The Group

Below are presented the associated companies of the group as at 31 December 2017 and 31 December 2016. The associated companies listed below have a share capital consisting exclusively of ordinary shares, held directly by the Group. The country of incorporation or registration is the place of business.

	Country	Principal activities	% interest held	Measurement Method
2017				
Vassiliko Cement Works Public Company Limited	Cyprus	Production and sale of cement	25,3%	Equity Method
C.C.C. Secretarial Ltd	Cyprus	Secretarial and administration services	50,0%	Equity Method

The Cyprus Cement Public Company Limited

18 Investments accounted for using the equity method (continued)

The Group (continued)

	Country	Principal activities	% interest held	Measurement Method
2016				
Vassiliko Cement Works Public Company Limited	Cyprus	Production and sale of cement	25,3%	Equity Method

The associated company Vassiliko Cement Works Public Company Limited is listed on the Cyprus Stock Exchange. On 31 December 2017, and the fair value of the investment in associate based on the market price was €52.597 thousand (2016: €50.049 thousand). The market price listed on the stock exchange is not representative since these shares are not traded in an active market.

Important restrictions

There are no significant restrictions as a result of borrowing, regulatory or contractual arrangements between investors with significant influence on affiliated companies in relation to the ability of affiliated companies to transfer money to the Group in the form of cash dividends or to repay loans or advances made from the Group.

Contingent Liabilities and Commitments

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

Non-cancellable lease payments are as follows:

	Vassiliko Cement Works Public Company Limited	
	2017	2016
	€000	€000
Within 1 year	77	136
Between 2 to 5 years	167	512
Later than 5 years	-	72
	244	720

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

Minimum non-cancellable lease payments are as follows:

	Vassiliko Cement Works Public Company Limited	
	2017	2016
	€000	€000
Within 1 year	86	95
Between 2 to 5 years	44	74
Later than 5 years	57	62
	187	231

The Cyprus Cement Public Company Limited

18 Investments accounted for using the equity method (continued)

(c) Capital Commitments

On 31 December 2016 and 2017, 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

	Vassiliko Cement Works Public Company Limited	
	2017	2016
	€000	€000
Current assets	30.446	34.624
Non-current assets	266.497	263.227
Current Liabilities	(14.972)	(14.518)
Non-current Liabilities	(42.992)	(49.312)
Net assets	238.979	234.021

Summarised statement of comprehensive income

	Vassiliko Cement Works Public Company Limited	
	2017	2016
	€000	€000
Revenue	102.467	94.744
Profit for the year	19.873	20.596
Other Comprehensive income	911	(180)
Total comprehensive income for the year	20.784	20.416

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

The Cyprus Cement Public Company Limited

18 Investments accounted for using the equity method (continued)

Summarised reconciliation of financial information

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

	Vassiliko Cement Works Public Company Limited	
	2017	2016
	€000	€000
Summarised financial information		
Net assets at 1 January	224.083	215.177
Profit for the year	19.873	20.596
Other comprehensive income for the year	911	(180)
Dividends	(15.826)	(11.510)
Net assets at 31 December	229.041	224.083
Share of the investment in associate – 25,3%	57.878	56.692
Carrying value	57.878	56.692

The Company

Below are presented the associated companies of the company at 31 December 2017 and 31 December 2016. The associated companies listed below have a share capital consisting exclusively of ordinary shares, held directly by the Company. The country of incorporation or registration is also the place of business.

	Country	Principal activities	% interest held	Measurement Method
2017				
Vassiliko Cement Works Public Company Limited	Cyprus	Production and sale of cement	25,3%	Cost Method
C.C.C. Secretarial Ltd	Cyprus	Secretarial and administration services	50,0%	Cost Method
2016				
Vassiliko Cement Works Public Company Limited	Cyprus	Production and sale of cement	25,3%	Cost Method

19 Investments in subsidiaries

	2017	2016
	€000	€000
At the beginning of the year	280.855	280.855
Transfer to investments accounted for using the equity method (Note 18)	(7)	-
Capital return	(24.000)	-
Impairment charge (Note 6)	(6.898)	-
At the end of the year	249.950	280.855

The Cyprus Cement Public Company Limited

19 Investments in subsidiaries (continued)

On 15 May 2017, the subsidiary, C.C.C. Real Estate Company Ltd, proceeded with the reduction of its share premium of €24.000 thousand. As a result, the subsidiary returned this amount to the Company, and the company recognized it as a capital return by reducing the book value of the investment, as the subsidiary does not have any available profits for distribution.

