TITAN GLOBAL FINANCE PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 2018

Registered number: 06199510

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CONTENTS

COMPANY INFORMATION

Board of Directors:	CR Field KV Fittler N Andreadis LH Wilt Jr
Company Secretary:	Rollits Company Secretaries Limited
Independent Auditors:	PricewaterhouseCoopers LLP Central Square 29 Wellington Street Leeds LS1 4DL
Registered office:	No. 12 Shed King George Dock Hull HU9 5PR
Registration number:	06199510

STRATEGIC REPORT
for the year ended 31 December 2018

The directors present their Strategic report for the year ended 31 December 2018.

Business review

The Company, domiciled in the UK, is a part of the Titan Cement Company S.A. Group which is based on Greece. During the course of 2018, the Company continued to carry out its operations as the Group's funding vehicle, drawing from bank facilities and the capital markets through the Irish Stock Exchange and Luxembourg Stock Exchange and extending finance to other Group companies, i.e. fellow group undertakings of Titan Cement Company S.A. and its subsidiary undertakings. At the same time, the Company has extended finance to Group companies using funds sourced from both the Company's own cash reserves and from other Group subsidiaries with excess cash balances.

The Company borrows and extends finance at arm's length, charging at least an additional five basis points margin on bank credit facilities, fixed interest rate loans and bonds (and a five per cent mark-up on other costs) so as to cover overhead costs and maintain the profitability commitment the Company has agreed with Her Majesty's Revenue and Customs (HMRC).

On 26 January, the Company issued €100,000,000 of additional notes to be consolidated and form a single series with the €250,000,000 2.375% Guaranteed Notes due to mature in November 2024, issued by the Company on 16 November 2017, guaranteed by Titan Cement Company S.A. The notes are traded on the Global Exchange Market (GEM), the exchange regulated market of the Irish Stock Exchange.

As at 31 December 2018, the Company had committed undrawn bank facilities of €300,000,000 (2017: €300,000,000).

The total comprehensive income for the year amounted to €1,115,415 (2017: €1,597,814).

Key performance indicators and financial risk management

The Company is focused on maintaining adequate liquidity to ensure that debt that falls due can always be met with available cash or un-utilized bank facilities.

The Board of Directors therefore monitors the liquidity ratio, which is defined as the ratio of un-utilised long term committed third party facilities (excluding facilities granted by members of Titan Group) and cash over short term third party debt (excluding borrowings from members of Titan Group) plus accrued interest associated with the short term borrowings. The liquidity ratio as at 31 December 2018 was 1.83:1 (2017: Not applicable as there was no short term third party debt).

The Board of Directors also monitors the Company's profit before tax to ensure the Company is compliant with the HMRC Advance Thin Capitalization Agreement. The Board is satisfied that the HMRC Advance Thin Capitalization Agreement requirements have been met during 2018.

The nature of the Company's business means that it is essential to have available external funds to be able to provide funding to relevant subsidiaries as required. External funding is usually guaranteed by Titan Cement Company S.A., the Company's immediate and ultimate parent undertaking.

Principal risks and uncertainties and exposure to financial risks

The principal risks of the Company are those relating to financial instruments including credit risk, liquidity risk, foreign exchange risk and interest risk. Please see note 3 to the financial statements for further information.

Future developments

The directors aim to improve already strong management policies which have resulted in this year's stability and profits.

The Company's operations are aligned with the Group's strategic priorities with respect to optimization of funding and cash management needs. As the Group's funding vehicle, the Company is reliant on its parent for support through the guarantees the latter provides to secure the Company's external financing. The Group will continue to focus on producing positive free cash flow and cost reduction so as to ensure sustainability in business operations and in growth.

As at the date of approval of these financial statements,

- the €300,000,000 3.50% Guaranteed Notes issued on 17 June 2016 remained outstanding and are due in June 2021;
- the €287,170,000 4.25% Guaranteed Notes issued on 10 July 2014 have been partially repaid by €126,557,000 with remaining outstanding of €160,613,000 due in July 2019; and
- €100,000,000 Additional Guaranteed Notes issued in January 2018 in connection with the re-opening of the November 2017 issue, resulting in a total of €350,000,000 2.375% Guaranteed Notes due in November 2024.

This report was approved by the board on 5 April 2019 and signed on its behalf by:

LH Wilt Jr
Director

Karen V. Fittler
KV Fittler
Director

DIRECTORS' REPORT
for the year ended 31 December 2018

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2018.

