Income Statement

(all amounts in Euro thousands)	Notes	Group		Company	
		Year ended 31 December		Year ended 31 December	
		2012	2011	2012	2011
Turnover	3	1.130.660	1.091.404	221.215	217.231
Cost of sales	5	-830.947	-748.654	-163.866	-139.349
Gross profit before depreciation		**299.713**	**342.750**	**57.349**	**77.882**
Other income	4	20.435	43.881	13.532	5.284
Administrative expenses	5	-93.026	-100.504	-31.281	-32.109
Selling and marketing expenses	5	-19.619	-21.107	-386	-618
Other expenses	4	-11.665	-20.962	-1.539	-9.556
Profit before interest, taxes, depreciation and amortization		**195.838**	**244.058**	**37.675**	**40.883**
Depreciation and amortization related to cost of sales		-118.063	-112.906	-12.418	-10.702
Depreciation and amortization related to administrative and selling expenses		-6.620	-7.024	-1.236	-1.123
Impairment of tangible and intangible assets related to cost of sales	11,13	-6.047	-18.710	-314	-1.144
Profit before interest and taxes		**65.108**	**105.418**	**23.707**	**27.914**
Income from participations and investments		-	-	-	3.495
Losses from participations and investments		-	-	-	-2.520
Finance income	6	11.316	7.248	3.781	1.577
Finance expense	6	-76.885	-73.308	-44.256	-42.122
Loss on early extinguishment of debt	24	-	-228	-	-
Share in loss of associates	15	-841	-1.391	-	-
(Loss)/profit before taxes		**-1.302**	**37.739**	**-16.768**	**-11.656**
Less: Income tax	8	-17.526	-16.059	1.216	-1.622
(Loss)/profit after taxes		**-18.828**	**21.680**	**-15.552**	**-13.278**

<u>Attributable to:</u>			
Equity holders of the parent		-24.516	11.011
Non-controlling interests		5.688	10.669
		-18.828	**21.680**
Basic (losses)/earnings per share (in €)	9	**-0,3008**	**0,1351**
Diluted (losses)/earnings per share (in €)	9	**-0,2982**	**0,1344**

The accompanying notes on pages 61 to 137 are an integral part of these financial statements

Statement of Comprehensive Income

(all amounts in Euro thousands)	Notes	Group 2012	Group 2011	Company 2012	Company 2011
		Year ended 31 December		Year ended 31 December	
(Loss)/profit for the year		**-18.828**	**21.680**	**-15.552**	**-13.278**
Other comprehensive (loss)/income:					
Exchange losses on translation of foreign operations		**-29.390**	-3.468	-	-
Net losses on available for sale financial assets		**-225**	-112	-	-
Cash flow hedges	34	-567	-3.023	-43	-4.545
Income tax effect	34	204	-610	-	-
		-363	**-3.633**	**-43**	**-4.545**
Asset revaluation surplus	12	873	1.639	873	1.639
Income tax effect		-175	-328	-175	-328
		698	**1.311**	**698**	**1.311**
Actuarial (losses/)gains on defined benefit plans	25	-43	8.141	746	8.231
Income tax effect		237	-1.294	-149	-1.646
		194	**6.847**	**597**	**6.585**
Other comprehensive (loss)/income for the year net of tax		**-29.086**	**945**	**1.252**	**3.351**
Total comprehensive (loss)/income for the year net of tax		**-47.914**	**22.625**	**-14.300**	**-9.927**
<u>Attributable to:</u>					
Equity holders of the parent		-50.615	13.108		
Non-controlling interests		2.701	9.517		
		-47.914	**22.625**		

The accompanying notes on pages 61 to 137 are an integral part of these financial statements

Statement of Financial Position

(all amounts in Euro thousands)

		Group		Company	
Assets	Notes	31/12/2012	31/12/2011	31/12/2012	31/12/2011
Property, plant & equipment	11	1.759.036	1.887.488	237.672	251.111
Investment property	12	8.546	9.804	11.959	11.312
Intangible assets and goodwill	13	527.498	546.111	1.099	1.112
Investments in subsidiaries	14	-	-	1.213.365	1.182.854
Investments in associates	15	2.734	8.213	-	-
Available-for-sale financial assets	16	1.877	2.143	108	108
Other non current assets	17	12.572	10.555	2.690	2.710
Deferred income tax asset	18	2.499	2.198	-	-
Non-current assets		**2.314.762**	**2.466.512**	**1.466.893**	**1.449.207**
Inventories	19	233.765	242.765	69.080	68.761
Receivables and prepayments	20	199.180	224.960	57.299	63.869
Derivative financial instruments	35	-	772	-	-
Available-for-sale financial assets	16	63	63	61	61
Cash and cash equivalents	21	284.272	333.935	35.601	29.478
Current assets		**717.280**	**802.495**	**162.041**	**162.169**
Total Assets		**3.032.042**	**3.269.007**	**1.628.934**	**1.611.376**
Equity and Liabilities					
Share capital (84,632,528 shares of € 4.00)	22	338.530	338.530	338.530	338.530
Share premium	22	22.826	22.826	22.826	22.826
Share options	22	2.891	1.358	2.891	1.358
Treasury shares	22	-89.446	-89.446	-89.446	-89.446
Other reserves	23	381.027	427.028	508.380	511.301
Retained earnings		878.635	857.170	-6.518	4.861
Equity attributable to equity holders of the parent		**1.534.463**	**1.557.466**	**776.663**	**789.430**
Non-controlling interests		125.478	142.982	-	-
Total equity (a)		**1.659.941**	**1.700.448**	**776.663**	**789.430**
Long-term borrowings	24	705.227	815.095	741.950	620.360
Derivative financial instruments	35	16.784	17.826	5.875	5.824
Deferred income tax liability	18	178.786	191.863	17.972	19.990
Retirement benefit obligations	25	26.908	29.721	11.299	14.442
Provisions	26	17.317	16.553	1.736	1.558
Other non-current liabilities	27	30.632	26.590	5.043	6.399
Non-current liabilities		**975.654**	**1.097.648**	**783.875**	**668.573**
Short-term borrowings	24	174.636	226.564	24.468	104.692
Trade and other payables	28	207.009	220.086	42.586	47.017
Derivative financial instruments	35	1.294	-	-	-
Income tax payable		11.899	22.202	-	-
Provisions	26	1.609	2.059	1.342	1.664
Current liabilities		**396.447**	**470.911**	**68.396**	**153.373**
Total liabilities (b)		**1.372.101**	**1.568.559**	**852.271**	**821.946**
Total Equity and Liabilities (a+b)		**3.032.042**	**3.269.007**	**1.628.934**	**1.611.376**

The accompanying notes on pages 61 to 137 are an integral part of these financial statements

Statement of Changes in Equity

(all amounts in Euro thousands)

	Attributable to equity holders of the parent										
Group	**Ordinary shares**	**Share premium**	**Preferred shares**	**Share options**	**Ordinary treasury shares**	**Preferred treasury shares**	**Other reserves (note 23)**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Balance at 1 January 2011	**308.179**	**22.826**	**30.276**	**6.983**	**-90.065**	**-117**	**471.052**	**819.133**	**1.568.267**	**142.557**	**1.710.824**
Profit for the year	-	-	-	-	-	-	-	11.011	11.011	10.669	21.680
Other comprehensive income	-	-	-	-	-	-	2.097	-	2.097	-1.152	945
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**2.097**	**11.011**	**13.108**	**9.517**	**22.625**
Dividends distributed to shareholders (notes 10)	-	-	-	-	-	-	-	-15.231	-15.231	-	-15.231
Dividends distributed to non-controlling interests	-	-	-	-	-	-	-	-	-	-9.758	-9.758
Treasury shares sold (note 22)	-	-	-	-	736	-	-	-488	248	-	248
Share Capital increase due to share options exercised (note 22)	75	-	-	-	-	-	-	-	75	-	75
Share based payment transactions	-	-	-	1.303	-	-	-	-	1.303	-	1.303
Non-controlling interest's put option recognition & transfer between reserves	-	-	-	-	-	-	3.450	-	3.450	3.434	6.884
Equity increase arising on business combination (note 30)	-	-	-	-	-	-	-	-	-	42	42
Deferred tax adjustment due to change in income tax rates on revaluation reserves	-	-	-	-	-	-	-13.754	-	-13.754	-2.810	-16.564
Transfer between reserves	-	-	-	-6.928	-	-	-35.817	42.745	-	-	-
Balance at 31 December 2011	**308.254**	**22.826**	**30.276**	**1.358**	**-89.329**	**-117**	**427.028**	**857.170**	**1.557.466**	**142.982**	**1.700.448**
Balance at 1 January 2012	**308.254**	**22.826**	**30.276**	**1.358**	**-89.329**	**-117**	**427.028**	**857.170**	**1.557.466**	**142.982**	**1.700.448**
Loss for the year	-	-	-	-	-	-		-24.516	-24.516	5.688	-18.828
Other comprehensive loss	-	-	-	-	-	-	-26.099	-	-26.099	-2.987	-29.086
Total comprehensive (loss)/income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-26.099**	**-24.516**	**-50.615**	**2.701**	**-47.914**
Dividends distributed to non-controlling interests	-	-	-	-	-	-	-	-	-	-19.115	-19.115
Acquisition of non-controlling interests (note 14)	-	-	-	-	-	-	-	665	665	-27.669	-27.004
Partial disposal of subsidiary (note 14)	-	-	-	-	-	-	-1.691	29.492	27.801	22.199	50.000
Non-controlling interest's participation in share capital increase (note 14)	-	-	-	-	-	-	-	-	-	8.800	8.800
Share based payment transactions	-	-	-	1.533	-	-	-	-	1.533	-	1.533
Non-controlling interest's put option recognition & transfer between reserves	-	-	-	-	-	-	-2.387	-	-2.387	-4.420	-6.807
Transfer between reserves	-	-	-	-	-	-	-15.824	15.824	-	-	-
Balance at 31 December 2012	**308.254**	**22.826**	**30.276**	**2.891**	**-89.329**	**-117**	**381.027**	**878.635**	**1.534.463**	**125.478**	**1.659.941**

The accompanying notes on pages 61 to 137 are an integral part of these financial statements

Statement of Changes in Equity (continued)

(all amounts in Euro thousands)

Company	Ordinary shares	Share premium	Preferred shares	Share options	Ordinary treasury shares	Preferred treasury shares	Other reserves (note 23)	Retained earnings	Total equity
Balance at 1 January 2011	**308.179**	**22.826**	**30.276**	**6.983**	**-90.065**	**-117**	**501.022**	**33.858**	**812.962**
Loss for the year	-	-	-	-	-	-	-	-13.278	-13.278
Other comprehensive income	-	-	-	-	-	-	3.351	-	3.351
Total comprehensive income/(loss) for the year	**-**	**-**	**-**	**-**	**-**	**-**	**3.351**	**-13.278**	**-9.927**
Dividends distributed (note 10)	-	-	-	-	-	-	-	-15.231	-15.231
Treasury shares sold (note 22)	-	-	-	-	736	-	-	-488	248
Share Capital increase due to share options exercised (note 22)	75	-	-	-	-	-	-	-	75
Share based payment transactions (note 22)	-	-	-	1.303	-	-	-		1.303
Transfer between reserves	-	-	-	-6.928	-	-	6.928	-	-
Balance at 31 December 2011	**308.254**	**22.826**	**30.276**	**1.358**	**-89.329**	**-117**	**511.301**	**4.861**	**789.430**
Balance at 1 January 2012	**308.254**	**22.826**	**30.276**	**1.358**	**-89.329**	**-117**	**511.301**	**4.861**	**789.430**
Loss for the year	-	-	-	-	-	-	-	-15.552	-15.552
Other comprehensive income	-	-	-	-	-	-	1.252	-	1.252
Total comprehensive (loss)/income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**1.252**	**-15.552**	**-14.300**
Share based payment transactions (note 22)	-	-	-	1.533	-	-	-	-	1.533
Transfer between reserves	-	-	-	-	-	-	-4.173	4.173	-
Balance at 31 December 2012	**308.254**	**22.826**	**30.276**	**2.891**	**-89.329**	**-117**	**508.380**	**-6.518**	**776.663**

The accompanying notes on pages 61 to 137 are an integral part of these financial statements

Cash Flow Statement

(all amounts in Euro thousands)	Notes	Group 2012	Group 2011	Company 2012	Company 2011
		Year ended 31 December		Year ended 31 December	
Cash flows from operating activities					
Cash generated from operations	29	**186.404**	**240.548**	**38.700**	**45.890**
Income tax paid		-21.374	-36.988	-2.711	-18.670
Net cash generated from operating activities (a)		**165.030**	**203.560**	**35.989**	**27.220**
Cash flows from investing activities					
Purchase of property, plant and equipment	11,12	-44.761	-56.150	-5.669	-6.314
Purchase of intangible assets	13	-6.208	-1.917	-1.717	-139
Proceeds from sale of property, plant and equipment	29	28.637	15.484	6.439	286
Proceeds from dividends		39	7	-	269
Acquisition of subsidiaries, net of cash acquired	30	-100	-111	-	-
Share capital increase in subsidiaries		-	-	-30.511	-6.139
Acquisition of non controlling interests	14	-19.004	-	-	-
Proceeds/(payments) from the disposal/acquisition of available-for-sale financial assets	16	37	-44	-	-1
Interest received	6	4.235	4.355	950	204
Net cash flows used in investing activities (b)		**-37.125**	**-38.376**	**-30.508**	**-11.834**
Net cash flows after investing activities (a)+(b)		**127.905**	**165.184**	**5.481**	**15.386**
Cash flows from financing activities					
Proceeds from non-controlling interest's participation in subsidiary's share capital increase	14	8.800	-	-	-
Proceeds from partial disposal of subsidiary's ownership	14	50.000	-	-	-
Proceeds from issuance of ordinary shares	22	-	75	-	75
Sale of treasury shares		-	248	-	248
Proceeds from government grants		8	88	8	88
Interest paid		-73.351	-54.918	-38.180	-37.898
Dividends paid to shareholders		-31	-15.270	-31	-15.270
Dividends paid to non-controlling interests		-19.115	-9.665	-	-
Proceeds from borrowings		788.746	628.301	214.449	156.984
Payments of borrowings		-936.978	-446.923	-175.635	-93.078
Net cash flows (used in)/from financing activities (c)		**-181.921**	**101.936**	**611**	**11.149**
Net (decrease)/increase in cash and cash equivalents		**-54.016**	**267.120**	**6.092**	**26.535**
Cash and cash equivalents at beginning of the year	21	333.935	67.070	29.478	2.943
Effects of exchange rate changes		4.353	-255	31	-
Cash and cash equivalents at end of the year	21	**284.272**	**333.935**	**35.601**	**29.478**

The accompanying notes on pages 61 to 137 are an integral part of these financial statements

Contents

Contents (continued)

1.General information

Titan Cement Co. S.A. (the Company) and, its subsidiaries, joint ventures and associates (collectively the Group) are engaged in the production, trade and distribution of a wide range of construction materials, from aggregates, cement, concrete, cement blocks, dry mortars and fly ash. The Group operates primarily in Greece, the Balkans, Egypt, Turkey and the United States of America.