At 31 December 2017, the Company recognized an impairment charge of €6.898 thousand in relation of its investment in subsidiary, since its accounting value exceeded its recoverable amount. The recoverable amount of the subsidiary company was assessed based on fair value minus selling expenses.

The company ranked the fair value at level 3 of the fair value hierarchy. The company used the following assumptions to assess the fair value of the investment at 31 December 2017:

- fair value of investment property held by the subsidiary company
- fair value of the financial instruments held by the subsidiary company

The subsidiary companies, which are all registered in Cyprus, are listed below. Unless specified otherwise, subsidiaries have a share capital consisting exclusively of ordinary shares held directly by the group, and the percentage of ownership rights held shall be equal to the voting rights the group owns. The country of incorporation or registration is the place of business.

Name	Country of incorporation	Principal activities	% interest held	
			31 December 2017	31 December 2016
			%	%
C.C.C. Real Estate Company Limited	Cyprus	Holding and development of investment property	100,00	100,00
CCC Laundries Limited ⁽¹⁾	Cyprus	Dormant	100,00	100,00
C.C.C. Tourist Enterprises Public Company Limited	Cyprus	Holding of investments in hotel and tourism industry	67,29	67,29
C.C.C. Secretarial Limited ⁽²⁾	Cyprus	Secretarial and administration services	-	53,46
Subsidiaries of CCC Laundries Limited				
White Linen (Famagusta) Limited ⁽¹⁾	Cyprus	Dormant	63,00	63,00

(1) The Board of Directors of CCC Laundries Limited and White Linen (Famagusta) Limited, by a decision taken of 21 June 2017 and 23 June 2017 respectively, decided to proceed with the liquidation procedures for winding up the companies from the register of companies in Companies Registrar. The related letters have been sent to the Companies Registrar on 28 June 2017.

(2) On 3 January 2017, its subsidiary Company, C.C.C. Tourist Enterprises Public Company Limited, sold the shares held in C.C.C. Secretarial Ltd to its parent company, The Cyprus Cement Public Company Ltd, and to the related company, K + G Complex Public Company Limited. As a result, the percentage hold in C.C.C. Secretarial Ltd was reduced to 50% and transferred from investment in subsidiaries to investments accounted for using the equity method.

The minority interest in subsidiary companies on 31 December 2017 was €6.784 thousand (2016: €6.798 thousand) and it relates to the minority interest of C.C.C. Tourist Enterprises Public Company Limited. The minority interest's percentage of C.C.C. Tourist Enterprises Public Company Limited is 32,71%. The share of loss for the year ended 31 December 2017 attributable to the minority interest of C.C.C. Tourist Enterprises Public Company Limited was €16 thousand (2016: €13 thousand).

The Cyprus Cement Public Company Limited

19 Investments in subsidiaries (continued)

Summarised financial information on subsidiaries with material non-controlling interests

Summarised consolidated balance sheet

	C.C.C. Tourist Enterprises Public Company Limited	
	2017	2016
	€000	€000
Current assets	142	142
Current liabilities	(103)	(63)
Net current liabilities	<u>39</u>	<u>79</u>
Non-current assets	20.703	20.710
Net non-current assets	<u>20.703</u>	<u>20.710</u>
Net assets	<u>20.742</u>	<u>20.789</u>

Summarised consolidated income statement

	C.C.C. Tourist Enterprises Public Company Limited	
	2017	2016
	€000	€000
Loss from continued operations	(43)	(40)
Other comprehensive loss	-	-
Total comprehensive loss	<u>(43)</u>	<u>(40)</u>