Review of current position, future developments and performance of the Company's business
The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Financial risk management
The financial risk management disclosure can be found in note 3 of the financial statements and in the Strategic report.

Going concern basis
Any potential turmoil of the financial markets is not expected to significantly impact the Company during the next 12 months as the Company retains sufficient cash and committed un-utilised credit facilities to ensure it has sufficient available funds to cover its operating and funding needs. In considering going concern, the directors have also considered the Company's continued compliance with necessary debt covenants to existing lenders over the foreseeable future.

The Board of Directors is confident that the Company has adequate available resources, supported where necessary by its parent and fellow group undertakings to ensure continued operations as a going concern for the foreseeable future. Therefore the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Results and Dividends
The Company's results for the year are set out on page 11. The net profit for the year attributable to the shareholders of the Company amounted to €1,116 thousand (2017: €1,598 thousand). On 31 December 2018 the total assets of the Company were €829,490 thousand (2017: €728,523 thousand) and the net assets of the Company were €16,715 thousand (2017: €16,680 thousand).

On 12 November 2018 the Directors declared a dividend of 4.636 pence (5.233 in € equivalent) per ordinary share at a total cost of GBP 11,590,000 (13,313,728.42 in € equivalent) be paid immediately to the members of the Company whose names appear on the register of members at the time of the resolution.

Share capital
The Company allotted equity securities of an aggregate nominal amount of GBP 10,000,000 (11,286,935.50 in € equivalent).

Board of Directors
The directors of the company who were in office during the year and up to the date of signing the financial statements are presented on page 1.

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

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Disclosure of information to auditors
Each of the persons who is a director at the date of approval of this report confirms that:
(1) so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
(2) each director has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

DIRECTORS' REPORT
for the year ended 31 December 2018

Independent Auditors
During the year, PricewaterhouseCoopers LLP, continued in office as the Company's auditors and will be deemed to be reappointed in accordance with Section 487 of the Companies Act 2006.

This report was approved by the board on 5 April 2019 and signed on its behalf by:

LH Wilt Jr
Director

KV Fittler
Director

STATEMENT OF DIRECTORS' RESPONSIBILITIES
for the year ended 31 December 2018

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulation.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgments and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2018

	Note	**2018** **€000**	2017 €000
Other income	5	80	-
Administration expenses	6	(142)	(147)
Finance income		31,692	42,215
Finance costs		(30,260)	(40,098)
Net finance income	8	1,432	2,117
Net foreign exchange gain/(loss)		8	1
Profit before tax		**1,378**	1,971
Tax	9	(262)	(373)
Profit and total comprehensive income for the year		**1,116**	1,598

All of the activities of the Company in 2018 and 2017 relate to continuing operations. There are no items of other comprehensive income recorded directly in equity.

The notes on pages 15 to 32 are an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2018

	Note	**2018 €000**	2017 €000
ASSETS			
Other asset	12	766	1,133
Loans and other receivables	11	644,025	705,459
Non-current assets		**644,791**	706,592
Loans and other receivables	11	184,002	12,652
Other assets	12	367	367
Cash and cash equivalents		330	8,912
Current assets		**184,699**	21,931
Total assets		**829,490**	728,523
Share capital	13	14,574	3,287
Retained earnings		2,141	13,393
Total equity		**16,715**	16,680
Borrowings	14	645,508	704,662
Loans and other payables	15	804	1,189
Non-current liabilities		**646,312**	705,851
Loans and other payables	15	5,981	5,850
Borrowings	14	160,298	-
Current tax liabilities		184	142
Current liabilities		**166,463**	5,992
Total liabilities		**812,775**	711,843
Total equity and liabilities		**829,490**	728,523

The notes on pages 15 to 32 are an integral part of these financial statements.

The financial statements on pages 15 to 32 were authorized for issue by the Board of Directors on 5 April 2019 and were signed on its behalf by:

LH Wilt Jr
Director

KV Fittler
Director

Company registration number: 06199510

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2018

	Attributable to owners of the parent		
	Share capital €000	**Retained earnings €000**	**Total equity €000**
Balance at 1 January 2017	3,287	11,795	15,082
Profit and total comprehensive income for the year	-	1,598	1,598
Balance at 31 December 2017/ 1 January 2018	3,287	13,393	16,680
Adjustment to opening Retained Earnings (refer note 2 (a))	-	946	946
Profit and total comprehensive income for the year	-	1,116	1,116
Issue of share capital	11,287	-	11,287
Dividends	-	(13,314)	(13,314)
Balance at 31 December 2018	**14,574**	**2,141**	**16,715**

