

Certain Group companies are obliged according to the applicable commercial law to retain a percentage of their annual net profits as legal reserve. This reserve cannot be distributed during the operational life of the company.

The "Contingency Reserves" include, among others, reserves formed by the Company and certain Group subsidiaries by applying developmental laws. These reserves have exhausted their tax liability or have been permanently exempted from taxation, so there is no additional tax charge for the Group and the Company from their distribution. Based on the decision of the General Meeting of 17 June 2016 the "special & contingency reserves" have increased by €31.8 million due to the transfer from "retained earnings".

The "Tax Exempt Reserves under Special Laws", according to the Greek tax legislation, are exempt from income tax, provided that they are not distributed to the shareholders.

The distribution of the remaining aforementioned reserves can be carried out after the approval of the shareholders at the Annual General Meeting and the payment of the applicable tax. Depending on whether they are capitalized or distributed, some of these reserves have different tax charge. The Group has no intention to distribute the remaining amount of these reserves and consequently, has not calculated the income tax that would arise from such distribution.

The "Revaluation Reserve" includes: a) €40.3 million (2016: €42.8 million) as the fair value of tangible and intangible assets that the Group had in Egypt through its participation in the joint venture Lafarge-Titan Egyptian Investments Ltd, until it fully acquired the joint venture and b) the €1.4 million (2016: €0.2 million) debit difference between the fair value and the book value arising from the recognition of the put option of the non-controlling interests for the sale of ANTEA Cement SHA's shares.

The "Actuarial Differences Reserve" records the re-measurement gains and losses (actuarial gains and losses) arising from the actuarial studies performed by the Group's subsidiaries for various benefit, pension or other retirement schemes (note 25).

The "Foreign Currency Translation Reserve" is used to record exchange differences arising from the translation of the financial statements of foreign subsidiaries.

Moreover, it includes the currency translation differences reserve on transactions designated as part of net investment in foreign operations. During the last quarter of 2016, the Group subsidiary Titan Egyptian Investment Ltd (TEIL) decided to renew the loan of €76.9 million that had entered into with its subsidiary in Egypt, Alexandria Portland Cement Co. S.A.E. (APCC) in 2010. According to its accounting policy, the Group recognizes in its consolidated financial statements the aforementioned intergroup loan as part of the net investment in the Egyptian operation. On 31 December 2017, this reserve has a debit balance of €25.3 million (2016: €23.2 million).

The "Currency Translation Differences on Derivative Hedging Position Reserve" illustrates the exchange differences arising from the translation into euro of loans in foreign currency, which have been designated as net investment hedges for certain Group subsidiaries abroad. It also illustrates the exchange differences arising from the valuation of financial instruments used as cash flow hedges for transactions in foreign currencies.