Summarised consolidated cash flows

	C.C.C. Tourist Enterprises Public Company Limited	
	2017	2016
	€000	€000
Cash flows from operating activities		
Cash generated from operations	(41)	(39)
Interest paid	(1)	(2)
Net cash used in operating activities	<u>(42)</u>	<u>(41)</u>
Net cash from investing activities	7	-
Net cash from investing activities	<u>68</u>	<u>36</u>
Net (decrease)/increase in cash, cash equivalents and bank overdrafts	<u>33</u>	<u>(5)</u>
Cash, cash equivalents and bank overdrafts at beginning of year	<u>(33)</u>	<u>(28)</u>
Cash, cash equivalents and bank overdrafts at end of year	<u>-</u>	<u>(33)</u>

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

The Cyprus Cement Public Company Limited

20 Available-for-sale financial assets

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
At the beginning of the year)	20.703	20.703	-	-
	<u>20.703</u>	<u>20.703</u>	<u>-</u>	<u>-</u>

The Group holds 24,98% in the total issued share capital of Parklane Hotels Ltd (formerly L'Union Nationale (Tourism & Sea Resorts) Limited), (2016: 24,98%).

The investment in Parklane Hotels Ltd is valued at fair value, in accordance with IAS 39 "Financial Instruments: Recognition and Measurement".

(i) Valuation technique and key assumptions

The valuation of the investment in Parklane Hotels Limited at 31 December 2016 and 31 December 2017, is prepared by the Company's management, which have the appropriate capabilities, experience and qualifications. The Company's management reports directly to the Company's Board of Directors on the procedures and the result of the valuation, at least once a year, where the final valuation is approved.

The valuation of the investment includes the valuation of the hotel complex and the residential apartments that is constructed in the north-east area of the hotel area. The Company's management used the discounted cash flow method for the valuation of the residential apartments/building and the fair value method based on the expected operating profit (Earnings Before Interest and Depreciation, known as EBITDA) for the valuation of the hotel complex.

Information in respect of valuation of fair value using non-observable inputs (Level 3)

Description	Fair value method	Non – observable data	Connection between non – observable data and fair value
31 December 2017			
Shares in Parklane Hotels Limited	Fair value method based on operating profit (EBITDA multiple)	Multiplier: 16 Expected operating profit: €10.000.000	The higher are the multiplier and the expected operating profit, the higher the fair value
Hotel operations			
Development and sale of luxury apartments	Discounted cash flow method	Expected sale price of residential apartments Between €10.000 and €17.000 per square meter Discount rate: 7,48%	The higher the sale price per square meter is, the greater the fair value.
31 December 2016			
Shares in Parklane Hotels Limited	Fair value method based on operating profit (EBITDA multiple)	Multiplier: 16 Expected operating profit: €9.600.000	The higher are the multiplier and the expected operating profit, the higher the fair value
Hotel operations			
Development and sale of luxury apartments	Discounted cash flow method	Expected sale price of residential apartments €10.000 per square meter Discount rate: 7,08%	The higher the sale price per square meter is, the greater the fair value.

The Cyprus Cement Public Company Limited

20 Available-for-sale financial assets (continued)

(ii) Sensitivity

The table below shows the possible impact on the fair value of the investment in Parklane Hotels Ltd in other comprehensive income, from the change in significant assumptions. The positive amount reflects the net possible profit and the negative amount the net possible loss to other comprehensive income.

Change in assumptions	Impact in other comprehensive income
	2017
	€000
<u>Operating profit method (Hotel complex)</u>	
Increase by 10% in the expected operating profit	3.597
Decrease by 10% in the expected operating profit	(3.597)
	<hr/>
Increase by 1 unit in the multiplier	2.248
Decrease by 1 unit in the multiplier	(2.248)
	<hr/>
<u>Discounted cash flow method (Luxury apartments)</u>	
Increase by 10% in expected sale price	1.960
Decrease by 10% in expected sale price	(1.960)
	<hr/>
Increase by 0,5 percentage points of the discount rate	(82)
Decrease by 0,5 percentage points of the discount rate	82
	<hr/>
Change in assumptions	
	Impact in other comprehensive income
	2016
	€000
Increase by 10% of EBITDA	3.836
Decrease by 10% of EBITDA	(3.836)
	<hr/>
Increase by 1 unit in the multiplier	2.398
Decrease by 1 unit in the multiplier	(2.398)
	<hr/>
<u>Discounted cash flow method (Luxury apartments)</u>	
Increase by 10% in expected sale price	(1.377)
Decrease by 10% in expected sale price	1.377
	<hr/>
Increase by 0,5 percentage points of the discount rate	(179)
Decrease by 0,5 percentage points of the discount rate	179
	<hr/>

The fair value of the investment is included in level 3 (Note 3 (iii)) since the valuation technique is based on unobservable inputs.