The Company is a limited liability company incorporated and domiciled in Greece at 22A Halkidos Street - 111 43 Athens with the Number in the Company's Number in the General Electronic Commercial Registry: 224301000 (former Register of Societes Anonymes Number: 6013/06/B/86/90) and is listed on the Athens Stock Exchange.

These financial statements (the financial statements) have been approved for issue by the Board of Directors on March 4, 2013.

Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1.1.Basis of preparation and summary of significant accounting policies

These financial statements comprise the separate financial statement of the Company and the consolidated financial statements of the Group. They have been prepared in accordance with International Financial Reporting Standards (I.F.R.S.), as adopted by the European Union.

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, investment property, and derivative financial instruments measured at fair value.

The preparation of financial statements, in conformity with IFRS, requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the 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 Significant Accounting Estimates and Judgments in note 2.

The financial statements have been prepared with the same accounting policies of the prior financial year, except for the adoption of the new or revised standards, amendments or/and interpretations that are mandatory for the periods beginning on or after 1 January 2012.

Standards and Interpretations effective for the current financial year

- **IFRS 7 – "Financial Instruments: Disclosures (Amended)" - Transfers of financial assets**

The International Accounting Standards Board (IASB) issued an amendment to International Financial Reporting Standard (IFRS) 7 that enhances disclosures for financial assets. These disclosures relate to assets transferred (as defined under IAS 39). If the assets transferred are not derecognised entirely in the financial statements, an entity has to disclose information that enables users of financial statements to understand the relationship between those assets which are not derecognised and their associated liabilities. If those assets are derecognised entirely, but the entity retains a continuing involvement, disclosures have to be provided that enable users of financial statements to evaluate the nature of, and risks associated with, the entity's continuing involvement in those derecognised assets. The amendment has only disclosure effects.

• **IAS 12 Income Taxes (Amended) – Deferred Tax: recovery of underlying assets**

The amendment is effective for annual periods beginning on or after 1 January 2012. This amendment to IAS 12 includes a rebuttable presumption that the carrying amount of investment property measured using the fair value model in IAS 40 will be recovered through sale and, accordingly, that any related deferred tax should be measured on a sale basis. The presumption is rebutted if the investment property is depreciable and it is held within a business model whose objective is to consume substantially all of the economic benefits in the investment property over time, rather than through sale. Specifically, IAS 12 will require that deferred tax arising from a non-depreciable asset measured using the revaluation model in IAS 16 should always reflect the tax consequences of recovering the carrying amount of the underlying asset through sale.

Standards and Interpretations effective from annual periods beginning on or after 1 July 2012

• **IAS 1 "Financial Statement Presentation" (Amended) – Presentation of items of Other Comprehensive Income**

The amendment is effective for annual periods beginning on or after 1 July 2012. The amendments to IAS 1 change the grouping of items presented in Other Comprehensive Income. Items that could be reclassified (or 'recycled') to profit or loss at a future point in time (for example, upon derecognition or settlement) would be presented separately from items that will never be reclassified. The amendment affects presentation only and has no impact on the Group's financial position or performance.

• **IAS 19 "Employee benefits" (Amended)**

The revised is effective for annual periods beginning on or after 1 January 2013. The IASB has issued numerous amendments to IAS 19. This amendment makes significant changes to the recognition and measurement of defined benefit pension expense and termination benefits (eliminates the corridor approach), to the concept of expected returns on plan assets and to the disclosures for all employee benefits. The key changes relate mainly to recognition of actuarial gains and losses, recognition of past service cost / curtailment, measurement of pension expense, disclosure requirements, treatment of expenses and taxes relating to employee benefit plans and distinction between "short-term" and "other long-term" benefits. Early application is permitted.

The revised Standard provides better presentation of the financial position by fully recognizing the actuarial gains and losses in the statement of comprehensive income when they occur. In order the Group to enhance the presentation of its financial position, and simultaneously facilitate the transition to the revised IAS 19, it decided to change the existing accounting policy in the annual financial statements of 2011 by adopted the third alternative method of the current IAS 19. This method has no significant change with method that the revised IAS 19 requires and consequently the Group assessed that the impact of this amendment will not be significant on the financial position or performance of the Group.

• IAS 27 "Separate financial statements" (Revised)

The Standard is effective for annual periods beginning on or after 1 January 2014, as adopted by the EU. This Standard is issued concurrently with IFRS 10 and together, the two IFRSs supersede IAS 27 "Consolidated and Separate Financial Statements". The amended IAS 27 prescribes the accounting and disclosure requirements for investment in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

At the same time, IASB relocated to IAS 27 requirements from IAS 28 "Investments in Associates" and IAS 31 "Interests in Joint Ventures" regarding separate financial statements. Earlier application is permitted. The Group is in the process of assessing the impact of this amendment on the financial position or performance of the Group.

• IAS 28 "Investments in associates and joint ventures" (Revised)

The Standard is effective for annual periods beginning on or after 1 January 2014, as adopted by the EU. As a consequence of the new IFRS 11 and IFRS 12, IAS 28 has been renamed IAS 28 "Investments in Associates and Joint Ventures", and describes the application of the equity method to investments in joint ventures in addition to associates. Earlier application is permitted. The Group is in the process of assessing the impact of this amendment on the financial position or performance of the Group.

• IAS 32 "Financial Instruments: Presentation" (Amended) - Offsetting financial assets and financial liabilities

The amendment is effective for annual periods beginning on or after 1 January 2014. This amendment clarifies the meaning of "currently has a legally enforceable right to set-off" and also clarifies the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The amendments to IAS 32 are to be retrospectively applied. Earlier application is permitted. However, if an entity chooses to early adopt, it must disclose that fact and also make the disclosures required by the IFRS 7 Offsetting Financial Assets and Financial Liabilities amendments. The Group is in the process of assessing the impact of the amendment on the financial position or performance of the Group.

• IFRS 7 "Financial Instruments: Disclosures" (Amended) - Offsetting financial assets and financial liabilities

The amendment is effective for annual periods beginning on or after 1 January 2013. The amendment introduces common disclosure requirements. These disclosures would provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on an entity's financial position. The amendments to IFRS 7 are to be retrospectively applied. The Group is in the process of assessing the impact of the amendment on the financial position or performance of the Group.

• IFRS 9 "Financial Instruments" - Classification and measurement

The new standard is effective for annual periods beginning on or after 1 January 2015. IFRS 9 as issued reflects the first phase of the IASBs work on the replacement of IAS 39 and applies to classification and measurement of financial assets and financial liabilities as defined in IAS 39. Phase 1 of IFRS 9 will have a significant impact on (i) the classification and measurement of financial assets and (ii) a change in reporting for those entities that have designated financial liabilities using the fair value option (FVO). In subsequent phases, the IASB will address hedge accounting and impairment of financial assets. This standard has not yet been endorsed by the EU. The Group will quantify the effect in conjunction with the other phases, when the final standard including all phases is issued.

• **IFRS 10 "Consolidated financial statements"**

The new standard is effective for annual periods beginning on or after 1 January 2014, as adopted by the EU. IFRS 10 replaces the portion of IAS 27 "Consolidated and Separate Financial Statements" that addresses the accounting for consolidated financial statements. It also includes the issues raised in SIC-12 "Consolidation — Special Purpose Entities".

IFRS 10 establishes a single control model that applies to all entities including special purpose entities. The changes introduced by IFRS 10 will require management to exercise significant judgment to determine which entities are controlled, and therefore, are required to be consolidated by a parent, compared with the requirements that were in IAS 27. The new standard changes the definition of control for the purpose of determining which entities should be consolidated. This definition is supported by extensive application guidance that addresses the different ways in which a reporting entity (investor) might control another entity (investee).

The revised definition of control focuses on the need to have both power (the current ability to direct the activities that significantly influence returns) and variable returns (can be positive, negative or both) before control is present. The new standard also includes guidance on participating and protective rights, as well as on agency/ principal relationships. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

• **IFRS 11 "Joint arrangements"**

The new standard is effective for annual periods beginning on or after 1 January 2014, as adopted by the EU. IFRS 11 replaces IAS 31 "Interests in Joint Ventures" and SIC-13 "Jointly-controlled Entities — Non-monetary Contributions by Venturers". IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. The types of joint arrangements are reduced to two: joint operations and joint ventures. Proportional consolidation of joint ventures is no longer allowed. Equity consolidation method is mandatory for participants in joint ventures. Entities that participate in joint operations will follow accounting much like that for joint assets or joint operations today. The standard also provides guidance for parties that participate in joint arrangements but do not have joint control. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

• **IFRS 12 "Disclosures of involvement with other entities"**

The new standard is effective for annual periods beginning on or after 1 January 2014, as adopted by the EU. IFRS 12 includes all of the disclosures that were previously in IAS 27 related to consolidated financial statements, as well as all of the disclosures that were previously included in IAS 31 and IAS 28. These disclosures relate to an entity's interests in subsidiaries, joint arrangements, associates and structured entities. A number of new disclosures are also required. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

- **IFRS 10, IFRS 11 and IFRS 12 (Amendments) "Transition Guidance"**

  The guidance is effective for annual periods beginning on or after 1 January 2013. The IASB issued amendments to IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities. The amendments change the transition guidance to provide further relief from full retrospective application. The date of initial application' in IFRS 10 is defined as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time'. The assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period. If the control assessment is different between IFRS 10 and IAS 27/SIC-12, retrospective adjustments should be determined. However, if the control assessment is the same, no retrospective application is required. If more than one comparative period is presented, additional relief is given to require only one period to be restated. For the same reasons IASB has also amended IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interests in Other Entities to provide transition relief. This guidance has not yet been endorsed by the EU. The Group is in the process of assessing the impact of the guidance on the financial position or performance of the Group.

- **IFRS 13 "Fair value measurement"**

  The new standard is effective for annual periods beginning on or after 1 January 2013. IFRS 13 establishes a single source of guidance under IFRS for all fair value measurements. IFRS 13 does not change when an entity is required to use fair value, but rather provides guidance on how to measure fair value under IFRS when fair value is required or permitted. This standard should be applied prospectively and early adoption is permitted. The Group is in the process of assessing the impact of the new standard on the financial position or performance of the Group.

- **IFRIC Interpretation 20 "Stripping costs in the production phase of a surface mine"**

  The interpretation is effective for annual periods beginning on or after 1 January 2013. This interpretation only applies to stripping costs incurred in surface mining activity during the production phase of the mine ('production stripping costs'). Costs incurred in undertaking stripping activities are considered to create two possible benefits a) the production of inventory in the current period and/or b) improved access to ore to be mined in a future period (striping activity asset). Where cost cannot be specifically allocated between the inventory produced during the period and the stripping activity asset, IFRIC 20 requires an entity to use an allocation basis that is based on a relevant production measure. Early application is permitted. The Group is in the process of assessing the impact of the new interpretation on the financial position or performance of the Group.

Amendments to standards that form part of the IASB's 2011 annual improvements project

The amendments set out below describe the key changes to IFRSs following the publication in May 2012 of the results of the IASB's annual improvements project. The effective date for the amendments is for annual periods beginning on or after 1 January 2013. Earlier application is permitted in all cases, provided that fact is disclosed. These amendments have not yet been endorsed by the EU. The Group is in the process of assessing the impact of the amendments on the financial position or performance of the Group.

- **IAS 1 "Presentation of financial statements"**

  The amendment clarifies the disclosure requirements for comparative information when an entity provides a third balance sheet either (a) as required by IAS 8 "Accounting policies, changes in accounting estimates and errors" or (b) voluntarily.

- **IAS 16 “Property, plant and equipment”**

The amendment clarifies that spare parts and servicing equipment are classified as property, plant and equipment rather than inventory when they meet the definition of property, plant and equipment, i.e. when they are used for more than one period.

- **IAS 32 "Financial Instruments: Presentation"**

The amendment clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with IAS 12 Income Taxes. The amendment removes existing income tax requirements from IAS 32 and requires entities to apply the requirements in IAS 12 to any income tax arising from distributions to equity holders.

- **IAS 34 "Interim financial reporting"**

The amendment clarifies the requirements in IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in IFRS 8 “Operating Segments”. Total assets and liabilities for a particular reportable segment need to be disclosed only when the amounts are regularly provided to the chief operating decision maker and there has been a material change in the total amount disclosed in the entity’s previous annual financial statements for that reportable segment.

1.2.Consolidation

(a)Subsidiaries

The consolidated financial statements comprise the financial statements of the Group and its subsidiaries. Subsidiaries are all entities (including special purpose entities) over which the Group has control. Control exists when the Group has the power to govern the financial and operating policies of an entity generally accompanying a shareholding of more than one half of voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control where it does not have more than 50% of the voting power but is able to govern the financial and operating policies by virtue of de-facto control. 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 Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquire and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s net assets.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer’s previously held equity interest in the acquiree is re-measured to fair value at the acquisition date.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income.

Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the gain is recognised in profit or loss (note 1.6).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of 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.

In the Company's separate financial statements, investments in subsidiaries are account for at cost less impairment, if any. Cost is adjusted to reflect changes in consideration arising from contingent consideration amendments.

The subsidiaries' financial statements are prepared as of the same reporting date and using the same accounting policies as the parent company. Intra-group transactions, balances and unrealised gains/losses on transactions between group companies are eliminated.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of 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.

(c) Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured 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.

(d) Joint ventures

A joint venture is an entity jointly controlled by the Group and one or more other ventures in terms of a contractual arrangement. The Group's interest in jointly controlled entities is accounted for by the proportional consolidation method of accounting. The Group combines its share of the joint ventures' individual income and expenses, assets and liabilities and cash flows on a line-by-line basis with similar items in the Group's financial statements. The Group recognises the portion of gains or losses on the sale of assets by the Group to the joint venture that is attributable to the other ventures.

The Group's share of intra-group balances, transactions and unrealised gains and losses on such transactions between the Group and its joint venture are eliminated on consolidation. Losses on transactions are recognized immediately if there is evidence of a reduction in the net realisable value of current assets or an impairment loss. The joint venture is proportionately consolidated until the date on which the Group ceases to have joint control over the joint venture.