The notes on pages 15 to 32 are an integral part of these financial statements.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2018

	Note	**2018** **€000**	2017 €000
Cash generated from/(used in) operations	16	(196)	172
Tax paid		(222)	(270)
Net cash used in operating activities		**(418)**	(98)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans repaid by / (granted to) related parties		(105,600)	19,360
Interest and other finance income received from related parties		27,802	47,951
Net cash generated from/(used in) investing activities		**(77,798)**	67,311
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from the issue of ordinary share capital		11,287	-
Dividends paid		(13,314)	-
Repayment of loans from related parties		-	(54,673)
Proceeds from listed guaranteed notes		100,000	250,000
Repayments of listed guaranteed notes		-	(214,495)
Interest and other finance cost paid		(28,339)	(46,868)
Net cash (used in)/generated from financing activities		**69,634**	(66,036)
Net increase/(decrease) in cash and cash equivalents		(8,582)	1,177
Cash and cash equivalents at beginning of the year		8,912	7,735
Cash and cash equivalents at end of the year		**330**	8,912

The notes on pages 15 to 32 are an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

1. Authorisation of financial statements

The financial statements of Titan Global Finance plc for the year ended 31 December 2018 were authorized for issue by the Board of Directors on 5 April 2019 and the Statement of Financial Position was signed on the Board's behalf by LH Wilt Jr and KV Fittler. The Company continued to carry out its operations as the Group's funding vehicle, drawing on bank facilities and from the capital markets and extending finance to Group companies, i.e. Titan Cement Company S.A. and its subsidiary undertakings. At the same time, the Company has also been extending finance to Group companies via funds sourced from both the Company's own cash reserves or from other Group subsidiaries with excess cash balances.

The Company is a public limited company, incorporated and domiciled in the United Kingdom. The address of its registered office is No. 12 Shed, King George Dock, Hull, HU9 5PR.

2. Significant accounting policies

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

Going concern basis

The continued uncertainty of the financial markets is not expected to significantly impact the Company during the next 12 months as the Company retains sufficient cash and committed un-utilised credit facilities to ensure it has sufficient available funds to cover its operating and funding needs. In considering going concern, the directors have also considered the Company's continued compliance with necessary debt covenants to existing lenders over the foreseeable future.

The Board of Directors is confident that the Company has adequate available resources, supported where necessary by its parent and fellow group undertakings to ensure continued operations as a going concern for the foreseeable future. Therefore the directors continue to adopt the going concern basis of accounting in preparing the annual financial statements. Further information on the company's borrowings is given in note 14.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The key area involving a higher degree of judgment and assumptions are significant to the financial statements is a going concern basis.

Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Company's functional and presentational, currency is the Euro. All financial information presented in Euros has been rounded to the nearest thousand.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

2. Significant accounting policies (continued)

Changes in accounting policy and disclosures

a. New and amended standards adopted by the Company

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2018. The impact in the financial statement on adoption of the new standards is discussed below:

- IFRS 9 "Financial Instruments"

As explained below, in accordance with the transition provisions of IFRS 9, the Company has elected the simplified approach for adoption of the standards. Accordingly, IFRS 9 was adopted without restating the comparative information. The comparative information is prepared in accordance with IAS 39, and the impact of adoption has been recognised in the opening retained earnings (and other components of equity, as appropriate).

IFRS 9 "Financial instruments" replaces the provisions of IAS 39 that relate to recognition and derecognition of financial instruments and classification and measurement of financial assets and financial liabilities. IFRS 9 further introduces new principles for hedge accounting and a new forward-looking impairment model for financial assets.

The new standard requires debt financial assets to be classified into two measurement categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (either FVTPL or FVPL) and those to be measured at amortized cost. The determination is made at initial recognition. For debt financial assets the classification depends on the entity's business model for managing its financial instruments and the contractual cash flows characteristics of the instruments. For equity financial assets it depends on the entity's intentions and designation.

In particular, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Lastly, assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

IFRS 9 also introduces a single impairment model applicable for debt instruments at amortised cost and fair value through other comprehensive income and removes the need for a triggering event to be necessary for recognition of impairment losses. The new impairment model under IFRS 9 requires the recognition of allowances for doubtful debts based on expected credit losses (ECL), rather than incurred credit losses as under IAS 39. The standard further introduces a simplified approach for calculating impairment on trade receivables as well as for calculating impairment on contract assets and lease receivables; which also fall within the scope of the impairment requirements of IFRS 9.