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

	<u>The Group</u>		<u>The Company</u>	
	2017	2016	2017	2016
	€000	€000	€000	€000
Euro - functional and presentation currency	20.703	20.703	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

The Cyprus Cement Public Company Limited

21 Loan Receivables

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Current				
Loan granted to ultimate holding company (Note. 30 (ix))	1.911	-	1.911	-
Loan granted to holding company (Note. 30 (ix))	6.752	-	6.752	-
	<u>8.663</u>	<u>-</u>	<u>8.663</u>	<u>-</u>

All loan receivables are receivable on demand.

The fair value of loan receivables approximates their carrying amount at the balance sheet date.

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

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Euro	8.663	-	8.663	-
	<u>8.663</u>	<u>-</u>	<u>8.663</u>	<u>-</u>

The maximum exposure to credit risk at the balance sheet date is the carrying value of receivables mentioned above. The Company/Group does not have any collateral as guarantee. None of the loan receivables are overdue or impaired.

22 Trade and other receivables

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Trade receivables	58	58	58	58
Less: Provision for impairment of trade receivables	(58)	(58)	(58)	(58)
Trade receivables- net	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Receivables from related parties (Note 30 (v))	43	35	981	197
Other receivables	553	859	-	-
	<u>596</u>	<u>894</u>	<u>981</u>	<u>197</u>

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

The Cyprus Cement Public Company Limited

22 Trade and other receivables (continued)

The Company

As of 31 December 2017, trade receivables of €58 thousand were impaired and provided for (2016: €58 thousand). The impairment provision was €58 thousand on 31 December 2017 (2016: €58 thousand).

As of 31 December 2017, receivables from related parties of €981 thousand (2016: €197 thousand) were not overdue or impaired.

The Group

As of 31 December 2017, trade receivables of €58 thousand (2016: €58 thousand) were impaired and provided for. The impairment provision was €58 thousand on 31 December 2017 (2016: €58 thousand).

As of 31 December 2017, receivables from related parties of €43 thousand (2016: €35 thousand) and other receivables of €553 thousand (2016: €859 thousand) were not overdue or impaired.

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

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Over 6 months	58	58	58	58

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

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
At 1 January/31 December	58	58	58	58

The creation and release of provision for impaired receivables have been included in 'administrative expenses' in profit or loss. 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.

The carrying amounts of the Company's trade and other receivables are denominated in the following currencies:

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Euro	596	894	981	197

The Cyprus Cement Public Company Limited

23 Cash and cash equivalents

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Cash at bank and in hand	1.343	1	1.343	-
	<u>1.343</u>	<u>1</u>	<u>1.343</u>	<u>-</u>

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

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Cash at bank and in hand	1.343	1	1.343	-
Bank overdrafts (Note 25)	(2)	(286)	(2)	(176)
	<u>1.341</u>	<u>(285)</u>	<u>1.341</u>	<u>(176)</u>

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

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Euro	1.343	1	1.343	-

Non-cash transactions

The main non-cash transactions of the Group, during the current year, were as follows:

- The sale of part of the subsidiary's investment property to a subsidiary company of Bank of Cyprus Public Company Ltd, as part of the restructuring of the Group's and other related companies credit facilities (note 17);
- The repayment of bank borrowings of €7.315 thousand against the sale of part of the subsidiary's investment property to a subsidiary company of Bank of Cyprus Public Company Ltd (Note 17);
- The repayment of bank borrowings of €11.088 thousand, which was set off against loan receivables from related companies;
- The repayment of loan to related company of €3.194 thousand, which was set off against loan receivables from related companies;
- The payment of dividends by the Group of €1.510 thousand, which was set off against loan receivables by related companies.