Upon loss of joint control, the Group measures and recognises its remaining investment at its fair value. The difference between the carrying amount of the investment upon loss of joint control and the fair value of the remaining investment and proceeds from disposal is recognised in profit or loss. When the remaining investment constitutes significant influence, it is accounted for as an investment in an associate.

Accounting policies of joint ventures have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

The financial statements of the joint ventures are prepared for the same reporting date with the parent company.

In the Company's separate financial statements, the investment in joint ventures is stated at cost less impairment, if any.

(e)Associates

Associates are entities over which the Group has significant influence but which it does not control and generally has 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 (net of any cumulative impairments losses) identified on acquisition.

Under the equity method the Group's share of the post-acquisition profits or losses is recognised in the income statement and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, the Group does not recognize further losses, unless the Group has incurred legal or constructive obligations or made payments on behalf of the associates.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amount previously recognized in other comprehensive income is reclassified to profit or loss where appropriate. Upon loss of significant influence over the associate, the Group measures and recognises any retained

Investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of the impairment as the difference between the recoverable amount of the associate ant its carrying value and recognizes the amount adjacent to “share of profit/(loss) of associates” in the income statement.

Profit and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group’s financial statements only to the extent of unrelated investor’s interests in the associates. Unrealized 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 adjusted where necessary to ensure consistency with the policies adopted by the Group.

The financial statements of the associates are prepared for the same reporting date with the parent company.

In the Company’s separate financial statements, the investment in associates is stated at cost less impairment, if any.

(f)Commitments to purchase interests held by non-controlling interests

As part of the acquisition process of certain entities, the Group has granted third party shareholders the option to require the Group to purchase their shares subject to predetermined conditions (a “put” option). These shareholders could be either international institutions, such as the European Bank for Reconstruction and Development (EBRD), or private investors who are essentially financial or industrial investors or former shareholders of the acquired entities.

The Group applies the following policy for the recognition of put options:

• Non-controlling interest is still attributed its share of profit and losses (and other changes in equity).

• The non-controlling interest is reclassified as liability at each reporting date, as if the acquisition took place at that date.

• Any difference between the fair value of the liability under the put option at the end of the reporting period and the non-controlling interest reclassified is calculated based on the current policy of the Group for acquisitions of non-controlling interests.

If the put option is ultimately exercised, the amount recognized as the financial liability at that date will be extinguished by the payment of the exercise price. If the put option expires unexercised, the position will be unwound such that the non-controlling interest at that date is reclassified back to equity and the financial liability is derecognized.

1.3.Foreign currency translation

(a)Functional and presentation currency

Items included in the financial statements of each entity in the Group are measured in the functional currency, which is the currency of the primary economic environment in which each Group entity operates. The consolidated financial statements are presented in Euros, which is the functional and presentation currency of the Company and the presentation currency of the Group.

(b)Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates (i.e. spot rates) prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying net investment hedges. When the related investment is disposal of, the cumulative amount is reclassified to profit or loss.

Translation differences on non-monetary financial assets and liabilities, such as equity investments held at fair value are included in the income statement. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included in other comprehensive income.

(c)Group companies

The operating results and financial position of all group entities (none of which operate in a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

-Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of the balance sheet.

-Income and expenses for each income statement are translated at average exchange rates.

-All exchange differences resulting from the above are recognised in other comprehensive income and subsequently included in "foreign currency translation reserve".

-On the disposal of a foreign operation, the cumulative exchange differences relating to that particular foreign operation, recognized in the "foreign currency translation reserve" within equity, are recognised in the income statement as part of the gain or loss on sale. On the partial disposal of a foreign subsidiary, the proportionate share of the cumulative amount is re-attributed to the non-controlling interest in that operation.

On consolidation, exchange differences arising from the translation of borrowings designated as hedges of investments in foreign entities, are taken to other comprehensive income and included under "currency translation differences on derivative hedging position" in other reserves.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognized in other comprehensive income.

1.4.Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and impairment losses, except for land (excluding quarries), which is shown at cost less impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the items and any environmental rehabilitation costs to the extent that they have been recognised as a provision (refer to note 1.20). Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement as incurred. Subsequent costs are depreciated over the remaining useful life of the related asset or to the date of the net major subsequent cost whichever is the sooner.

Depreciation, with the exception of quarries, is calculated using the straight-line method to allocate the cost of the assets to their residual values over their estimated useful lives as follows:

Buildings	Up to 50 years
Plant and machinery	Up to 40 years
Motor vehicles	5 to 20 years
Office equipment furniture and fittings (including computer equipment and software integral to the operation of the hardware)	2 to 10 years
Minor value assets	Up to 2 years

Land on which quarries are located is depreciated on a depletion basis. This depletion is recorded as the material extraction process advances based on the unit-of-production method. Other land is not depreciated.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (refer to note 1.8).

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

Interest costs on borrowings specifically used to finance the construction of property, plant and equipment are capitalised during the construction period if recognition criteria are met (refer to note 1.29).

1.5.Investment property

Investment property is property held for long-term rental yields or for capital appreciation or both and that is not occupied by any of the subsidiaries of the Group. Owner-occupied properties are held for production and administrative purposes. This distinguishes owner-occupied property from investment property.

Investment property is measured initially at cost, including related transaction costs and where applicable borrowing costs (refer to 1.29).

After initial recognition investment property is carried at fair value. Fair value reflects market conditions at the reporting date and is determined internally on an annual basis by management or external valuators. The best evidence of fair value is provided by current prices in an active market for similar property in the same location and condition and subject to the same lease terms and other conditions (comparable transactions). When such identical conditions are not present, the Group takes account of, and makes allowances for, differences from the comparable properties in location, nature and condition of the property or in contractual terms of leases and other contracts relating to the property.

A gain or loss arising from a change in the fair value of investment property is recognized in the period in which it arises in the income statement within “other income” or “other expense” as appropriate.

Subsequent expenditure is capitalised to the asset’s carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

The fair value of investment property does not reflect future capital expenditure that will improve or enhance the property and does not reflect the related future benefits from this future expenditure other than those a rational market participant would take into account when determining the value of the property.

Investment properties are derecognised when they have been disposed.

Where the Group disposes of a property at fair value in an arm’s length transaction, the carrying value immediately prior to the sale is adjusted to the transaction price, and the adjustment is recorded in the income statement within net gain from fair value adjustment on investment property.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment. Its fair value at the date of reclassification becomes its deemed cost for subsequent accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, IAS 16 is applied up to the date of transfer, since investment property is measured at fair value. The property is fair valued at the date of transfer and any revaluation gain or loss, being the difference between fair value and the previous carrying amount, is accounted for as a revaluation surplus or deficit in equity in accordance with IAS 16. Revaluation surplus is recognized directly in equity through other comprehensive income, unless there was an impairment loss recognized for the same property in prior years. In this case, the surplus up to the extent of this impairment loss is recognized in profit or loss and any further increase is recognized directly in equity through other comprehensive income. Any revaluation deficit is recognized in profit or loss.

1.6.Intangible assets

(a) Goodwill

Goodwill arises on the acquisition of subsidiaries and represents the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interest over the net identifiable assets acquired and liabilities assumed. Goodwill represents the future economic benefits arising from assets that are not capable of being individually identified and separately recognized in a business combination.

Goodwill is not amortized. After initial recognition, it is measured at cost less any accumulated impairment losses.

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

Impairment reviews are undertaken annually (even if there is no indication of impairment) or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of the value-in-use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

(b) Other intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the income statement as the expense category that is consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the income statement when the asset is derecognised.

Acquired computer software programmes and licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software when these are expected to generate economic benefits beyond one year. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

The Group's intangible assets have a finite useful life. The amortization methods used for the Group's intangibles are as follows:

	Amortization Method	**Useful Lives**
Patents, trademarks and customer relationships	straight-line basis	up to 20 years
Licenses (mining permits)	straight-line basis / depletion method	shorter of: the permit period and the estimated life of the underlying quarry unit-of-production method
Development costs (quarries under operating leases)	note 1.7	note 1.7
Computer software	straight-line basis	3 to 7 years

1.7.Deferred stripping costs

Stripping costs comprise the removal of overburden and other waste products. Stripping costs incurred in the development of a quarry before production commences are capitalised as follows:

Where such costs are incurred on quarry land that is owned by the Group, these are included within the carrying amount of the related quarry, under Property, plant and equipment and subsequently depreciated over the life of the quarry on a units-of-production basis. Where such costs are incurred on quarries held under an operating lease, these are included under 'Development expenditure' under Intangible assets and amortised over the shorter of the lease term and the useful life of the quarry.

1.8.Impairment of non-financial assets other than Goodwill

Assets that have an indefinite useful life (land not related to quarries) are not subject to amortisation and are tested annually for impairment. Assets that are subject to 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, as an expense immediately, for the amount by which the asset's carrying amount exceeds its recoverable amount. 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 suffered impairment are reviewed for possible reversal of the impairment at each reporting date. An asset's recoverable amount is the higher of an asset or cash generating units (CGU) fair value less costs of sell and its value-in-use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is impaired and is written down to its recoverable amount.

1.9.Leases – where a Group entity is the lessee

Leases where substantially all 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 the income statement on a straight-line basis over the period of the lease.

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the commencement of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments, each determined at the inception of the lease. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in liabilities. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. Property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset and the lease term.

Leases are classified as finance leases or operating leases at the inception of the lease.

1.10.Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (based on normal operating capacity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Appropriate allowance is made for damaged, obsolete and slow moving items. Write-downs to net realisable value and inventory losses are expensed in cost of sales in the period in which the write-downs or losses occur.

1.11.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.

1.12.Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are included within borrowings in current liabilities in the balance sheet. The components of cash and cash equivalents have a negligible risk of change in value.

1.13.Share capital

(a) Ordinary shares and non-redeemable non-voting preferred shares with minimum statutory non-discretionary dividend features are classified as equity. Share capital represents the value of company's shares in issue. Any excess of the fair value of the consideration received over the par value of the shares issued is recognized as "share premium" in shareholders' equity.

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

(c) Where the Company or its subsidiaries purchases the Company's own equity share capital (treasury shares), the consideration paid including any attributable incremental external costs net of income taxes is deducted from total shareholders' equity until they are cancelled. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributed incremental transaction costs and the related income tax effect, is included in shareholders' equity.

1.14.Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. In subsequent periods, borrowings are carried at amortised cost using the effective interest method. Any difference between proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group entity has an unconditional right to defer settlement for at least 12 months after the balance sheet date.

1.15.Current and deferred income taxes

The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, 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.

Current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions 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, if the deferred income tax arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit and loss, it is not accounted for.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint arrangements and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the reporting date and are expected to apply when the related deferred income tax asset is realised or the related deferred income tax liability is settled.

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 taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

1.16.Employee benefits

(a)Pension and other retirement obligations

The Group operates various pension and other retirement schemes, including both defined benefit and defined contribution pension plans in accordance with the local conditions and practices in the countries in which it operates. A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan.

Typically defined benefit plans define an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and compensation.

The liability recognized in the statement of financial position in respect of defined benefit pension or retirement plans is the present value of the defined benefit obligation at the reporting date less the fair value of plan assets (where funded) together with adjustments for unrecognized past service costs. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high quality corporate bonds or government bonds which have terms to maturity approximating to the terms of the related pension obligation.

Actuarial gains and losses from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Past-service costs are recognised immediately in income, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period. For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. Once the contributions have been paid, the Group has no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due and as such are included in staff costs.

(b)Termination benefits

Termination benefits are payable whenever an employee’s employment is terminated by the Group, before the normal retirement date or whenever an employee accepts voluntary redundancy in exchange for these benefits.

The Group recognises termination benefits when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

(c)Profit sharing and bonus plans

A liability for employee benefits in the form of profit sharing and bonus plans is recognised in other provisions when the following conditions are met:

- there is a formal plan and the amounts to be paid are determined before the time of issuing the financial statements; or

- past practice has created a valid expectation by employees that they will receive a bonus/ profit sharing and the amount can be determined before the time of issuing the financial statements.

(d)Share-based payments

Share options are granted to certain members of senior management at a discount to the market price of the shares at par value on the respective dates of the grants and are exercisable at those prices. The options must be exercised within twelve months of their respective vesting period. The scheme has a contractual option term of three years.

The fair value of the employee services received in exchange for the grant of the options is recognised as an expense during the vesting period , which is the period over which all of the specific vesting conditions are to be satisfied. The total amount to be expensed over the vesting period is determined by reference to the fair value of the options granted, specified by the date of grant:

- Including any market performance conditions (for example, an entity’s share price);

- Excluding the impact if any service and non-market performance vesting conditions (for example profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

- Including the impact of any non-vesting conditions (for example, the requirement for employees to save)

At the end of each reporting date, the Group revises its estimates of the number of options that are expected to vest and recognises the impact of the revision of original estimates, if any, in administrative expenses and cost of goods sold in the income statement, with a corresponding adjustment to equity. When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium reserve.

1.17.Government grants

Government grants are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

1.18.CO_2 Emission rights

Emission rights are accounted for under the net liability method, based on which the Group recognizes a liability for emissions when the emissions are made and are in excess of the allowances allocated. The Group has chosen to measure the net liability on the basis of the period for which the irrevocable right to the cumulative emissions rights have been received. Emission rights acquired in excess of those required to cover its shortages are recognized as intangible asset. Proceeds from the sale of granted emission rights are recorded as a reduction to cost of sales.

1.19.Provisions

Provisions represent liabilities of uncertain timing or amount and are recognised when the Group has 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 a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presenting in the income statement net of any reimbursement.

Provisions are not recognized for future operating losses. The Group recognises a provision for onerous contracts when the economic benefits to be derived from a contract are less than the unavoidable costs of meeting the obligations under the contract.

Restructuring provisions comprise lease termination penalties and employee termination payments, and are recognised in the period in which the Group becomes legally or constructively committed to payment. Costs related to the ongoing activities of the Group are not provided for in advance.

Where the effect of the time value of money is material, provisions is measured at the present value of the expenditure 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 the passage of time is recognized as a finance expense.

1.20.Site restoration, quarry rehabilitation and environmental costs

Companies within the Group are generally required to restore the land used for quarries and processing sites at the end of their producing lives to a condition acceptable to the relevant authorities and consistent with the Group’s environmental policies. Provisions for environmental restoration are recognised when the Group has a present legal or constructive obligation as a result of past events and, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated.