For financial liabilities, the standard retains most of the requirements of IAS 39. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to the entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

With the introduction of IFRS 9 "Financial Instruments", the IASB confirmed that gains or losses that result from modification of financial liabilities that do not result in derecognition shall be recognized in profit or loss.

The Company has adopted IFRS 9 with a date of transition of 1 January 2018, which resulted in changes in accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets.

Impact of adoption

Financial instruments:

In accordance with the transition provisions in IFRS 9, the Company has elected the simplified transition method for adopting the new standard. Accordingly, the effect of transition to IFRS 9 was recognised as at 1 January 2018 as an adjustment to the opening retained earnings (or other components of equity, as appropriate). In accordance with the transition method elected by the Company for implementation of IFRS 9 the comparatives have not been restated but are stated based on the previous policies which comply with IAS 39. Consequently, the revised requirements of IFRS 7 "Financial Instruments: Disclosures" have only been applied to the current period. The comparative period disclosures repeat those disclosures made in the prior year.

2. Significant accounting policies (continued)

Changes in accounting policy and disclosures (continued)

Impact of adoption (continued)

On 1 January 2018 for debt instruments held by the Company, management has assessed which business models apply to the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI test). In addition separate assessment for equity instruments held by the Company was performed, in respect of whether they are held for trading or not. As a result of both assessments management has classified its debt and equity instruments into the appropriate IFRS 9 categories.

As a result of the adoption of IFRS 9 the Company revised its impairment methodology for each class of assets subject to the new impairment requirements. From 1 January 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI, cash and cash equivalents and bank deposits with original maturity over 3 months and loan commitments and financial guarantees. The impairment methodology applied depends on whether there has been a significant increase in credit risk and whether the debt instruments qualify as low credit risk and whether the debt investments qualify as low credit risk.

The Company has the following types of assets that are subject to IFRS 9's new expected credit loss model: trade receivables, financial assets at amortised cost, cash and cash equivalents.

The Company has adopted the simplified expected credit loss model for its trade receivables, trade receivables with significant financing component, as required by IFRS 9, paragraph 5.5.15, and the general expected credit loss model for financial assets at amortised cost, cash and cash equivalents.

For all financial assets management assessed that the company's business model for managing the assets is "hold to collect" and these assets meet SPPI tests. As a result all other financial assets were classified as financial assets at amortised cost and reclassified from the category "loans and receivables" under IAS 39, which was "retired". Previously under IAS 39 these financial assets were also measured at amortised cost. Thus there were no impact of adoption of IFRS 9 as of 1 January 2018.

A gain of €946,000 was recognized in the Company's retained earnings in relation to modification to a financial asset effected on 30 November 2017.

At 31 December 2017, all of the Company's financial liabilities were carried at amortised cost. Starting from 1 January 2018 the Company's financial liabilities continued to be classified at amortised cost.

The assessment of the impact of adoption of IFRS 9 on the Company's accounting policies required management to make certain critical judgments in the process of applying the principles of the new standard. The judgments that had the most significant effect on management's conclusion are disclosed in notes below.

Borrowings:

Under IFRS 9 all gains or losses resulting from the modifications of borrowings that did not result in de-recognition should be recognised in profit or loss. Previously under IAS 39 the Company has amortised modification impact via adjusting the effective interest rate. The Company has assessed the above impact on the borrowings balances existing on the date of adoption of IFRS 9. Based on the assessment performed by management, the impact of IFRS 9 adoption resulted in no adjustment of borrowings balance as of 1 January 2018.

- IFRS 15 "Revenue from contracts with customers"

IFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. The standard is effective for annual periods beginning on or after 1 January 2018. The Company has assessed the impact of new standard and estimated that there is no material impact on the financial statements.

2. Significant accounting policies (continued)

Changes in accounting policy and disclosures (continued)

b. New standards, amendments and interpretations not yet effective

- IFRS 16 "Leases"

The new standard (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019) sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. 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. The Company has assessed the impact of new standard and estimated that there is no material impact on the financial statements.

Fair value measurement

The Company discloses the fair value of financial instruments, measured at amortized cost, as disclosed in note 4.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.
The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

2. Significant accounting policies (continued)

Fair value measurement (continued)

For assets and liabilities that are recognized at fair value in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

- **Classification**

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, up to 31 December 2017, these were measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost were classified as current assets if they were due within one year or less (or in the normal operating cycle of the business if longer).