The main non-cash transactions of the Company, during the current year, were as follows:

- The capital return from the subsidiary company of €24.500 thousand, which was set off against loan receivables from related companies, which were assigned by the subsidiary to the Company;
- The repayment of bank borrowings of €3.825 thousand against the sale of part of the subsidiary's investment property to a subsidiary company of Bank of Cyprus Public Company Ltd (Note 17);

The Cyprus Cement Public Company Limited

23 Cash and cash equivalents (continued)

- The repayment of bank borrowings of €7.924 thousand, which was set off against loan receivables from related companies;
- The repayment of loan to related company of €3.194 thousand, which was set off against loan receivables from related companies;
- The payment of dividends by the Company of €1.510 thousand, which was set off against loan receivables from related companies.

There were no non-cash transactions for the Group/Company during the previous year.

Reconciliation of obligations arising from financing activities:

The Group

	Bank loans €000	Loans from related parties €000	Total borrowings from financing activities €000
Balance at 1 January 2017	18.606	2.793	21.399
Cash transactions:			
Proceeds from borrowings	-	380	380
Repayment of borrowings	(203)	-	(203)
Interest paid	(304)	-	(304)
Interest expenses	304	21	325
Non-cash transactions:			
Repayment of loans against loan receivables from related companies	(11.088)	(3.194)	(14.282)
Repayment of loans against sale of part of investment property	(7.315)	-	(7.315)
Balance at 31 December 2017	<u>-</u>	<u>-</u>	<u>-</u>

The Company

	Bank borrowings €000	Borrowings from related parties €000	Total borrowings from financing activities €000
Balance at 1 January 2017	11.952	2.793	14.745
Cash transactions:			
Proceeds from borrowings	-	380	380
Repayment of borrowings	(203)	-	(203)
Interest paid	(208)	-	(208)
Interest expenses	208	21	229
Non-cash transactions:			
Repayment of borrowings against loan receivables from related parties	(7.924)	(3.194)	(11.118)
Repayment of borrowings against sale of part of investment property	(3.825)	-	(3.825)
Balance at 31 December 2017	<u>-</u>	<u>-</u>	<u>-</u>

The Cyprus Cement Public Company Limited

24 Share capital and share premium

	31 December 2017			31 December 2016		
	Number of shares	Ordinary share capital €000	Share premium €000	Number of shares	Ordinary share capital €000	Share premium €000
Issued and fully paid						
At beginning of year	137.610.883	59.173	910	137.610.883	59.173	910
At end of year	<u>137.610.883</u>	<u>59.173</u>	<u>910</u>	<u>137.610.883</u>	<u>59.173</u>	<u>910</u>

The total authorised number of ordinary shares is 200.000.000 shares (2016: 200.000.000 shares) with a nominal value of €0,43 per share (2016: nominal value of €0,43 per share). All issued shares are fully paid.

25 Borrowings

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Current				
Bank overdrafts (Note 23)	2	286	2	176
Bank borrowings	-	2.490	-	1.101
	<u>2</u>	<u>2.776</u>	<u>2</u>	<u>1.277</u>
Non-current				
Bank borrowings	-	16.116	-	10.851
Borrowings from related companies (Note 30 (vi))	-	2.793	-	2.793
	<u>-</u>	<u>18.909</u>	<u>-</u>	<u>13.644</u>
Total borrowings	<u>2</u>	<u>21.685</u>	<u>2</u>	<u>14.921</u>
Maturity of non-current borrowings				
Between 1 and 2 years	-	4.531	-	3.906
Between 2 and 5 years	-	6.031	-	3.470
Over 5 years	-	8.347	-	6.268
	<u>-</u>	<u>18.909</u>	<u>-</u>	<u>13.644</u>

The Company and the Group

Following the completion of the disposal agreement of the subsidiary's investment property to Nelipo Properties Ltd (100% subsidiary of the Bank Cyprus Public Company Ltd), as part of the restructuring of the Group's and other related companies credit facilities, the Group has become indebted without any financial obligations, since the Group's loans with other bank institutions have been taken over by the related companies.