Provisions associated with environmental damage represent the estimated future cost of remediation. Estimating the future costs of these obligations is complex and requires management to use judgments

The estimation of these costs is based on an evaluation of currently available facts with respect to each individual site and considers factors such as existing technology, currently enacted laws and regulations and prior experience in remediation of sites. Inherent uncertainties exist in such evaluations primarily due to unknown conditions, changing governmental regulations and legal standards regarding liability, the protracted length of the clean-up periods and evolving technologies. The environmental and remediation liabilities provided for reflect the information available to management at the time of determination of the liability and are adjusted periodically as remediation efforts progress or as additional technical or legal information becomes available.

Estimated costs associated with such rehabilitation activities are measured at the present value of future cash outflows expected to be incurred. When the effect of the passage of time is not significant, the provision is calculated based on discounted cash flows. Where a closure and environmental obligation arises from quarry/mine development activities or relate to the decommissioning property, plant and equipment the provision can be capitalized as part of the cost of the associated asset (intangible or tangible) The capitalized cost is depreciated over the useful life of the asset and any change in the net present value of the expected liability is included in finance costs, unless they arise from changes in accounting estimates of valuation.

1.21.Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sale of goods and services stated net of value-added tax, rebates and discounts,.

Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer (usually upon delivery and customer acceptance) and the realization of the related receivable is reasonably assured.

Revenue arising from services is 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.

Revenue from rental income arising, from operating leases, is accounted for on a straight-line basis over the lease terms.

Interest income is recognised using the effective interest method.

Dividend income is recognised when the right to receive the payment is established.

1.22.Dividend distribution

Dividend to the Company’s shareholders is recognized in the financial statements in the period in which the Board of Directors’ proposed dividend is ratified at the Shareholders’ Annual General Meeting.

1.23.Segment information

Segment information is presented on the same basis as the internal information provided to the chief operating decision maker. The chief operating decision maker is the person (or the group of persons) that allocates resources to and assesses the operating results of the segments.

For management purposes, the Group is structured in four geographic regions: Greece and Western Europe, North America, South East Europe and Eastern Mediterranean. Each region is a cluster of countries. The aggregation of countries is based on proximity of operations and to an extent in similarity of economic and political conditions. Each region has a regional Chief Executive Officer (CEO) who reports to the Group's CEO. In addition, the Finance Department is organized also by geographic region for effective financial controlling and performance monitoring.

1.24.Financial assets

Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

- Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months, otherwise they are classified as non-current.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

- 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 the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date. This is the date on which the group commits to purchase or sell the asset. Investments 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 is 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 investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are presented in the income statement within 'finance income' or 'finance expense' in the period in which they arise.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income. When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement as 'gains and losses from investment securities'.

Dividends on available-for-sale equity instruments are recognised in the income statement as part of other income when the group's right to receive payments is established.

1.25.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 recognised amounts, and there is an intention to settle on the net basis the liability or realise the asset and settle the liability simultaneously.

1.26.Impairment of financial assets

a)Assets carried at amortised cost

The Group assesses at the end of each reporting period 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 consolidated income statement.

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 income statement.

(b) Assets classified as available-for-sale

The group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. 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 consolidated income statement on equity instruments are not reversed through the consolidated income statement. 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 consolidated income statement.

1.27.Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value. The method of recognizing the resulting gain or loss is dependent on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group designates certain derivatives as hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective strategy for undertaking various hedge transactions.This process includes linking all derivatives designated as hedges to specific assets and liabilities or to specific firm commitments or forecast transactions. The Group also documents its assessment, both at the hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

The fair values of various derivative instruments used for hedging purposes are disclosed in note 34. Movements on the hedging reserve in other comprehensive income are shown in note 34. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges

The effective portion of gains and losses from measuring cash flow hedging instruments, including cash flow hedges for forecasted foreign currency denominated transactions and for interest rate swaps, recognized in other comprehensive income in "Currency translation differences on derivate hedging position" in "Other reserves". The gain or loss relating to the ineffective portion is recognized immediately in the income statement within "Finance income/expenses".

Amounts accumulated in equity are reclassified to profit or loss in the periods when the affects profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognized in the income statement within "Finance income/expense".

When a hedging instrument or hedge relationship is terminated but the hedged transaction is still expected to occur, the cumulative unrealized gain or loss at that point remains in equity and is recognized when the forecast transaction is no longer expected to occur, the cumulative unrealized gain or loss that was reported in equity is immediately transferred to "Other income/expense" in the income statement.

Net investment hedge

Hedges of net investments in foreign entities are accounted for similarly to cash flow hedges. Where the hedging instrument is a derivative, any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in currency translation differences on derivative hedging position in other reserves. The gain or loss relating to the ineffective portion is recognised immediately in other income/expenses in the income statement. However, where the hedging instrument is not a derivative (for example, a foreign currency borrowing), all foreign exchange gains and losses arising on the translation of a borrowing that hedges such an investment (including any ineffective portion of the hedge) are recognised in currency translation differences on derivative hedging position in other reserves.

Gains and losses accumulated in equity are included in the income statement when the foreign operation is partially disposed of or sold. The Group's 'Other reserves' include gains that have resulted from such hedging activities carried out in the past.

1.28.De-recognition of financial assets and liabilities

(i) Financial assets: A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

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

Where the Group has transferred its rights to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the Group's continuing involvement in the asset. A respective liability is also recognized.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

(ii) Financial liabilities: A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of income.

1.29.Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying which is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets until such as the asset is substantially ready for its intended use or sale. All other borrowing costs are expensed in the profit of loss in the period in which they are oncurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

1.30.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.

1.31. Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount. Examples of exceptional items include gains/losses on disposal of non-current assets, restructuring costs and other unusual gains or losses.

2.Significant accounting estimates and judgments

The preparation of the financial statements requires management to make estimations and judgments that affect the reported disclosures. On an ongoing basis, management evaluates its estimates, which are presented bellow in paragraphs 2.1 to 2.7.

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.

These management's estimation and assumptions form the bases for making judgments about the carrying value of assets and liabilities that are not readily available from other sources. 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.

2.1.Estimated impairment of goodwill

Management tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1.6. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. The basic assumptions that are used in the calculations are explained further in note 13. These calculations require the use of estimates which mainly relate to future earnings and discount rates.

2.2.Income taxes

Group entities are subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

2.3.Fair value and useful lives of Property, plant and equipment

In addition, management makes estimations in relation to useful lives of amortized assets. Further information is given in paragraph 1.4.

2.4.Provision for Environmental Rehabilitation

The Group recognizes a provision for environmental rehabilitation and, more specifically, a provision for future restoration of land disturbed, as of the reporting date, as a result of past activity and in line with the prevailing environmental legislation of each country in which it operates or the binding group practices. The provision for environmental rehabilitation is re-estimated on an annual basis and it reflects the present value of the expected restoration costs, using estimated cash flows as of the reporting date and is calculated based on the area of the land disturbed at the reporting date and the cost of rehabilitation per metric unit of land at the level of the broader area of interest. Given the complexity of the calculations and the significant assumptions therein. Management provides at the reporting date its best estimate in relation to the present value of the aforementioned liability.

2.5.Provision for staff leaving indemnities

The cost for the staff leaving indemnities is determined based on actuarial valuations. The actuarial valuation requires management making assumptions about future salary increases, discount rates, mortality rates, etc. Management, at each reporting date when the provision is re-examined, tries to give its best estimate regarding the above mentioned parameters.

2.6.Contingent liabilities

The existence of contingent liabilities requires from management making assumptions and estimates continuously related to the possibility that future events may or may not occur as well as the effects that those events may have on the activities of the Group.

2.7.Allowance For doubtful accounts receivable

The Group's management periodically reassess the adequately of the allowance for doubtful accounts receivable using parameters such as its credit policy, reports from its legal counsel on recent developments of the cases they are handling, and its judgment/estimate about the impact of other factors affecting the recoverability of the receivables.

3. Operating segment information

For management purposes, the Group is structured in four operating (geographic) segments: Greece and Western Europe, North America, South East Europe and Eastern Mediterranean. Each operating segment is a cluster of countries. The aggregation of countries is based on geographical position.

Each region has a regional Chief Executive Officer (CEO) who reports to the Group's CEO. In addition, the Finance Department is organized also by operating segment for effective financial controlling and performance monitoring.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on Earnings before Interest, Taxes, Depreciations & Amortization (EBITDA). The Group financing is managed on a group basis and finance costs and finance revenue is allocated to operating segments.

Additional information of operating segment

(all amounts in Euro thousands)

For the year ended 31 December 2012

	Greece and Western Europe	North America	South Eastern Europe	Eastern Mediterranean	Adjustments and eliminations	Total
Gross revenue	263.925	369.878	225.131	295.954	-	1.154.888
Inter-segment revenue	-23.771	-426	-31	-	-	-24.228
Revenue from external customers	**240.154**	**369.452**	**225.100**	**295.954**	**-**	**1.130.660**
Profit before interest, taxes, depreciation and amortization	**32.649**	**5.833**	**64.235**	**93.766**	**-645**	**195.838**
Depreciation & amortization	-19.526	-58.679	-21.433	-25.248	203	-124.683
Impairment of tangible and intangible assets related to cost of sales	-5.287	-	-616	-144	-	-6.047
Profit/(loss) before interest and taxes	**7.836**	**-52.846**	**42.186**	**68.374**	**-442**	**65.108**
Finance costs - net	-41.730	-18.159	6.228	-11.908	-	-65.569
Share of losses of the associates	-284	-	-557	-	-	-841
(Loss)/profit before taxes	**-34.178**	**-71.005**	**47.857**	**56.466**	**-442**	**-1.302**
Less: Income tax	3.426	1.846	-7.582	-15.216	-	-17.526
(Loss)/profit after taxes	**-30.752**	**-69.159**	**40.275**	**41.250**	**-442**	**-18.828**
Attributable to:						
Titan Cement S.A. shareholders	-30.745	-69.159	40.805	35.025	-442	-24.516
Non-controlling interests	-7	-	-530	6.225	-	5.688
	-30.752	**-69.159**	**40.275**	**41.250**	**-442**	**-18.828**

	Greece and Western Europe	North America	South Eastern Europe	Eastern Mediterranean	Adjustments and eliminations	Total
ASSETS						
Non-current assets	2.378.092	744.838	460.360	832.801	-2.101.329	2.314.762
Current assets	314.733	131.992	414.442	375.046	-518.933	717.280
Total Assets	**2.692.825**	**876.830**	**874.802**	**1.207.847**	**-2.620.262**	**3.032.042**
LIABILITIES						
Non-current liabilities	1.299.218	285.516	163.092	202.997	-975.169	975.654
Current liabilities	610.880	160.898	44.892	98.717	-518.940	396.447
Total Liabilities	**1.910.098**	**446.414**	**207.984**	**301.714**	**-1.494.109**	**1.372.101**

3. Operating segment information (continued)

(all amounts in Euro thousands)	Greece and Western Europe	North America	South Eastern Europe	Eastern Mediterranean	Total
Capital expenditures (note 11,12,13)	8.980	7.376	13.884	20.729	50.969
(Reversal of impairment)/impairment of property, plant and equipment (note 11)	-1.041	-	128	-	-913
Impairment of intangible assets-excluding goodwill (note 13)	4.501	-	486	-	4.987
Impairment of Goodwill (note 13)	1.829	-	-	144	1.973
(Reversal of allowance)/allowance for doubtful debtors (note 20)	-2.669	1.353	1.208	195	87
Investment in associates (note 15)	-	-	2.734	-	2.734

Capital expenditures consist of additions of property, plant and equipment, intangible assets and investment properties including assets from acquisition of subsidiaries.
Impairment charges are included in the Income Statement.

Turnover is reported in the country in which the customer is located and comprises of the sale of goods and services. There are sales between geographical segments at arms length. Total assets and capital expenditures are presented at the geographical segment of the company that owns the assets.
The transactions between segments are performed on the basis described in note 33.

Additional information for business activities

(all amounts in Euro thousands)

For the year ended 31 December 2012

	Cement	Ready mix, aggregates and blocks	Other	Total
Turnover	828.906	294.808	6.946	1.130.660

The cement activity includes cement and cementitious materials.

Other operations of the Group mainly consist of administrative expenses not directly attributable to the Group's main activities. It also includes shipping and transportation activities that are not of sufficient size to be reported separately.

Note that the Company sold cement and aggregates to its subsidiary Interbeton S.A. that represented in 2012 8.37% (2011: 13.4%) of the Company's turnover.

3. Operating segment information (continued)

Additional information of operating segment

(all amounts in Euro thousands)

For the year ended 31 December 2011

	Greece and Western Europe	North America	South Eastern Europe	Eastern Mediterranean	Adjustments and eliminations	Total
Gross revenue	285.844	303.841	250.215	277.848	-	1.117.748
Inter-segment revenue	-17.109	-174	-9.061	-	-	-26.344
Revenue from external customers	**268.735**	**303.667**	**241.154**	**277.848**	**-**	**1.091.404**
Profit/(losses) before interest, taxes, depreciation and amortization	**35.451**	**-5.693**	**87.155**	**127.479**	**-334**	**244.058**
Depreciation & amortization	-19.011	-54.980	-22.276	-23.865	202	-119.930
Impairment of tangible and intangible assets related to cost of sales	-3.912	-14.798	-	-	-	-18.710
Profit/(loss) before interest and taxes	**12.528**	**-75.471**	**64.879**	**103.614**	**-132**	**105.418**
Finance costs - net	-42.340	-16.835	2.866	-9.979	-	-66.288
Share of losses of the associates	-225	-	-1.166	-	-	-1.391
(Loss)/profit before taxes	**-30.037**	**-92.306**	**66.579**	**93.635**	**-132**	**37.739**
Less: Income tax expense	-966	13.735	-8.722	-20.106	-	-16.059
(Loss)/profit after taxes	**-31.003**	**-78.571**	**57.857**	**73.529**	**-132**	**21.680**
Attributable to:						
Titan Cement S.A. shareholders	-31.006	-78.571	56.828	63.892	-132	11.011
Non-controlling interests	3	-	1.029	9.637	-	10.669
	-31.003	**-78.571**	**57.857**	**73.529**	**-132**	**21.680**

	Greece and Western Europe	North America	South Eastern Europe	Eastern Mediterranean	Adjustments and eliminations	Total
ASSETS						
Non-current assets	2.437.729	832.318	682.644	979.924	-2.466.103	2.466.512
Current assets	389.264	146.829	144.263	329.156	-207.017	802.495
Total Assets	**2.826.993**	**979.147**	**826.907**	**1.309.080**	**-2.673.120**	**3.269.007**
LIABILITIES						
Non-current liabilities	1.756.615	403.575	130.198	147.945	-1.340.685	1.097.648
Current liabilities	268.078	67.747	56.543	266.632	-188.089	470.911
Total Liabilities	**2.024.693**	**471.322**	**186.741**	**414.577**	**-1.528.774**	**1.568.559**

	Greece and Western Europe	North America	South Eastern Europe	Eastern Mediterranean	Total
Capital expenditures (note 11,12,13)	10.253	6.265	29.879	11.670	58.067
Impairment of property, plant and equipment (note 11)	126	14.798	-	-	14.924
Impairment of Goodwill (note 13)	3.786	-	-	-	3.786
Allowance for doubtful debtors (note 20)	5.533	2.483	4.117	-10.234	1.899
Investment in associates (note 15)	4.888	-	3.325	-	8.213

Capital expenditures consist of additions of property, plant and equipment, intangible assets and investment properties including assets from acquisition of subsidiaries.
Impairment charges are included in the Income Statement.