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

- **Recognition and derecognition**

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

2. Significant accounting policies (continued)

Financial assets (continued)

- **Measurement**

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statement. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the income statement.

- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

- **Impairment – credit loss allowance for ECL**

From 1 January 2018, the Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date.

The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

2. Significant accounting policies (continued)

Financial assets (continued)

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within "net impairment losses on financial and contract assets".

Debt instruments measured at AC are presented in the balance sheet net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the balance sheet.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For trade receivables including trade receivables with a significant financing component and contract assets the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial asset that are subject to impairment under IFRS 9, the Company applies general approach – three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets.

- **Reclassification**

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

- **Write-off**

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

- **Modification**

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (eg profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

2. Significant accounting policies (continued)

Financial assets (continued)

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Loans and receivables with related parties - before 1 January 2018

Loans and receivables are non-derivative financial assets (intra-Group facilities and loans) with fixed or determinable payments that are not quoted on an active market.

Loans and other receivables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. A provision for impairment of loans and receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the debtor is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated cash flows, discounted at the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognized in the Statement of Comprehensive Income within administrative expenses.

Cash and cash equivalents- after 1 January 2018

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Cash and cash equivalents – before 1 January 2018

Cash and cash equivalents comprise deposits (including time deposits) with banks.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Borrowings

Loans and other payables/borrowings are recognized initially at fair value, net of transaction costs incurred. In subsequent periods, loans and other payables/borrowings are carried at amortized cost using the effective interest method. Any difference between proceeds (net of transaction costs) and the redemption value is recognized in the Income statement over the period of the loans and other payables/borrowings using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

2. Significant accounting policies (continued)

Borrowings (continued)

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

Loans and other payables/borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.
Loans and other payables/borrowings are derecognized when the obligation under the liability is discharged, cancelled or expires. When existing loans and other payables/borrowings are replaced by another from the same lender on substantially different terms, or the terms of the existing loans and other payables/borrowings are substantially modified, such an exchange or modification is treated as the derecognition of the original loans and other payables/borrowings and the recognition of a new loans and other payables/borrowings. The derecognition of loans and other payables/borrowings is written off in full in the Statement of Comprehensive Income.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. Trade payables are classified as current liabilities if payment is due within one year or less, 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.

Income and expense recognition

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

Interest income and expense are recorded for all debt instruments on an accrual basis using the effective interest method. This method defers, as part of interest income or expense, all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

Fees integral to the effective interest rate include origination fees received or paid by the entity relating to the creation or acquisition of a financial asset or issuance of a financial liability, for example fees for evaluating creditworthiness, evaluating and recording guarantees or collateral, negotiating the terms of the instrument and for processing transaction documents.

All other fees, commissions and other income and expense items are generally recorded on an accrual basis by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

Foreign currencies

Transactions in foreign currencies are initially recorded in the entity's functional currency by applying the spot exchange rate ruling at the date of transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rate of exchange ruling at the year end date. All differences are taken to the Statement of Comprehensive Income.

2. Significant accounting policies (continued)

Tax

The income tax expense for the year comprises Corporation tax related to the current year (current tax). Tax is recognised in the Statement of Comprehensive Income.

The income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the United Kingdom. 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.

Share capital

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

3. Financial risk management

The Company's operations expose it to a variety of risks, principally financial. The Company has in place a -risk management policy that seeks to limit adverse effects on the financial performance of the Company. The policies set by the Board are implemented by the Company's management.

The principal activity of the Company is to act as an intermediate finance company for the Group's operations by raising and providing funding to other Titan Group companies. Therefore credit risk, liquidity risk, interest rate risk and foreign exchange risk are inherent risks.

3.1 Interest rate risk

The Company has floating rate assets and liabilities, in the form of bank borrowings and corresponding intercompany debtors (representing the bank borrowings on loan at floating rate plus a margin), and fixed rate assets and liabilities, being listed guarantee notes and corresponding intercompany debtors (representing those amounts on loan at fixed rates plus a margin).On an aggregate level, total interest paid to third parties is matched to the interest received by intercompany debtors, therefore, the related interest rate risk is naturally mitigated.

At 31 December 2018, if interest rates on loan receivables, payables and bank borrowings had been 1% higher with all other variables held constant, pre-tax profit for the year would have been €17,481 (2017: €315,137) higher/ lower, mainly as a result of higher net interest income on floating rate instruments.