The Cyprus Cement Public Company Limited

25 Borrowings (continued)

The Company

As of 31 December 2017, the bank overdrafts are secured by personal guarantees of the Directors Messrs. George Galatariotis and Costas Galatariotis of €1.600 thousand (Note 30 (viii)).

As of 31 December 2016, the bank loans were secured as follows:

- (i) By floating charge on the Company's assets.
- (ii) By corporate guarantees of the Company's related parties of €32.120 thousand.
- (iii) By personal guarantees of the Directors Messrs. Costas Galatariotis and George Galatariotis of €16.908 thousand (Note 30 (viii)).
- (iv) By mortgage of Group's land included in investment property for the amount of €23.000 thousand (Note 17).

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

	2017	2016
	%	%
Bank overdrafts	3,50%	4,83%
Bank borrowings	-	4,16%
Borrowings from related parties	-	4,70%

The Group

As of 31 December 2017, the bank overdrafts are secured by personal guarantees of the Directors Messrs. George Galatariotis and Costas Galatariotis of €1.600 thousand (Note 30 (viii)).

As of 31 December 2016, the bank loans were secured as follows:

- (i) By mortgage of Group's land included in investment property for the amount of €31.500 thousand (Note 17).
- (ii) By floating charge on Group's assets.
- (iii) By corporate guarantees of the Group's related parties for the amount of €12.000 thousand.
- (iv) By personal guarantees of the Directors Messrs. George Galatariotis and Costas Galatariotis for the amount of €26.608 thousand (Note 30 (viii)).

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

	2017	2016
	%	%
Bank overdrafts	3,50%	4,83%
Bank borrowings	-	4,21%
Borrowings from related parties	-	4,70%

The Company and the Group

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 Cyprus Cement Public Company Limited

25 Borrowings (continued)

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2017</u>	2016	<u>2017</u>	2016
	€000	€000	€000	€000
Euro	2	21.685	2	14.921
	<u>2</u>	<u>21.685</u>	<u>2</u>	<u>14.921</u>

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

	<u>The Group</u>		<u>The Company</u>	
	<u>2017</u>	2016	<u>2017</u>	2016
	€000	€000	€000	€000
6 months or less	2	21.685	2	14.921
	<u>2</u>	<u>21.685</u>	<u>2</u>	<u>14.921</u>

The Company/Group has the following undrawn borrowing facilities:

	<u>The Group</u>		<u>The Company</u>	
	<u>2017</u>	2016	<u>2017</u>	2016
	€000	€000	€000	€000
Floating rate: Expiring within one year	1.595	1.629	1.560	1.604
	<u>1.595</u>	<u>1.629</u>	<u>1.560</u>	<u>1.604</u>

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

26 Deferred income tax liabilities

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

	Profit fair value	Total
	€000	€000
At 1 January 2016	53.566	53.566
Charge to profit or loss (Note 11)	559	559
At 31 December 2016	<u>54.125</u>	<u>54.125</u>
	Profit fair value	Total
	€000	€000
At 1 January 2017	54.125	54.125
Net credit to profit or loss (Note 11)	(6.624)	(6.624)
Credit to other comprehensive income	(2.288)	(2.288)
At 31 December 2017	<u>45.213</u>	<u>45.213</u>

The Cyprus Cement Public Company Limited

26 Deferred income tax liabilities (continued)

The amount of €2.288 thousand credited to other comprehensive income, concerns to a deferred taxation reversal, that has been recognized in other comprehensive income in previous years, and related to property, plant and machinery, that were transferred later to investment property and presented at fair value through profit or loss.

The Company

	Investment in subsidiary companies €000	Total €000
At 1 January 2016/31 December 2016/1 January 2017	53.566	53.566
Credit to profit or loss (Note 11)	(9.669)	(9.669)
At 31 December 2017	43.897	43.897

27 Trade and other payables

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Payables to related parties (Note 30 (v))	6	33	6	-
Other payables and accrued expenses	48	176	29	32
	54	209	35	32

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

28 Provisions

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Provision for road construction	300	-	-	-
At 31 December 2017	300	-	-	-

29 Contingencies and commitments

Other contingent liabilities of the Company/Group

The Company and the Group guaranteed bank overdrafts and loans of related companies as described in Note 30 (vii). No significant expenses are expected to arise for the Company/Group with respect to these guarantees.