Additional information for business activities

For the year ended 31 December 2011

	Cement	Ready mix, aggregates and blocks	Other	Total
Turnover	792.524	287.428	11.452	1.091.404

4. Other revenue and expenses

(all amounts in Euro thousands)	Group		Company	
	2012	2011	2012	2011
Scrap sales	1.429	585	168	242
Compensation income	312	1.934	-	480
Income from subsidies	1.863	1.659	279	88
Income from services	5.924	1.395	6.463	1.630
Rental income	2.117	2.099	1.399	1.537
Gains on disposal of property, plant and equipment (note 29)	2.838	5.959	-	78
Fair value gain from investment property (note 12)	884	-	-	-
Reversal of Staff leaving indemnities provision (note 25)	2.119	-	1.653	-
Reversal of non utilized provisions (note 29)	1.841	-	2.496	-
Refundable clay fees (note 20,28,29)	806	25.589	-	-
Other income	302	4.661	1.074	1.229
Other income total	**20.435**	**43.881**	**13.532**	**5.284**
Provisions (note 29)	-	-2.536	-	-253
Losses on disposal of property, plant and equipment (note 29)	-	-	-232	-
Fair value loss from investment property (note 12)	-264	-199	-226	-199
Staff leaving indemnities (note 25)	-	-1.126	-	-1.140
Restructuring cost (note 25)	-2.873	-11.806	-728	-7.611
Exceptional items (*)	-7.589	-	-	-
Legal expenses (note 32)	-59	-4.470	-	-
Other expenses	-880	-825	-353	-353
Other expenses total	**-11.665**	**-20.962**	**-1.539**	**-9.556**

(*) Exceptional items include: a) The expenditure of €3,574 thousand that the Group incurred from August, 2012 due to the collapse of a concrete silo roof at the Group's cement plant in the Pennsuco US, resulting in the fatality of one employee (note 32), b) the amount of €262 thousand was spent for the damages at the Group's facilities in Essex, New Jersey due to the hurricane "Sandy", and c) the exceptional charge that stood at €3,753 thousand from the final judgement of decision of the legal case between the Beni Suef governorate and the Group's subsidiary in Egypt, Beni Suef Co SAE, and concerned the retroactive payment in favor of the Beni Suef governorate of the fee of EGP 2(€0.24) per each cement ton produced for the period starting from 22 October 2002 till 3I December 2011.

5. Expenses by nature

(all amounts in Euro thousands)	Group		Company	
	2012	2011	2012	2011
Staff costs and related expenses (note 7)	-217.498	-233.911	-42.631	-60.404
Raw materials and consumables used	-262.275	-214.334	-31.164	-20.836
Energy cost	-221.613	-191.395	-55.688	-39.110
Changes in inventory of finished goods and work in progress	9.521	-16.165	-1.673	-5.301
Distribution expenses	-122.072	-125.236	-34.226	-28.282
Third party fees	-72.474	-55.625	-19.688	-19.548
Other expenses	-57.181	-33.599	-10.463	1.405
Total expenses by nature	**-943.592**	**-870.265**	**-195.533**	**-172.076**
Included in:				
Cost of sales	-830.947	-748.654	-163.866	-139.349
Administrative expenses	-93.026	-100.504	-31.281	-32.109
Selling and marketing expenses	-19.619	-21.107	-386	-618
	-943.592	**-870.265**	**-195.533**	**-172.076**

6. Finance revenue/(costs)

(all amounts in Euro thousands)	Group		Company	
	2012	2011	2012	2011
Interest income (note 29)	4.235	4.355	950	204
Exchange differences gains (note 29)	4.919	1.141	1.832	624
Gains on financial instruments (note 29)	2.162	1.752	999	749
Finance revenue	**11.316**	**7.248**	**3.781**	**1.577**
Interest expense (note 29)	-65.728	-55.703	-38.885	-37.912
Finance costs of actuarial studies (note 25)	-1.086	-1.843	-693	-1.276
Exchange differences losses (note 29)	-3.443	-13.059	-1.134	-458
Losses on financial instruments (note 29)	-6.587	-2.704	-3.544	-2.473
Losses on investments (note 29)	-	-	-	-3
Finance lease interest (note 29)	-41	-153	-	-
	-76.885	**-73.462**	**-44.256**	**-42.122**
Capitalized interest expense (note 11,29)	-	154	-	-
Finance costs	**-76.885**	**-73.308**	**-44.256**	**-42.122**

During 2011, the Group capitalized interest expense (note 11) of €154 thousands generated from the Bulgaria and Turkey operations. The amounts capitalized were calculated on an weighted average interest rate basis. At the end of 2011, the weighted average interest for the operations in Bulgaria (loans in BGN) was 3.86% and in Turkey (loans in euro) was 5.7%. The capitalization of interest for the Group's operations in Bulgaria relates to the RDF (Refuse Derived Fuel) Installation. The capitalization of interest for the Group's operations in Turkey relates to the construction of the third mill.

7. Staff costs

(all amounts in Euro thousands)	Group		Company	
	2012	2011	2012	2011
Wages and salaries	193.864	194.881	34.484	40.888
Social security costs	20.240	22.821	7.237	8.714
Share options granted to directors and employees (note 29)	1.554	1.434	1.142	775
Other post retirement and termination benefits - defined benefit plans (see note 4,6,25)	1.840	14.775	-232	10.027
Total staff costs (note 5)	**217.498**	**233.911**	**42.631**	**60.404**

The employees in the Group are employed on a full-time basis and analysed as follows:	Group		Company	
	2012	2011	2012	2011
Greece and Western Europe	1.162	1.208	790	805
North America	1.719	1.733	-	-
South Eastern Europe	1.633	1.690	-	-
Eastern Mediterranean	909	886	-	-
	5.423	**5.517**	**790**	**805**

8. Income tax expense

	Group		Company	
(all amounts in Euro thousands)	**2012**	**2011**	**2012**	**2011**
Current tax	19.125	25.986	-	-
Deferred tax (note 18)	-3.882	-13.376	-2.342	-1.565
Non deductible taxes and differences from tax audit	2.283	3.449	1.126	3.187
	17.526	**16.059**	**-1.216**	**1.622**

According to the article 9, paragraph 30 of the Law 4110/2013, the tax rate of Societes Anonymes in Greece, has changed from 20% to 26% for the taxable income of the fiscal year 2013 and forward. There is no change in the taxable losses of the fiscal years 2011 and 2012 (note 38).

The tax on the Group's profit differs from the amount that would arise had the Group used the nominal tax rate of the home country of the parent Company as follows:

	Group		Company	
(all amounts in Euro thousands)	**2012**	**2011**	**2012**	**2011**
(Loss)/profit before tax	**-1.302**	**37.739**	**-16.768**	**-11.656**
Tax calculated at the statutory tax rate of 20% (2011: 20%)	-260	7.548	-3.354	-2.331
Income not subject to tax	-2.471	-4.713	-458	-1.191
Expenses not deductible for tax purposes	13.366	11.480	1.470	3.957
Dividends tax	2.005	2.125	-	-
Other taxes	2.283	3.259	1.126	839
Effect of not recognized deferred tax asset on tax carry forward losses	15.405	12.337	-	-
Tax incentives	-2.280	-523	-	-
Effect of different tax rates in other countries	-10.438	-15.802	-	-
Provision's differences of prior years	-84	348	-	348
Effective tax charge	**17.526**	**16.059**	**-1.216**	**1.622**

As of December 31, 2012, certain Group entities have tax carry forward losses of about €321,6 mil. (2011: €288.8 mil.). These entities have recognised deferred tax asset amounted to €59.3 mil. (2011: €57.0 mil.) attributable to losses amounted to €179.0 mil. (2011: €168.2 mil.). For the remaining tax carry forward losses, no deferred tax asset has been recognized, as it was determined that they did not meet the recognition criteria according to IAS 12 (note 18).

The above tax carry forwards losses consist of tax carry forward losses amounting to €90.9 mil. (2011: €96.1 mil.) expiring in the period 2013-2017, while the losses amounting to €230.7 mil. (2011: €192.7 mil.) expire at various dates up to the years 2029-2032.

As of December 31, 2012, the Company has recognized deferred tax assets amounted to €6,9 mil. (2011: €5.1 mil.) on tax carry forward losses which met the recognition criteria. The tax losses of the Company can be utilized up to (and including) years 2016-2017.

9.(Losses)/earnings per share

Basic (losses)/earnings per share are calculated by dividing net (loss)/profit attributable to shareholders for the year by the weighted average number of ordinary and preference shares in issue during the year, excluding ordinary and preference shares purchased by the Company and held as treasury shares (see note 22).

	Group		Company	
(all amounts in Euro thousands unless otherwise stated)	**2012**	**2011**	**2012**	**2011**
Net (loss)/ profit for the year attributable to Titan S.A. shareholders	-24.516	11.011	-15.552	-13.278
Weighted average number of ordinary shares in issue	73.951.871	73.916.342	73.951.871	73.916.342
Weighted average number of preferred shares in issue	7.563.041	7.563.041	7.563.041	7.563.041
Total weighted average number of shares in issue for basic (losses)/earnings per share	81.514.912	81.479.383	81.514.912	81.479.383
Basic (losses)/earnings per ordinary and preferred share (in €)	**-0,3008**	**0,1351**	**-0,1908**	**-0,1630**

The diluted (losses)/earnings per share are calculated adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The Company has one category of dilutive potential ordinary shares: share options. For the share options a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share options. The difference is added to the denominator as an issue of ordinary shares for no consideration. No adjustment is made to net profit (numerator).

	Group		Company	
(all amounts in Euro thousands unless otherwise stated)	**2012**	**2011**	**2012**	**2011**
Net (loss)/profit for the year attributable to Titan S.A. shareholders for diluted (losses)/earnings per share	-24.516	11.011	-15.552	-13.278
Weighted average number of ordinary shares for diluted (losses)/earnings per share	73.951.871	73.916.342	73.951.871	73.916.342
Share options	685.993	436.388	685.993	436.388
Weighted average number of preferred shares in issue	7.563.041	7.563.041	7.563.041	7.563.041
Total weighted average number of shares in issue for diluted (losses)/earnings per share	82.200.905	81.915.771	82.200.905	81.915.771
Diluted (losses)/earnings per ordinary and preferred share (in €)	**-0,2982**	**0,1344**	**-0,1892**	**-0,1621**

10. Dividend proposed and distributed

The Board of Directors, taking into account the losses after taxes incurred in the fiscal year of 2012, decided to propose to the Annual General Meeting of Shareholders, planned for June 14, 2013 that no dividends will be distributed for the fiscal year of 2012.

The Annual General Meeting of Shareholders, that took place on June 8, 2012 decided that no dividends would be distributed for the fiscal year of 2011.

(all amounts in Euro thousands)

Distributed during the year:	**2012**	**2011**
Equity dividends on ordinary and preference shares:		
Final dividend for 2011: € nil per share (2010: € 0.07759 per share)	-	6.565

The Annual General Meeting of Shareholders, that took place in May of 2011, approved the distribution of €8,665 thousand (note 23) from the tax exempt reserves under special laws, in addition to the proposed dividend for the fiscal year 2010.

11. Property, plant and equipment

(all amounts in Euro thousands)

Group	Quarries	Land	Buildings	Plant & equipment	Motor vehicles	fixtures and equipment	Assets under construction	Total
Year ended 31 December 2011								
Opening balance	**109.067**	**295.937**	**233.407**	**1.127.830**	**80.816**	**17.823**	**86.389**	**1.951.269**
Additions	1.737	7.607	1.646	4.497	842	582	37.937	54.848
Disposals (NBV) (note 29)	-	-5.654	-918	-574	-869	-178	-1.332	-9.525
Reclassification of assets from/to other PPE categories	19.831	-2.287	4.850	29.937	1.735	1.504	-55.570	-
Transfers from inventories (note 19)	-	-	-	420	-	-	-	420
Transfers to investment properties (note 12)	-	-1.230	-4.280	-	-	-	-	-5.510
Interest capitalized (note 6)	-	-	41	-	42	-	71	154
Depreciation charge (note 29)	-1.944	-2.617	-10.405	-65.538	-16.807	-3.521	-	-100.832
Impairment of PPE (note 29)	-13.756	-	-	-1.168	-	-	-	-14.924
Exchange differences	2.990	1.642	-756	127	694	218	161	5.076
Ending balance	**117.925**	**293.398**	**223.585**	**1.095.531**	**66.453**	**16.428**	**67.656**	**1.880.976**
Leased assets under finance leases								
Opening balance	**-**	**-**	**-**	**5.378**	**642**	**-**	**-**	**6.020**
Additions	-	-	-	479	22	-	-	501
Reclassification of assets to other categories	-	-	-	394	-	-	-	394
Depreciation charge (note 29)	-	-	-	-432	-102	-	-	-534
Exchange differences	-	-	-	167	-36	-	-	131
Ending balance	**-**	**-**	**-**	**5.986**	**526**	**-**	**-**	**6.512**
At 31 December 2011								
Cost	157.754	310.395	367.090	1.679.745	209.963	54.202	67.656	2.846.805
Accumulated depreciation	-26.073	-16.997	-143.505	-575.010	-142.976	-37.544	-	-942.105
Accumulated losses of impairment of PPE	-13.756	-	-	-3.218	-8	-230	-	-17.212
Net book value	**117.925**	**293.398**	**223.585**	**1.101.517**	**66.979**	**16.428**	**67.656**	**1.887.488**

11. Property, plant and equipment (continued)

(all amounts in Euro thousands)