3.2 Credit risk
Given that the Company is the Group's funding vehicle and its purpose is to raise external bank and non-bank financing and lend to Group companies to cover their borrowing needs, its credit risk arises from the potential inability of its intra-Group counterparties to meet their obligations. Management consider the ability of intra-group counterparties to settle their debt on inception of the loan agreement and monitor throughout the term of the loan. All external borrowings are guaranteed by Titan Cement Company S.A., the immediate and ultimate parent undertaking. The cash balances are deposited with highly rated international financial institutions in line with Group Treasury policies, as stated in the Group's Risk Management Policy.

3.3 Liquidity risk

The Company retains sufficient cash and committed loans and facilities to ensure it has sufficient available funds to cover its operating needs. At 31 December 2018, the Company had guaranteed Notes outstanding of €810,613,000 pre borrowing costs, bank borrowings of € Nil and loans from related parties of € Nil. The €160,613,000 guaranteed notes are due for repayment in July 2019 and the remaining €650,000,000 guaranteed notes are due for repayment after more than one year after the year-end.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

3. Financial risk management (continued)

3.3 Liquidity risk (continued)

The table below analyses the Company's non-derivative financial liabilities (principal and accrued interest) into relevant maturity groupings based on the remaining period at the year-end date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

31 December 2018	3 months or less €000	3-12 months €000	1-2 years €000	2-5 years €000	More than 5 years €000	Total €000
Listed guarantee notes	3,451	182,820	18,813	340,688	358,313	904,085

31 December 2017	3 months or less €000	3-12 months €000	1-2 years €000	2-5 years €000	More than 5 years €000	Total €000
Listed guarantee notes	3,451	19,877	183,940	333,640	261,908	802,816

3.4 Currency risk

Funding is denominated in the same currency as the currency of funding provided to Titan Group's subsidiaries. As a consequence the exposure to exchange rate risk is offset.

At 31 December 2018, if the Euro had strengthened/weakened by 5% against the US Dollar with all other variables held constant, pre-tax profit for the year would have been €12.80 (2017: €162) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US Dollar-denominated loan receivables, payables, bank borrowings and operating expenses.

At 31 December 2018, if the Euro had strengthened/weakened by 5% against the Pound Sterling with all other variables held constant, pre-tax profit for the year would have been €682,157 (2017: €154,479) higher/lower, mainly as a result of foreign exchange gains/losses on translation of Pounds Sterling denominated loan receivables, payables and operating expenses.

4. Financial instruments by category

Set out below is a comparison by category of carrying amounts and fair values of the Company's financial assets and financial liabilities, that are carried in the statement of financial position:

	Carrying amounts		Fair values	
	2018	2017	**2018**	2017
	€000	€000	**€000**	€000
Financial assets				
Cash and cash equivalents	330	8,912	330	8,912
Receivables from related parties	820,676	712,409	810,017	732,652
Accrued income	7,346	5,698	7,346	5,698
Total	828,352	727,019	817,693	747,262
Financial liabilities				
Listed guaranteed notes	805,806	704,662	796,933	733,556
Accrued expenses	5,583	5,075	5,583	5,075
Total	811,389	709,737	802,516	738,631

4. Financial instruments by category (continued)

Management have assessed that the fair value of cash and cash equivalents and trade payables approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair values of related party payables and receivables, bank borrowings and listed guarantee notes are determined using discounted cash flows using a rate that reflects the Company's borrowing rate as at the year-end. The inputs used in these discounted cash flow calculations are at level 2 (2017: level 2) in the fair value hierarchy with the exception of cash and cash equivalents, which are categorised as level 1 (2017: level 1).

The fair value of the assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced liquidation or sale. The following methods and assumptions were used to estimate the fair values:

Listed guarantee notes are not actively traded and therefore the fair value was established using a valuation technique based on observable market data and an interest rate in relation to the €160,613,000 guaranteed notes expiring on 10 July 2019 of 4.25%, 3.5% in relation to the €300,000,000 guaranteed notes expiring on 17 June 2021 and 2.375% in relation to the €350,000,000 guaranteed notes expiring on 16 November 2024. There has been no change in the valuation technique used.

All other financial instruments are evaluated by the Company based on parameters including interest rates and price quotations at the reporting date.

Please refer to the fair value measurement accounting policy on page 18 for details of how the Company assesses fair value.

5. Other operating income

	2018	2017
	€000	€000
Amounts written off	80	-
	80	-

6. Administration expenses

	2018	2017
	€000	€000
Employee benefit expenses	10	28
Fee payable to company's auditors for the audit of company's financial statements	25	25
Other expenses	106	94
	141	147

7. Employees and directors

During the current and previous financial year there were no employees other than the directors.