The Cyprus Cement Public Company Limited

30 Related party transactions

The Company is controlled by C.C.C. Holdings & Investments Limited (parent 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

	<u>The Group</u>		<u>The Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>€000</u>	<u>€000</u>	<u>€000</u>	<u>€000</u>
Related companies:				
Management and administration services	691	-	43	36
Rent (Note 8)	-	174	-	-
	<u>691</u>	<u>174</u>	<u>43</u>	<u>36</u>

(ii) Sales of services

	<u>The Group</u>		<u>The Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>€000</u>	<u>€000</u>	<u>€000</u>	<u>€000</u>
Management and administration services:				
Parent company	-	5	-	-
Related companies	-	597	-	-
Ultimate holding company	-	25	-	-
	<u>-</u>	<u>627</u>	<u>-</u>	<u>-</u>

(iii) Interest on balances with related parties

	<u>The Group</u>		<u>The Company</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
	<u>€000</u>	<u>€000</u>	<u>€000</u>	<u>€000</u>
Interest payable (Note 10):				
Related company	21	145	21	145
	<u>21</u>	<u>145</u>	<u>21</u>	<u>145</u>
Interest received (Note 7):				
Loans to related entities	393	-	352	-
	<u>393</u>	<u>-</u>	<u>352</u>	<u>-</u>

The Cyprus Cement Public Company Limited

30 Related party transactions (continued)

(iv) Key management personnel and Directors' compensation

The Group

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

	Fees €000	Total €000
Year ended 31 December 2017		
Executive Directors		
George St. Galatariotis	1	1
Costas St. Galatariotis	1	1
Stavros G. St. Galatariotis	1	1
Tasos Anastasiou	1	1
	<u>4</u>	<u>4</u>
Non-executive Directors		
Michalis Moushouttas	1	1
Antonis Antoniou	1	1
	<u>2</u>	<u>2</u>
Total	<u>6</u>	<u>6</u>

	Fees €000	Salaries and employer contributions €000	Total €000
Year ended 31 December 2016			
Executive Directors			
George St. Galatariotis	1	75	76
Costas St. Galatariotis	1	101	102
Stavros G. St. Galatariotis	1	53	54
Tasos Anastasiou	1	72	73
	<u>4</u>	<u>301</u>	<u>305</u>
Non-executive Directors			
Michalis Moushouttas	1	-	1
Antonis Antoniou	1	-	1
	<u>2</u>	<u>-</u>	<u>2</u>
Total	<u>6</u>	<u>301</u>	<u>307</u>

The Cyprus Cement Public Company Limited

30 Related party transactions (continued)

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

The Company

	Fees €000	Total €000
Year ended 31 December 2017		
Executive Directors		
George St. Galatariotis	1	1
Costas St. Galatariotis	1	1
Stavros G. St. Galatariotis	1	1
Tasos Anastasiou	1	1
	<u>4</u>	<u>4</u>
Non-executive Directors		
Michalis Moushouttas	1	1
Antonis Antoniou	1	1
	<u>2</u>	<u>2</u>
Total	<u>6</u>	<u>6</u>
	Fees €000	Total €000
Year ended 31 December 2016		
Executive Directors		
George St. Galatariotis	1	1
Costas St. Galatariotis	1	1
Stavros G. St. Galatariotis	1	1
Tasos Anastasiou	1	1
	<u>4</u>	<u>4</u>
Non-executive Directors		
Michalis Moushouttas	1	1
Antonis Antoniou	1	1
	<u>2</u>	<u>2</u>
Total	<u>6</u>	<u>6</u>