Group	Quarries	Land	Buildings	Plant & equipment	Motor vehicles	fixtures and equipment	Assets under construction	Total
Year ended 31 December 2012								
Opening balance	**117.925**	**293.398**	**223.585**	**1.095.531**	**66.453**	**16.428**	**67.656**	**1.880.976**
Additions	627	3.597	1.296	5.211	-	384	33.536	44.651
Addition due to consolidation of new subsidiary	-	1.001	-	-	-	-	-	1.001
Disposals (NBV) (note 29)	-	-139	-5	-18.453	-6.906	-18	-278	-25.799
Reclassification of assets to/from other PPE categories	-190	-119	25.075	32.074	5.485	762	-57.913	5.174
Transfers from inventories (note 19)	-	-	-	1.131	-	-	-	1.131
Transfers from investment properties (note 12)	-	-	2.849	-	-	-	-	2.849
Depreciation charge (note 29)	-1.978	-2.802	-12.718	-68.331	-15.256	-3.371	-	-104.456
Reversal of impairment of PPE (note 29)	-	-129		1.042	-	-	-	913
Exchange differences	-2.122	-6.661	-7.146	-30.037	-967	-269	-1.275	-48.477
Ending balance	**114.262**	**288.146**	**232.936**	**1.018.168**	**48.809**	**13.916**	**41.726**	**1.757.963**
Leased assets under finance leases								
Opening balance	**-**	**-**	**-**	**5.986**	**526**	**-**	**-**	**6.512**
Additions	-	-	-	12	-	-	-	12
Reclassification of assets to other PPE categories				-5.174				-5.174
Depreciation charge (note 29)	-	-	-	-234	-99	-	-	-333
Exchange differences	-	-	-	49	7	-	-	56
Ending balance	**-**	**-**	**-**	**639**	**434**	**-**	**-**	**1.073**
At 31 December 2012								
Cost	156.303	307.574	386.983	1.645.385	197.510	54.391	41.726	2.789.872
Accumulated depreciation	-27.529	-19.428	-154.047	-624.404	-148.262	-40.245	-	-1.013.915
Accumulated losses of impairment of PPE	-14.512	-	-	-2.174	-5	-230	-	-16.921
Net book value	**114.262**	**288.146**	**232.936**	**1.018.807**	**49.243**	**13.916**	**41.726**	**1.759.036**

11. Property, plant and equipment (continued)

(all amounts in Euro thousands)

Company	Quarries	Land	Buildings	Plant & equipment	Motor vehicles	fixtures and equipment	Assets under construction	Total
				Year ended 31 December 2011				
Opening balance	**941**	**5.548**	**54.195**	**169.429**	**1.161**	**9.776**	**20.488**	**261.538**
Additions	118	-	59	678	41	227	5.191	6.314
Disposals (NBV) (note 29)	-	-32	-	-48	-16	-112	-	-208
Reclassification of assets to other PPE categories	-	-	2.180	5.281	-	-	-7.461	-
Transfers to investment properties (note 12)	-	-1.821	-2.077	-	-	-		-3.898
Transfers from inventories (note 19)	-	-	-	420	-	-	-	420
Depreciation charge (note 29)	-64	-	-1.576	-8.935	-179	-1.157	-	-11.911
Impairment of PPE (note 29)	-	-	-	-1.383	8	231	-	-1.144
Ending balance	**995**	**3.695**	**52.781**	**165.442**	**1.015**	**8.965**	**18.218**	**251.111**
At 31 December 2011								
Cost	1.587	3.695	88.747	310.739	4.552	25.870	18.218	453.408
Accumulated depreciation	-592	-	-35.966	-141.843	-3.537	-16.903	-	-198.841
Accumulated losses of impairment of PPE	-	-	-	-3.454	-	-2	-	-3.456
Net book value	**995**	**3.695**	**52.781**	**165.442**	**1.015**	**8.965**	**18.218**	**251.111**
				Year ended 31 December 2012				
Opening balance	**995**	**3.695**	**52.781**	**165.442**	**1.015**	**8.965**	**18.218**	**251.111**
Additions	21	-	386	962	84	265	3.951	5.669
Disposals (NBV) (note 29)	-	-	-	-6.648	-	-23	-	-6.671
Reclassification of assets to other PPE categories	-	-	4.096	14.803	-	77	-18.976	-
Transfers from inventories (note 19)	-	-	-	89	-	-	-	89
Depreciation charge (note 29)	-66	-	-2.495	-9.744	-187	-1.078	-	-13.570
Reversal of impairment of PPE due to disposal (note 29)	-	-	-	1.042	1	1	-	1.044
Ending balance	**950**	**3.695**	**54.768**	**165.946**	**913**	**8.207**	**3.193**	**237.672**
At 31 December 2012								
Cost	1.608	3.695	93.013	316.710	4.258	26.369	3.193	448.846
Accumulated depreciation	-658	-	-38.245	-148.589	-3.339	-17.931	-	-208.762
Accumulated losses of impairment of PPE	-	-	-	-2.175	-6	-231	-	-2.412
Net book value	**950**	**3.695**	**54.768**	**165.946**	**913**	**8.207**	**3.193**	**237.672**

11. Property, plant and equipment (continued)

Disposal of assets

During 2012, the Group has received the amount of €28.6 mil. from the disposal of tangible assets with total net book value of €25.8 mil. Thus, the Group recognized the gain of €2.8 mil. on disposal of PPE in the consolidated income statement.
The Group's subsidiary in U.S.A. made the majority of the disposals and it received the amount of €27.0 mil. from the disposal of machinery and railcars. The net book value of these assets totaled €23.6 mil., so the gains on the disposals were €3.4 mil.

Impairment of property, plant and equipment:

Assets that have an indefinite useful life (land) are not subject to amortisation and are tested annually for impairment. Assets that are subject to 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, as an expense immediately in other expenses, 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.
During 2012, the Group has recorded a reversal of impairment amounted to €0.9 mil. mainly due to the reversal of machinery's impairment of the Company, as the reasons for such an impairment were changed.
The total cost of impairment of property, plant and equipment that the Group posted in 2011 was €14.9 mil. The amount of €13.8 mil. was due to the impairment in an investment of an aggregate mining site in USA and the amount of €1.1 mil. was due to the impairment of white cement production line and other machinery of the Company.

Pledge of assets

The assets of the Company have not been pledged. The assets of the Group have a pledge for the amount of €72.5 m (2011: €68.4 m). The pledge relates to the Group's joint venture Adocim Cimento Beton Sanayi ve Ticaret A.S. in Turkey, as a security of its bank credit facilities for an amount up to €48.9 m (2011: €46.3 m) and is on the assets of this entity. As of 31.12.2012, utilization under these credit facilities amounted to € 33.6m..

12. Investment property

Group's investment property does not include certain investment property of the Company, since it is leased to Group's subsidiaries and as a result in Group level, it is transferred to property, plant and equipment. Investment property is measured at fair values based on external, independent, certified valuator, member of the institute of the certified valuators and certified from the European Group of Valuers' Associations (TEGoVA).

(all amounts in Euro thousands)

	Group		Company	
	2012	**2011**	**2012**	**2011**
Opening balance	**9.804**	**2.053**	**11.312**	**5.974**
Additions	98	801	-	-
Net gain/(loss) from measurement at fair value	620	-199	-226	-199
Transfer from own-used property after revaluation	873	1.639	873	1.639
Transfer from/to property, plant and equipment	-2.849	5.510	-	3.898
Ending balance	**8.546**	**9.804**	**11.959**	**11.312**

	Group		Company	
	2012	**2011**	**2012**	**2011**
Rental income derived from investment property	119	78	55	72
Direct operating expenses (including repair and maintenance) generating rental income	-	-	-	-43
Direct operating expenses (including repair and maintenance) that did not generate rental income	-151	-133	-151	-118
Net profit/(loss) arising from investment properties carried at fair value	**-32**	**-55**	**-96**	**-89**

The estimation of the fair value of investment property that is located in urban areas, was made in accordance with the current market values of similar properties. The estimation of fair value for land located in rural areas as well as quarries, was made taking into consideration local valuations.

13. Intangible assets and Goodwill

(all amounts in Euro thousands)

Group	Initial goodwill	Goodwill impairment	Total goodwill	Licences	Patents	Research and development costs	Trade-marks	Customer relation-ships	Other intangible assets	Total
Year ended 31 December 2011										
Opening balance	**436.077**	**-17.834**	**418.243**	**28.313**	**1.149**	**5.527**	**34.473**	**79.650**	**4.760**	**572.115**
Additions	-	-	-	235	-	1.122	102	-	458	1.917
Subsidiaries acquired (note 30)	150	-	150	-	-	-	-	-	-	150
Impairment (note 29)	-	-3.786	-3.786	-	-	-	-	-	-	-3.786
Amortization charge (note 29)	-	-	-	-1.203	-698	-934	-1.696	-13.546	-824	-18.901
Exchange differences	-5.222	-	-5.222	-325	-14	121	115	-168	109	-5.384
Ending balance	**431.005**	**-21.620**	**409.385**	**27.020**	**437**	**5.836**	**32.994**	**65.936**	**4.503**	**546.111**
Year ended 31 December 2012										
Opening balance	**431.005**	**-21.620**	**409.385**	**27.020**	**437**	**5.836**	**32.994**	**65.936**	**4.503**	**546.111**
Additions	-		-	339	-	680	-	-	13.214	14.233
Subsidiaries acquired (note 30)	108	-	108	-	-	-	-	-	42	150
Acquisition of business	-	-	-	-	-		-	-	2.364	2.364
Reclassification of assets to other categories	-	-	-	-15	-		-139	-	154	-
Impairment (note 29)	-	-1.973	-1.973	-3.143	-	-	-	-	-1.844	-6.960
Surrender of emission rights	-	-	-	-	-	-	-	-	-8.025	-8.025
Amortization charge (notes 29)	-	-	-	-822	-434	-1.081	-1.903	-14.352	-1.630	-20.222
Exchange differences	4.981	-	4.981	-510	-3	-100	-1.447	-2.624	-450	-153
Ending balance	**436.094**	**-23.593**	**412.501**	**22.869**	**-**	**5.335**	**29.505**	**48.960**	**8.328**	**527.498**

Company	Initial goodwill	Goodwill impairment	Total goodwill	Licences	Patents	Research and development costs	Trade-marks	Customer relation-ships	Other intangible assets	Total
Year ended 31 December 2011										
Opening balance	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**1.122**	**1.122**
Additions	-	-	-	-	-	-	81	-	58	139
Amortization charge (note 29)	-	-	-	-	-	-	-	-	-149	-149
Ending balance	**-**	**-**	**-**	**-**	**-**	**-**	**81**	**-**	**1.031**	**1.112**
Year ended 31 December 2012										
Opening balance	**-**	**-**	**-**	**-**	**-**	**-**	**81**	**-**	**1.031**	**1.112**
Additions	-	-	-	-	-	-	-	-	8.143	8.143
Amortization charge (note 29)	-	-	-	-	-	-	-	-	-308	-308
Impairment (note 29)	-	-	-	-	-	-	-	-	-1.358	-1.358
Surrender of emission rights	-	-	-	-	-	-	-	-	-6.426	-6.426
Provision of costs of the emission rights surrender	-	-	-	-	-	-	-	-	-64	-64
Ending balance	**-**	**-**	**-**	**-**	**-**	**-**	**81**	**-**	**1.018**	**1.099**

13. Intangible assets and Goodwill (continued)

During the second semester of 2012, the Group's subsidiary in USA, Separation Technologies LLC, acquired from a competitor the equipment and the rights of fly ash's processing held by the seller of a thermal power plant in Florida. Based on the agreement, the Separation Technologies LLC undertook the liability of the plant's site restoration. The Group posted the amount of €2.4 mil. at the account of other intangible assets, as the fair value of the site restoration (note 26).

The total amount of the intangible assets' impairment, excluding goodwill, stood at €5.0 mil. The amount of €3.1 mil. relates to the impairment of mining rights in Greece and the remaining amount of €1.9 mil. relates to the impairment arising from the revaluation in fair value of Carbon Emissions Rights (CER) that the Group possessed as at 31.12.2012.

Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the following cash-generating units ("CGU's") per region of operation.

(all amounts in Euro thousands)

Carrying amount of goodwill (by geographical segment):	2012	2011
Greece and Western Europe	14.405	16.127
North America	166.019	169.290
South Eastern Europe	57.014	57.580
Eastern Mediterranean	175.063	166.388
	412.501	**409.385**

The provision of goodwill impairment is charged in the income statement.

Key assumptions

The recoverable amount of all CGUs has been determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated growth rates stated below.

The calculation of value-in-use for the Group's evaluated CGUs is most sensitive to the following assumptions:

- Sales volumes;
- Selling prices;
- Gross margin;
- Growth rate used to extrapolate cash flows beyond the specific projection period; and
- Discount rates

Sales volumes:
Volume assumptions have been provided by local management and reflect their best estimates derived from sales forecasts for the development of which a combination of factors have been taken into consideration: past performance, local market growth estimates, infrastructural projects in which the company will participate (public investments), etc. In USA sales volume growth rates are also based on published industry research and take into account demographic trends including population growth, household formation, and economic output (among other factors) in the states where the Group operates. In addition to demographic trends, long-term growth rates take into account cement/concrete intensity in construction which has historically varied from state to state based on building codes, availability of raw materials, and other factors.
Selling prices:
Price assumptions have been provided by local management and reflect their best estimates. Factors they have taken into consideration involve inflation, brand loyalty, growth rate of the regional economy, competition, production cost increases, etc. The Group has assumed the following sales compound annual growth rates for the five year period.

Sales Growth	2012	2011
Greece and Western Europe	11,4% - 23,8%	17,9% - 30,3%
North America	8,1% - 12,3%	4,4% - 13,5%
South Eastern Europe	4,3% - 12,5%	10,5% - 17,1%
Eastern Mediterranean	3,2% - 11,8%	6,3% - 14,5%

13. Intangible assets and Goodwill (continued)

Gross margin :

Illustrates all cost of goods sold related factors and which incorporates among others, the evolution of energy cost. The Group has assumed the following gross margin compound annual growth rates for the five year period:

Gross margin Growth	2012	2011
Greece and Western Europe	24,3% - 30,6%	8,1% - 42,7%
North America	5,9% -59,5%	4,8% - 73,8%
South Eastern Europe	9,3% - 27,3%	11,1% - 25,4%
Eastern Mediterranean	12,6% - 20%	16,2% - 25,4%

Perpetual Growth rates:

Factors that have been taken into consideration are estimates from the local Central Banks in the countries where the Group operates as relates to the growth of the local economies over the next years along with the co-relation that exists between the economy growth and the construction sector growth.