	2018	2017
Directors	**€000**	€000
Aggregate emoluments	10	28

The amounts disclosed above represent key management compensation (directors only). A number of directors are remunerated by other Group undertakings with no recharge to the Company. The amount of remuneration paid to directors in respect of their services to the Company was €10,196 (2017: €28,095). Administrative work is outsourced to a company affiliate.

8. Finance income and costs

	2018	2017
	€000	€000
Finance income		
Interest income on loans to related parties	26,618	27,094
Tender offer income	-	8,040
Loan arrangement, commitment and utilisation fees	5,074	7,081
Finance income on financial assets	**31,692**	42,215
Finance costs		
Interest payable on borrowings	25,525	25,018
Tender offer expense	-	7,657
Loan arrangement, commitment and utilization fees	4,729	6,206
Interest payable on loans from related parties	-	1,205
Other interest expense	6	12
Finance costs on financial liabilities	**30,260**	40,098
Finance income-net	**1,432**	2,117

9. Tax

	2018	2017
	€000	€000
Corporation tax - current year	262	373
Charge for the year	**262**	373

The tax on the Company's profit before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2018	2017
	€000	€000
Profit before tax	1,378	1,971
Tax calculated at the applicable tax rates	262	379
Tax adjustments prior year	(-)	(6)
Tax charge	**262**	373

The corporation tax rate is 19% (2017:19.25%).

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

10. Dividends

	2018	2017
	€000	€000
Interim dividend paid	13,314	-
	13,314	-

On 12 November 2018 the Board of Directors approved the payment of an interim dividend of £11,590,000 (€13,314,000 equivalent in Euro) (2017: £Nil), paid in Euro using the closing ECB rate of 9 November 2018.

11. Loans and other receivables

	2018	2017
	€000	€000
Amounts falling due after more than one year		
Receivables from related parties	648,304	711,344
Unamortized loan arrangements fees	(4,279)	(5,885)
	644,025	705,459
Amounts falling due within one year		
Receivables from related parties	177,000	6,950
Unamortized loan arrangement fees	(348)	-
Accrued income	7,346	5,698
Other debtors	4	4
	184,002	12,652

Receivables from related parties represent intra-Group facilities and loans.

Amounts are drawn down from each facility for periods up to 180 days, however each tranche is considered as part of one of the long-term revolving credit facilities granted by the Company to the related party. During the period of the facilities, either partially or in full at the option of the related party or at maturity it may be renewed for another period, upon agreement of both parties. Accordingly, the amounts drawn down have been classified as receivable after more than one year in accordance with the terms of the facilities. Amounts drawn down under flexible drawdown facility/loan agreements are subject to interest rates which are either equal to 30, 60, 90 or 180 days LIBOR or EURIBOR rate plus a margin or at fixed interest rates.

Credit risk with respect to loan receivables is limited due to the Company's customer base being Group undertakings for whom there is no recent history of default. Due to these factors, management believe there is no credit risk provision required for doubtful debtors in both this and the prior year.

Loans and other receivables are denominated in the following currencies:

	2018	2017
	€000	€000
Euro	828,023	718,107
British Pounds	4	4
	828,027	718,111

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

12. Other assets

	2018 €000	2017 €000
Amounts falling due within one year		
Unamortized credit facility arrangement fees from third parties	367	367
	367	1,133
Amounts falling due within more than one year		
Unamortized credit facility arrangement fees from third parties	766	1,133
	766	367

13. Share capital

	2018 €000	2017 €000
Authorised issued and fully paid		
Balance at 1 January (2,500,000 shares of 1£ each)	3,287	3,287
Issue of shares (10,000,000 shares of 1£ each)	11,287	-
Balance at 31 December (12,500,000 shares of £1 each)	**14,574**	3,287

On 23 November 2018 the authorised share capital of the Company was increased to 12,500,000 shares of £1 each by issuance of additional 10,000,000 ordinary shares of £1 each.

14. Borrowings

	2018 €000	2017 €000
Amounts payable in less than one year		
Listed guaranteed notes (net of transaction costs)	160,298	-
	160,298	-
Amounts payable after more than one year		
Listed guaranteed notes (net of transaction costs)	645,508	704,662
	645,508	704,662

Listed guaranteed notes

The Company issued €100,000,000 Additional Guaranteed Notes in January 2018 in connection with the re-opening of the November 2017 issue, resulting in a total of €350,000,000 2.375% Guaranteed Notes due in November 2024.