The Cyprus Cement Public Company Limited

30 Related party transactions (continued)

(v) Year end balances

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Receivable from related parties (Note 22):				
Related companies	44	18	44	-
Subsidiary companies	-	-	937	197
Parent company	-	-	-	-
Ultimate parent company	-	17	-	-
	<u>44</u>	<u>35</u>	<u>981</u>	<u>197</u>
Payable to related parties (Note 27):				
Company exercising significant influence to the Group	-	33	-	-
Directors	6	-	6	-
	<u>6</u>	<u>33</u>	<u>6</u>	<u>-</u>

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

(vi) Loans from related companies

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Loan from company which exercises significant influence on the Group/Company:				
At beginning of year	2.793	4.524	2.793	4.505
Loan granted during year	380	-	380	-
Repayment of loan during year	-	(1.884)	-	(1.865)
Balance transferred from related company	-	8	-	8
Loan assigned to parent company during year (Note 30 (ix))	(3.194)	-	(3.194)	-
Interest paid (Note 30 (iii))	21	145	21	145
At end of year (Note 25)	<u>-</u>	<u>2.793</u>	<u>-</u>	<u>2.793</u>

The loan from the Company that exercises significant influence on the Group/Company bears interest at 4,00% (2016: 4,70%) and was unsecured. Loan mentioned above was repayable between 1 and 6 years. The loan have been fully settled in 2017.

The Cyprus Cement Public Company Limited

30 Related party transactions (continued)

(vii) Guarantees for loans provided to related companies

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

	2017		2016	
	Guarantees on investment property €000	Corporate guarantees €000	Guarantees on investment property €000	Corporate guarantees €000
Ultimate parent company	1.677	1.500	4.800	9.600
Parent company	-	-	13.750	18.500
Other related companies under common control	-	-	1.770	3.490
	<u>1.677</u>	<u>1.500</u>	<u>20.320</u>	<u>31.590</u>

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

	2017	2016
	Corporate guarantees €000	Corporate guarantees €000
Ultimate parent company	-	4.800
Parent company	-	9.250
Subsidiary company	-	3.400
Other related companies under common control	-	1.720
	<u>-</u>	<u>19.170</u>

(viii) Personal guarantees of Directors

Bank borrowings and overdrafts of the Company and the Group are secured by personal guarantees of the Directors Messrs. George Galatariotis and Costas Galatariotis for the amount of €800 thousand and €800 thousand respectively (2016: €16.908 thousand and €26.608 thousand) (Note 25).

The Cyprus Cement Public Company Limited

30 Related party transactions (continued)

(ix) Loans to related parties

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Loan to ultimate parent company:				
Loan receivable assigned from company and the subsidiary during the year	9.831	-	9.831	-
Loan granted during the year	160	-	160	-
Loan which was set off against dividends payable by the company	(311)	-	(311)	-
Bank Loans assigned by the company and then set off against loan receivables	(7.924)	-	(7.924)	-
Interest charge (Note 30 (iii))	155	-	155	-
At the end of year (Note 21)	<u>1.911</u>	<u>-</u>	<u>1.911</u>	<u>-</u>

The loan bears interest at 3,50%, is unsecured and is payable on demand.

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Loan to parent company:				
Loan receivable assigned by the subsidiary during the year	10.563	-	10.563	-
Loan receivable assigned from company which exercises significant influence on the Group/Company during the year	400	-	400	-
Loan that was set off against dividend payment from the company	(1.214)	-	(1.214)	-
Set off against loan that was assigned by the company which exercises significant influence on the group/company (Note 30 (vi))	(3.194)	-	(3.194)	-
Interest charge (Note 30 (iii))	197	-	197	-
At the end of the year (Note 21)	<u>6.752</u>	<u>-</u>	<u>6.752</u>	<u>-</u>

The loan bears interest at 3,50%, is unsecured and is payable on demand.

	The Group		The Company	
	2017 €000	2016 €000	2017 €000	2016 €000
Loan to subsidiary companies:				
Loans granted during the year	-	-	-	936
Impairment charge of loan receivables (Note 6)	-	-	-	(936)
At the end of the year (Note 21)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

31 Events after the balance sheet date

There were no other significant post balance sheet events that are relevant to the understanding of the financial statements.

Independent auditor's report on pages 10 to 17.