In the USA, following the five year specific forecast period, management used a fading-growth-rate model in its value-in-use calculation. Under this approach, cash flows are assumed to increase at a higher rate following the specific projection period before settling into a long-term growth rate. The growth rates have been estimated by management as follows:

Perpetual Growth rates	2012	2011
Greece and Western Europe	0%-4%	0%-3%
North America	3%-4%	3%-4%
South Eastern Europe	2%	2%
Eastern Mediterranean	2%-5%	3%-5%

Discount rates:

Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The WACC takes into account both debt and equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service. Country-specific risk is incorporated by applying individual beta factors. The beta factors are evaluated annually based on publicly available market data.

Discount rates	2012	2011
Greece and Western Europe	9,1% - 10,5%	10% - 17,2%
North America	8,1%	8,7%
South Eastern Europe	11,3%-14,2%	8,5%-17,2%
Eastern Mediterranean	12,5%-13,3%	13,7%-14,4%

Sensitivity of recoverable amounts

As at December 31, 2012, the Group analyzed the sensitivities of the recoverable amounts to a reasonable possible change of a key assumption (notably to a change of one point in the discount rate or the perpetual growth rate). These analyses did not show a situation in which the carrying value of the main CGUs would exceed their recoverable amount, with the exception of the Greece CGU referred to below.

For the CGU Greece, a significant reduction in demand of construction materials due to the persisting economic recession led to the reduced revenues compared to the last year forecasts. As a result, the Group recorded an impairment loss of €2.0 mil. on the goodwill of the Greek CGU, based on the respective value in use as calculated using a discount rate of 10.5% (10% in 2011).

14. Principal subsidiaries, associates and joint ventures

			2012		2011	
			% of investment (1)		% of investment (1)	
Subsidiary, associate and joint venture name	Country of incorporation	Nature of business	Direct	Indirect	Direct	Indirect
Full consolidation method						
Titan Cement Company S.A	Greece	Cement producer	Parent company		Parent company	
Aeolian Maritime Company	Greece	Shipping	100,000	-	100,000	-
Aitolika Quarries S.A.	Greece	Quarries & aggregates	-	63,723	-	63,723
Albacem S.A.	Greece	Trading company	99,996	0,004	99,996	0,004
Arktias S.A.	Greece	Quarries & aggregates	-	100,000	-	100,000
Dodekanesos Quarries S.A.	Greece	Quarries & aggregates	-	100,000	-	100,000
Interbeton Construction Materials S.A.	Greece	Ready mix & aggregates	99,796	0,204	99,679	0,321
Intertitan Trading International S.A.	Greece	Trading company	99,995	0,005	99,995	0,005
KTIMET Quarries S.A. (8)	Greece	Quarries & aggregates	-	100,000	-	-
Leecem S.A.	Greece	Trading company	-	100,000	-	100,000
Pozolani S.A.	Greece	Quarries & aggregates	-	100,000	-	100,000
Porfirion S.A.	Greece	Production and trade of electricity	-	100,000	-	100,000
Gournon Quarries S.A.	Greece	Quarries & aggregates	54,930	45,070	54,930	45,070
Quarries of Tagaradon Community S.A.	Greece	Quarries & aggregates	-	79,928	-	79,928
Quarries of Tanagra S.A.	Greece	Quarries & aggregates	-	100,000	-	100,000
Vahou Quarries S.A.	Greece	Quarries & aggregates	-	100,000	-	100,000
Sigma Beton S.A.	Greece	Quarries & aggregates	-	100,000	-	100,000
Titan Atlantic Cement Industrial and Commercial S.A.	Greece	Investment holding company	43,947	56,053	43,947	56,053
Titan Cement International Trading S.A.	Greece	Trading company	99,800	0,200	99,800	0,200
Double W & Co OOD	Bulgaria	Port	-	99,989	-	99,989
ECO Conception EOOD	Bulgaria	Alternative fuels	-	99,989	-	99,989
Granitoid AD	Bulgaria	Trading company	-	99,668	-	99,668
Gravel & Sand PIT AD	Bulgaria	Investment holding company	-	99,989	-	99,989
Trojan Cem EOOD (5)	Bulgaria	Trading company	-	83,943	-	94,835
Zlatna Panega Beton EOOD	Bulgaria	Ready mix	-	99,989	-	99,989
Zlatna Panega Cement AD	Bulgaria	Cement producer	-	99,989	-	99,989
Green Alternative Energy Assets EAD (6)	Bulgaria	Alternative fuels	-	100,000	-	-
Cementi ANTEA SRL	Italy	Trading company	-	60,000	-	60,000
Cementi Crotone S.R.L.	Italy	Import & distribution of Cement	-	100,000	-	100,000
Fintitan SRL	Italy	Import & distribution of cement	100,000	-	100,000	-
Separation Technologies Canada Ltd	Canada	Converter of waste material into fly ash	-	100,000	-	100,000
Aemos Cement Ltd	Cyprus	Investment holding company	100,000	-	100,000	-
Alvacim Ltd	Cyprus	Investment holding company	-	100,000	-	100,000
Gaea Green Alternative Energy Assets Limited (2)	Cyprus	Investment holding company	-	100,000	-	100,000
Balkcem Ltd (5)	Cyprus	Investment holding company	-	88,514	-	100,000
East Cement Trade Ltd	Cyprus	Investment holding company	-	100,000	-	100,000
Feronia Holding Ltd	Cyprus	Investment holding company	-	100,000	-	100,000
Iapetos Ltd	Cyprus	Investment holding company	100,000	-	100,000	-
KOCEM Limited	Cyprus	Investment holding company	-	100,000	-	100,000
Rea Cement Ltd	Cyprus	Investment holding company	-	100,000	-	100,000
Terret Enterprises Ltd (3,5)	Cyprus	Investment holding company	-	88,514	-	58,889
Themis Holdings Ltd	Cyprus	Investment holding company	-	100,000	-	100,000
Titan Cement Cyprus Limited (5)	Cyprus	Investment holding company	-	88,514	-	100,000
Tithys Ltd (5)	Cyprus	Investment holding company	-	88,514	-	100,000
Alexandria Portland Cement Co. S.A.E	Egypt	Cement producer	-	82,513	-	82,513
Beni Suef Cement Co.S.A.E.	Egypt	Cement producer	-	82,513	-	82,513
Misrieen Titan Trade & Distribution (9)	Egypt	Trading company	-	-	-	90,256
Titan Beton & Aggregate Egypt LLC	Egypt	Quarries & aggregates	-	83,118	-	83,118
Sharr Beteiligungs GmbH (3,5)	Germany	Investment holding company	-	88,514	-	58,889

14. Principal subsidiaries, associates and joint ventures (continued)

Subsidiary, associate and joint venture name	Country of incorporation	Nature of business	2012 % of investment (1) Direct	2012 % of investment (1) Indirect	2011 % of investment (1) Direct	2011 % of investment (1) Indirect
Full consolidation method						
Separation Technologies U.K. Ltd	U.K.	Converter of waste material into fly ash	-	100,000	-	100,000
Titan Cement U.K. Ltd	U.K.	Import & distribution of cement	100,000	-	100,000	-
Titan Global Finance PLC	U.K.	Financial services	100,000	-	100,000	-
Alexandria Development Co.Ltd	U.K.	Investment holding company	-	82,717	-	82,717
Titan Egyptian Inv. Ltd	U.K.	Investment holding company	-	100,000	-	100,000
Carolinas Cement Company LLC	U.S.A.	Own/develop real estate	-	100,000	-	100,000
Essex Cement Co. LLC	U.S.A.	Trading company	-	100,000	-	100,000
Markfield America LLC	U.S.A.	Insurance company	-	100,000	-	100,000
Massey Sand and Rock Co	U.S.A.	Quarries & aggregates	-	100,000	-	100,000
Mechanicsville Concrete INC.	U.S.A.	Ready mix	-	100,000	-	100,000
Metro Redi-Mix LLC	U.S.A.	Ready mix	-	100,000	-	100,000
Miami Valley Ready Mix of Florida LLC	U.S.A.	Ready mix	-	100,000	-	100,000
Pennsuco Cement Co. LLC	U.S.A.	Cement producer	-	100,000	-	100,000
Roanoke Cement Co. LLC	U.S.A.	Cement producer	-	100,000	-	100,000
S&W Ready Mix Concrete Co. Inc.	U.S.A.	Ready mix	-	100,000	-	100,000
S&W Ready Mix LLC	U.S.A.	Ready mix	-	100,000	-	100,000
Separation Technologies LLC	U.S.A.	Converter of waste material into fly ash	-	100,000	-	100,000
Standard Concrete LLC	U.S.A.	Trading company	-	100,000	-	100,000
Summit Ready-Mix LLC	U.S.A.	Ready mix	-	100,000	-	100,000
Tarmac America LLC	U.S.A.	Cement producer	-	100,000	-	100,000
Titan Carolina Concrete LLC	U.S.A.	Ready mix	-	100,000	-	100,000
Titan Mid-Atlantic Aggregates LLC	U.S.A.	Quarries & aggregates	-	100,000	-	100,000
Titan Virginia Ready Mix LLC	U.S.A.	Ready mix	-	100,000	-	100,000
Titan America LLC	U.S.A.	Investment holding company	-	100,000	-	100,000
Trusa Realty LLC	U.S.A.	Real estate brokerage	-	100,000	-	100,000
Tyson Material Transport LLC	U.S.A.	Transportation	-	100,000	-	100,000
Cementara Kosjeric AD (5)	Serbia	Cement producer	-	88,514	-	100,000
Stari Silo Company DOO (5)	Serbia	Trading company	-	88,514	-	100,000
TCK Montenegro DOO (5)	Montenegro	Trading company	-	88,514	-	100,000
Cement Plus LTD (5)	F.Y.R.O.M	Trading company	-	54,563	-	61,643
Geospan Dooel	F.Y.R.O.M	Quarries & aggregates	-	99,989	-	99,989
Rudmark DOOEL (5)	F.Y.R.O.M	Trading company	-	83,943	-	94,835
Usje Cementarnica AD (5)	F.Y.R.O.M	Cement producer	-	83,943	-	94,835
Vesa DOOL	F.Y.R.O.M	Trading company	-	100,000	-	100,000
Kosovo Construction Materials L.L.C. (3,5)	Kosovo	Quarries & aggregates	-	88,514	-	58,889
Sharrcem SH.P.K. (3,5)	Kosovo	Cement producer	-	88,514	-	58,889
Alba Cemento Italia, SHPK	Albania	Trading company	-	60,000	-	60,000
Antea Cement SHA (4)	Albania	Cement producer	-	60,000	-	60,000
Dancem APS	Denmark	Trading company	-	100,000	-	100,000
Aeas Netherlands B.V. (5)	Holland	Investment holding company	-	88,514	-	100,000
Colombus Properties B.V.	Holland	Investment holding company	100,000	-	100,000	-
Holtitan B.V. (5)	Holland	Investment holding company	-	88,514	-	100,000
Salentijn Properties1 B.V.	Holland	Investment holding company	100,000	-	100,000	-
Titan Cement Netherlands BV (5)	Holland	Investment holding company	-	88,514	-	100,000

14. Principal subsidiaries, associates and joint ventures (continued)

Subsidiary, associate and joint venture name	Country of incorporation	Nature of business	2012 % of investment (1) Direct	2012 % of investment (1) Indirect	2011 % of investment (1) Direct	2011 % of investment (1) Indirect
Proportionate consolidation method						
Adocim Cimento Beton Sanayi ve Ticaret A.S.	Turkey	Cement producer	-	50,000	-	50,000
Transbeton - Domiki S.A. (7)	Greece	Ready mix	-	50,000	-	-
Equity consolidation method						
Karieri AD	Bulgaria	Quarries & aggregates	-	48,711	-	48,711
Karierni Materiali AD	Bulgaria	Quarries & aggregates	-	48,764	-	48,764
Vris OOD	Bulgaria	Quarries & aggregates	-	48,764	-	48,764
Transbeton - Domiki S.A. (7)	Greece	Ready mix	-	-	-	49,901

(1) Percentage of investment represents both percentage of shareholding and percentage of control.

(2) On 25.1.2012, the company Balkan Cement Enterprises Ltd was renamed to Gaea Green Alternative Energy Assets Ltd.

(3) On 21.3.2012 the Group exercised the call option for acquiring the non controlling interest in Terret Enterprises Ltd.

(4) On 20.6.2012 the Group's subsidiary Antea Cement SHA completed a €22.0 mil. share capital increase. The European Bank for Reconstruction and Development (EBRD) and the International Finance Corporation (IFC), constitute the non-controlling interest of Antea Cement SHA, participated in the capital increase in the amount of €8.8 mil.

(5) On 27.6.2012 the Group announced the completion of a €50 million equity investment by International Finance Corporation (IFC) in the Group's subsidiaries in F.Y.R. of Macedonia, Serbia and Kosovo. The transaction resulted in IFC holding, through TITAN Cement Cyprus Ltd., a minority stake of approximately 11.49% in the Group's operations in the above countries.

(6) On 30.6.2012, the Group's financial statements incorporated the established company Green Alternative Energy Assets EAD, with the full consolidation method.

(7) On 1.10.2012, the Group acquired an additional percentage of 0.1% in the associate company Transbeton-Domiki S.A. After this acquisition, the Group owns the 50% of the company Transbeton-Domiki S.A. that is now consolidated with the proportionate method (note 15, 31).

(8) On 11.12.2012, the Group acquired 100% of the shares of KTIMET S.A. which is included in the Group's financial statements with the full consolidation method (note 30).

(9) On 31.12.2012, the Group's subsidiary in Egypt, Misrieen Titan Trade & Distribution, was dissolved.

The transactions described in notes 3, 4 and 5 above, are presented in the consolidated statement of changes in equity as required by IAS 27 for changes in ownership interests, while still maintaining control (note 1.2b).

The movement of the Company's participation in subsidiaries, is analyzed as follows:

(all amounts in Euro thousands)	2012	2011
Participation in Subsidiaries at 1st January	**1.182.854**	**1.183.721**
Share capital increase in subsidiaries	30.120	9.799
Provision for impairment of investments	-	-9.936
Liquidation of subsidiaries	-	-1.258
Other	391	528
Participation in Subsidiaries	**1.213.365**	**1.182.854**

15. Investment in associates

On 31.12.2012, the Group included in the financial statements with the equity method of consolidation the companies below: Karieri AD with ownership percentage 48,711% (2011: 48,711%), Karierni Materiali AD with ownership percentage 48,764% (2011: 48,764%), Vris OOD with ownership percentage 48,764% (2011: 48,764%), all based in Bulgaria.
The Greek subsidiary Transbeton-Domiki S.A. had been incorporated into the Group's financial statements with ownership percentage of 49.9% until 30.9.2012 (2011:49,9%). On 1.10.2012, the ownership's percentage of the Group in the subsidiary was changed to 50.00%, after the acquisition of an additional 0.1%, and the subsidiary is incorporated afterwards with the proportionate consolidation method (note 31).

