# 1. General information and summary of significant accounting policies

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

Information on the Group's structure is provided in note 14. Information on other related party relationships of the Group and the Company is provided in note 32.

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

These annual financial statements (the financial statements) were approved for issue by the Board of Directors on 28 March 2018.

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

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 (IFRS), as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union and interpretations issued by the IFRS Interpretations Committee.

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 that have been 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 and/or interpretations that are mandatory for the periods beginning on or after 1 January 2017.

### 1.1.1 New standards, amendments to standards and interpretations issued and effective for the current financial year that have no significant impact on the financial statements of the Group and the Company

IAS 7 (Amendments) "Disclosure initiative"

These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses".

These amendments clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value.

### 1.1.2 New standards, amendments to standards and interpretations issued but not yet effective nor early adopted by the Group and the Company

IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7 (effective for annual periods beginning on or after 1 January 2018)

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. Moreover, IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39.

The Group and the Company will apply the standard retrospectively without restatement of the comparative information for prior years, on 1 January 2018, except for hedge accounting.

In 2017, the Group and the Company neither have applied hedge accounting, nor they will choose application of hedge accounting on 1 January 2018 under the new standard. Therefore, they will continue to apply their current accounting policy for hedge accounting, even though they will examine the commencement of hedge accounting requirements under IFRS 9, whenever a new hedge relationship arises.

During 2017, the Group and the Company completed their reviews of IFRS 9 classification and measurement requirements (including impairments), concluding that the majority of their financial instruments will be accounting for in a manner similar to IAS 39.

Specifically, the business model and cash flow characteristic tests will not affect the classification and measurement of the Group's and the Company's trade or other non-trade receivables, which will continue to be measured at amortized cost.

However, the Group's available-for-sale financial assets, amounting to €0.5 million on 31 December 2017 and comprising of non-listed shares and foreign funds investing in properties, will be classified and measured at fair value through profit and loss.

The same classification and measurement treatment will be adopted by the Company for its available-for-sale financial assets of €0.1 million that consists of non-listed shares.

The impact of the new impairment model has also been reviewed. The Group and the Company determined that their trade receivables and other financial assets generally have low credit risk. The Group will recognise an increase in loss allowance of approximately €0.5 million and the Company will have no impact from the implementation of the new expected loss model.

Finally, the Company entered into an amendment, dated 30 November 2017, with a Group's subsidiary modifying the terms of an intragroup loan. On transition to the new standard, the measurement of the intragroup financial liability on 1.1.2018 will result in the recognition of a loss of approximately €0.9 mil. in the Company's retained earnings.

IFRS 9 (Amendments) "Prepayment Features with Negative Compensation" (effective for annual periods beginning on or after 1 January 2019)

The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met—instead of at fair value through profit or loss. The Group cannot early adopt the amendments as they have not yet been endorsed by the EU

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

IFRS 15 has been issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services.

The Group and the Company will adopt the standard on 1 January 2018 by using the modified retrospective approach, meaning that the cumulative impact of the adoption will be recognised in retained earnings and comparatives will not be restated.

Nevertheless, the Group and the Company expect no impact on their profitability, liquidity or financial position, when they will apply IFRS 15 for the first time. Therefore, opening retained earnings for 2018 will not be adjusted.

During 2017, the Group and the Company reviewed a representative sample of contracts with customers to identify changes in the time or the amount of revenue recognition. The assessments performed for contracts that would not be completed on the date of initial application and examined revenue streams from sales of cement, ready-mix concrete, aggregates, fly ash separators, building blocks and other cementitious materials. The assessments required no transition adjustment.

IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019)

IFRS 16 has been issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. At this stage the Group and the Company are not able to estimate the impact of the adoption of the new standard on the financial statements, as they have not yet finalized their detailed assessment of the application of IFRS 16. The Group and the Company plan to adopt the new standard on the required effective date (1.1.2019).

IFRS 17 "Insurance contracts" (effective for annual periods beginning on or after 1 January 2021)

IFRS 17 has been issued in May 2017 and supersedes IFRS 4. IFRS 17 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard and its objective is to ensure that an entity provides relevant information that faithfully represents those contracts. The new standard solves the comparison problems created by IFRS 4 by requiring all insurance contracts to be accounted for in a consistent manner. Insurance obligations will be accounted for using current values instead of historical cost. The standard has not yet been endorsed by the EU.

IFRS 2 (Amendments) "Classification and measurement of Shared-based Payment transactions" (effective for annual periods beginning on or after 1 January 2018)

The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The amendments have not yet been endorsed by the EU.

IFRS 4 (Amendments) "Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts" (effective for annual periods beginning on or after 1 January 2018)

The amendments introduce two approaches. The amended standard will: a) give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts standard is issued; and b) give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021. The entities that defer the application of IFRS 9 will continue to apply the existing financial instruments standard—IAS 39.

IAS 40 (Amendments) "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018)

The amendments clarified that to transfer to, or from, investment properties there must be a change in use. To conclude if a property has changed use there should be an assessment of whether the property meets the definition and the change must be supported by evidence. The amendments have not yet been endorsed by the EU.

IAS 28 (Amendments) "Long term interests in associates and joint ventures" (effective for annual periods beginning on or after 1 January 2019)

The amendments clarify that companies account for long-term interests in an associate or joint venture—to which the equity method is not applied—using IFRS 9. The amendments have not yet been endorsed by the EU.

IFRIC 22 "Foreign currency transactions and advance consideration" (effective for annual periods beginning on or after 1 January 2018)

The interpretation provides guidance on how to determine the date of the transaction when applying the standard on foreign currency transactions, IAS 21. The Interpretation applies where an entity either pays or receives consideration in advance for foreign currency-denominated contracts. The interpretation has not yet been endorsed by the EU.

IFRIC 23 "Uncertainty over income tax treatments" (effective for annual periods beginning on or after 1 January 2019)

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates. The interpretation has not yet been endorsed by the EU.

Annual Improvements to IFRS (2014 – 2016 Cycle)

The amendments set out below describe the key changes to two IFRSs. The amendments have not yet been endorsed by the EU.

IFRS 12 "Disclosures of Interests in Other Entities"

The amendment clarified that the disclosures requirement of IFRS 12 are applicable to interest in entities classified as held for sale except for summarised financial information. The amendment is effective for annual periods beginning on or after 1 January 2017.

IAS 28 "Investments in associates and Joint ventures"

The amendments clarified that when venture capital organisations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition. The amendment is effective for annual periods beginning on or after 1 January 2018.

Annual Improvements to IFRS (2015 – 2017 Cycle) (effective for annual periods beginning on or after 1 January 2019)

The amendments set out below include changes to four IFRS. The amendments have not yet been endorsed by the EU.

IFRS 3 "Business combinations"

The amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 "Joint arrangements"

The amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 "Income taxes"

The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

IAS 23 "Borrowing costs"

The amendments clarify a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.