All the above mentioned companies operate in the aggregates business, Transbeton-Domiki S.A. also operates in the ready-mix business. The companies are not listed on any public exchange market.
The following table illustrates summarised financial information for the companies mentioned above:

(all amounts in Euro thousands)	Group	
	2012	**2011**
Property, plant and equipment	7.394	13.046
Intangibles and other non-current assets	2.551	2.592
Current assets	1.450	3.226
Total assets	**11.395**	**18.864**
Non-current liabilities	1.294	4.020
Current liabilities	7.367	6.631
Total liabilities	**8.661**	**10.651**
Equity	**2.734**	**8.213**
Revenue	**4.970**	**7.086**
Cost of sales	-3.661	-5.113
Gross profit before depreciation	**1.309**	**1.973**
Other expense	-11	-200
Administrative expenses	-712	-847
Selling expenses	-144	-174
Profit before interest, taxes and depreciation	**442**	**752**
Depreciation	-1.113	-1.899
Loss before interest, taxes	**-671**	**-1.147**
Finance costs	-196	-420
Loss before income tax	**-867**	**-1.567**
Income tax expense	26	176
Loss after tax	**-841**	**-1.391**

16. Available-for-sale financial assets

	Group		Company	
(all amounts in Euro thousands)	**2012**	**2011**	**2012**	**2011**
Opening balance	**2.206**	**2.274**	**169**	**168**
Additions	47	44	-	1
Disposals	-84	-	-	-
Revaluations	-225	-112	-	-
Exchange differences	-4	-	-	-
Ending balance	**1.940**	**2.206**	**169**	**169**
Analysis of available-for-sale financial assets:				
Non-current portion	1.877	2.143	108	108
Current portion	63	63	61	61
	1.940	**2.206**	**169**	**169**

Available-for-sale financial assets include mainly non-listed securities.

Available-for-sale investments, comprising marketable equity securities, are fair valued annually at the close of business on 31 December. For investments traded in an active market, fair value is determined by reference to Stock Exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying net assets.

17. Other non current assets

(all amounts in Euro thousands)	Group		Company	
	2012	**2011**	**2012**	**2011**
Utility deposits	3.236	3.081	2.690	2.710
Excess benefit plan assets (note 25)	3.985	3.959	-	-
Notes receivable- trade	776	1.318	-	-
Other non-current assets	4.575	2.197	-	-
	12.572	**10.555**	**2.690**	**2.710**

18. Deferred income taxes

Deferred income taxes are calculated in full on temporary differences under the liability method using the principal tax rates that apply to the countries where the companies of the Group operate.

(all amounts in Euro thousands)

The movement on the deferred income tax account after set-offs is as follows:

	Group		Company	
	2012	**2011**	**2012**	**2011**
Opening balance, net deferred liability	**189.665**	**182.552**	**19.990**	**19.581**
Income statement charge (note 8)	-3.882	-13.376	-2.342	-1.565
Exchange differences	-9.230	1.693	-	-
Deferred tax adjustment due to change in income tax rates	-	16.564	-	-
Tax charged to equity through other comprehensive income	-266	2.232	324	1.974
Ending balance, net deferred liability	**176.287**	**189.665**	**17.972**	**19.990**

The deferred tax charged to equity is related to the effect of cash flow hedges.

Analysis of deferred tax liabilities (before set - offs)

	Group		Company	
	2012	**2011**	**2012**	**2011**
Property, plant and equipment	229.368	241.243	27.521	28.607
Intangible assets	38.641	38.751	-	222
Provisions	4.834	-1.252	1.800	1.000
Receivables and prepayments	3.644	3.482	-	-
Trade and other payables	-2.842	63	228	-
	273.645	**282.287**	**29.549**	**29.829**

Analysis of deferred tax assets (before set - offs)

Intangible assets	-10.951	-9.330	-64	-
Investments & other non-current receivables	-1.963	-2.596	-	-
Inventories	-1.830	-1.870	-256	-286
Post-employment and termination benefits	-7.689	-5.840	-2.260	-1.803
Receivables and prepayments	-8.800	-8.780	-765	-662
Tax losses carried forward (note 8)	-59.320	-56.980	-6.917	-5.067
Long term borrowings	-161	-191	-	-
Government grants	2.274	3.358	-969	-1.040
Provisions	-8.609	-10.401	-346	-912
Trade and other payables	-365	-250	-	-69
Financial instruments	56	258	-	-
	-97.358	**-92.622**	**-11.577**	**-9.839**
Net deferred tax liability	**176.287**	**189.665**	**17.972**	**19.990**

18. Deferred income taxes (continued)

The movement in deferred tax assets and liabilities (prior to offsetting balances within the same tax jurisdiction) during the year is as follows:

(all amounts in Euro thousands)

Group	January 1, 2012	Debit/(Credit) to net profit	Debit/(Credit) to equity through statement OCI	Exchange differences	December 31, 2012
Deferred tax liabilities (before set - offs)					
Property, plant and equipment	241.243	-2.887	175	-9.163	229.368
Intangible assets	38.751	1.237	-	-1.347	38.641
Provisions	-1.252	6.092	-	-6	4.834
Receivables and prepayments	3.482	229	-	-67	3.644
Trade and other payables	63	-2.905	-	-	-2.842
	282.287	**1.766**	**175**	**-10.583**	**273.645**
Deferred tax assets (before set - offs)					
Intangible assets	-9.330	-1.824	-	203	-10.951
Investments & other non-current receivables	-2.596	643	-	-10	-1.963
Inventories	-1.870	23	-	17	-1.830
Post-employment and termination benefits	-5.840	-1.702	-237	90	-7.689
Receivables and prepayments	-8.780	-131	-	111	-8.800
Tax losses carried forward (note 8)	-56.980	-3.246	-	906	-59.320
Long term borrowings	-191	29	-	1	-161
Government grants	3.358	-809	-	-275	2.274
Provisions	-10.401	1.482	-	310	-8.609
Trade and other payables	-250	-115	-	-	-365
Financial instruments	258	2	-204	-	56
	-92.622	**-5.648**	**-441**	**1.353**	**-97.358**
Net deferred tax liability	**189.665**	**-3.882**	**-266**	**-9.230**	**176.287**

Company	January 1, 2012	Debit/(Credit) to net profit	Debit/(Credit) to equity through statement OCI	December 31, 2012
Deferred tax liabilities (before set - offs)				
Property, plant and equipment	28.607	-1.261	175	27.521
Intangible assets	222	-222	-	-
Provisions	1.000	800	-	1.800
Trade and other payables	-	228	-	228
	29.829	**-455**	**175**	**29.549**
Deferred tax assets (before set - offs)				
Intangible assets	-	-64	-	-64
Inventories	-286	30	-	-256
Receivables and prepayments	-662	-103	-	-765
Government grants	-1.040	71	-	-969
Provisions	-912	566	-	-346
Post-employment and termination benefits	-1.803	-606	149	-2.260
Trade and other payables	-69	69	-	-
Tax losses carried forward (note 8)	-5.067	-1.850	-	-6.917
	-9.839	**-1.887**	**149**	**-11.577**
Net deferred tax liability	**19.990**	**-2.342**	**324**	**17.972**

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

18. Deferred income taxes (continued)

The movement in deferred tax assets and liabilities (prior to offsetting balances within the same tax jurisdiction) during the prior year is as follows:

(all amounts in Euro thousands)

Group	January 1, 2011	Debit/(Credit) to net profit	Debit/(Credit) to equity through statement OCI	Deferred tax adjustment due to change in income tax rates	Exchange differences	December 31, 2011
Deferred tax liabilities (before set - offs)						
Property, plant and equipment	234.344	-9.964	-	13.017	3.846	241.243
Intangible assets	31.463	3.000	-	3.547	741	38.751
Provisions	2.026	-3.276	-	-	-2	-1.252
Receivables and prepayments	5.638	-2.250	-	-	94	3.482
Trade and other payables	301	-228	-	-	-10	63
	273.772	**-12.718**	**-**	**16.564**	**4.669**	**282.287**
Deferred tax assets (before set - offs)						
Intangible assets	-8.662	-597	328	-	-399	-9.330
Investments & other non-current receivables	-3.568	885	-	-	87	-2.596
Inventories	-2.614	796	-	-	-52	-1.870
Post-employment and termination benefits	-7.685	680	1.294	-	-129	-5.840
Receivables and prepayments	-7.611	-920	-	-	-249	-8.780
Tax losses carried forward (note 8)	-48.257	-3.784	-	-	-4.939	-56.980
Long term borrowings	-299	96	-	-	12	-191
Government grants	-2.713	3.467	-	-	2.604	3.358
Provisions	-8.452	-2.065	-	-	116	-10.401
Trade and other payables	-1.220	974	-	-	-4	-250
Financial instruments	-139	-190	610	-	-23	258
	-91.220	**-658**	**2.232**	**-**	**-2.976**	**-92.622**
Net deferred tax liability	**182.552**	**-13.376**	**2.232**	**16.564**	**1.693**	**189.665**

Company	January 1, 2011	Debit/(Credit) to net profit	Debit/(Credit) to equity through statement OCI	December 31, 2011
Deferred tax liabilities (before set - offs)				
Property, plant and equipment	28.542	-263	328	28.607
Intangible assets	205	17	-	222
Provisions	10	990	-	1.000
Receivables and prepayments	3.000	-3.000	-	-
	31.757	**-2.256**	**328**	**29.829**
Deferred tax assets (before set - offs)				
Investments & other non-current receivables	-1.939	1.939	-	-
Inventories	-1.123	837	-	-286
Receivables and prepayments	-813	151	-	-662
Government grants	-1.069	29	-	-1.040
Provisions	-1.531	619	-	-912
Post-employment and termination benefits	-4.635	1.186	1.646	-1.803
Trade and other payables	-929	860	-	-69
Financial instruments	-137	137	-	-
Tax losses carried forward (note 8)	-	-5.067	-	-5.067
	-12.176	**691**	**1.646**	**-9.839**
Net deferred tax liability	**19.581**	**-1.565**	**1.974**	**19.990**

19. Inventories

(all amounts in Euro thousands)	Group		Company	
	2012	**2011**	**2012**	**2011**
Inventories				
Raw materials-Maintenance stores	164.051	166.509	59.248	57.786
Finished goods	76.688	82.719	11.199	12.825
	240.739	249.228	70.447	70.611
Provision for obsolete inventory	-5.843	-6.043	-1.278	-1.430
	234.896	243.185	69.169	69.181
Transfer of major spare parts to property, plant and equipment (note 11)	-1.131	-420	-89	-420
	233.765	**242.765**	**69.080**	**68.761**

Analysis of provision for impairment of inventories	Group		Company	
	2012	**2011**	**2012**	**2011**
Balance at 1 January	**6.043**	**11.965**	**1.430**	**5.404**
Charge for the year (note 29)	1.492	2.064	-152	11
Unused amounts reversed (note 29)	-1.416	-5.300	-	-3.985
Utilized	-149	-2.789	-	-
Reclassification from other inventory accounts	-	178	-	-
Exchange differences	-127	-75	-	-
Balance at 31 December	**5.843**	**6.043**	**1.278**	**1.430**

The Group and the Company have not pledged their inventories as collateral.

20. Receivables and prepayments

(all amounts in Euro thousands)	Group		Company	
	2012	**2011**	**2012**	**2011**
Trade receivables	136.182	127.702	18.945	14.748
Cheques receivables	23.000	24.717	7.339	8.171
Trade receivables from related parties (note 33)	-	-	10.505	12.037
Allowance for doubtful debtors	-31.694	-34.784	-6.131	-9.028
	127.488	117.635	30.658	25.928
Creditors advances	2.766	3.667	75	370
Income tax receivables	6.416	14.147	3.626	10.308
V.A.T. and other tax receivables	22.024	20.698	542	691
Clay fee receivable (note 4, 29, 37)	8.577	16.943	-	-
Prepayments and other receivables	36.151	55.473	14.517	12.301
Other receivables from related parties (note 33)	9	10	9.501	15.238
Allowance for doubtful debtors	-4.251	-3.613	-1.620	-967
	71.692	107.325	26.641	37.941
	199.180	**224.960**	**57.299**	**63.869**

The "clay fee receivable" is the amount of the refundable clay fee derived from the Group's subsidiaries in Egypt totalling €8.6 mil. (2011: €16.9 mil.).

20. Receivables and prepayments (continued)

As at 31 December, the ageing analysis of trade receivables is as follows:

(all amounts in Euro thousands)	Group		Company	
	2012	**2011**	**2012**	**2011**
Neither past due nor impaired	67.635	81.510	21.884	25.263
Past due nor impaired :				
< 30 days	26.287	18.017	3.700	665
30-60 days	12.738	7.358	2.438	-
60-90 days	4.773	3.913	563	-
90-120 days	3.992	3.187	203	-
>120 days	12.063	3.651	1.870	-
	127.488	**117.636**	**30.658**	**25.928**

Part of the aforementioned trade receivables is secured by guarantees/collaterals, amounted to €24,862 thousand for the Group and €12,595 thousand for the Company (note 32).

Trade receivables are non-interest bearing and are normally settled on: Group 30-170 day's terms, Company 30-170 day's terms.

Allowance for doubtful debtors analysis

(all amounts in Euro thousands)	Group		Company	
	2012	**2011**	**2012**	**2011**
Balance at 1 January	**38.397**	**38.213**	**9.995**	**5.860**
Charge for the year (note 29)	12.205	18.806	2.166	4.561
Unused amounts reversed (note 29)	-12.118	-16.907	-3.778	-187
Utilized	-2.582	-2.016	-632	-239
Reclassification from receivables/payables	114	-	-	-
Additions due to acquisitions	-	-	-	-
Exchange differences	-71	301	-	-
Balance at 31 December	**35.945**	**38.397**	**7.751**	**9.995**

21. Cash and cash equivalents

(all amounts in Euro thousands)	Group		Company	
	2012	**2011**	**2012**	**2011**
Cash at bank and in hand	97	708	3	29
Short-term bank deposits	284.175	333.227	35.598	29.449
	284.272	**333.935**	**35.601**	**29.478**

Short-term bank deposits comprise primarily of time deposits. The effective interest rates on these short-term bank deposits are based on floating rates and are negotiated on a case by case basis.

22. Share capital and premium

(all amounts are shown in Euro thousands unless otherwise stated)

The total number of the authorised ordinary shares is:	**2012**	**2011**
Ordinary shares of €4.00 each	77.063.568	77.063.568
Preference shares of €4.00 each	7.568.960	7.568.960
	84.632.528	**84.632.528**