The Company continues to have on issue €160,613,000 4.25% Guaranteed Notes expiring on 10 July 2019 and €300,000,000 3.5% Guaranteed Notes, expiring on 17 June 2021.

All notes are guaranteed by Titan Cement Company S.A., the Company's immediate parent undertaking.

15. Loans and other payables

	2018	2017
	€000	€000
Amounts payable after more than one year		
Deferred income on credit facility arrangement fees from related parties	804	1,189
	804	1,189

Amounts payable within one year		
Trade payables	1	2
Accrued expenses	5,583	5,075
Other creditors	11	388
Deferred income on credit facility arrangement fees from related parties	386	385
	5,981	5,850

Amounts owed to related parties represent intra-Group facilities and loans.

Amounts are drawn down from each facility for periods between 30 and 180 days, however each tranche is considered as part of one of the long-term revolving credit facilities which is repayable, during the period of the facilities either partially or in full at the option of the related party or at maturity it may be renewed for another period, upon agreement of both parties. Accordingly, the amounts drawn down have been classified as payable after more than one year in accordance with the terms of the facilities. Amounts drawn down under floating rate facility/loan agreements are subject to interest rates which are equal to 30, 60, 90 or 180 days EURIBOR rate plus a margin.

Loans and other payables are denominated in the following currencies:

	2018	2017
	€000	€000
Euro	6,668	6,838
British Pounds	117	201
	6,785	7,039

16. Cash flows from operating activities

		2018	2017
	Note	**€000**	€000
Profit before tax		1,378	1,971
Adjustments for:			
Finance income	8	(31,692)	(42,215)
Finance costs	8	30,260	40,098
Other non-cash incomes		(80)	-
		(134)	(146)
Decrease in loans and other receivables		-	2
Decrease/ Increase in loans and other payables		(62)	316
Cash generated from/(used in) operations		**(196)**	172

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 December 2018

17. Related party balances and transactions

The following transactions were carried out with related parties:

a. Key management compensation

Key management includes statutory directors only. The compensation paid or payable to key management for employee services is shown below:

	2018	2017
	€000	€000
Key management compensation		
Salaries and other short term employee benefits	10	28
	10	28

b. Purchase of services

	2018	2017
	€000	€000
Purchase of services		
Other related parties	16	-
	16	-

c. Loans receivable and payable to/from related parties

	2018	2017
	€000	€000
Receivables from related parties		
Immediate parent undertaking	292,518	379,403
Fellow group undertakings	528,159	333,006
Payables to related parties		
Fellow group undertakings	1,189	1,574

Interest arising from financing activities were as follows:

	2018	2017
	€000	€000
Receivable from related parties		
Immediate parent undertaking	12,471	13,439
Fellow group undertakings	14,147	13,655
Payable to related parties		
Fellow group undertakings	-	1,205

17. Related party balances and transactions (continued)

Arrangement fees, commitment fees and utilisation fees arising from financing activities was as follows:

	2018 €000	2017 €000
Receivable from related parties		
Immediate parent undertaking	1,947	2,086
Fellow group undertakings	3,087	4,995
Payable to related parties		
Fellow group undertakings	-	798

Tender Offer income and finance costs from financial instruments was as follows:

	2018 €000	2017 €000
Receivable from related parties		
Immediate parent undertaking	-	-
Fellow group undertakings	-	8,040
Payable to related parties		
Fellow group undertakings	-	-

18. Parent undertakings and controlling party

The Company's immediate and ultimate parent undertaking and controlling party is Titan Cement Company S.A., a company incorporated in Greece.

The largest and smallest group in which the results of the Company are consolidated is that headed by Titan Cement Company S.A. The consolidated financial statements of this Group may be obtained from Titan Cement Company S.A., 22A Halkidos Street, Athens, 111-43 Greece.

19. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditors' report to the members of Titan Global Finance plc

Report on the audit of the financial statements

Opinion

In our opinion, Titan Global Finance plc's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of its profit and cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 December 2018; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Our opinion is consistent with our reporting to the Board of Directors.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

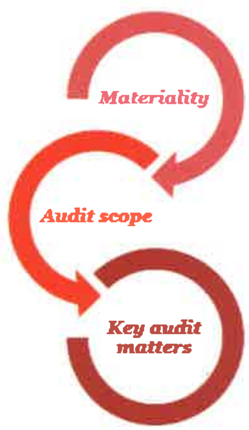
We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by the FRC's Ethical Standard were not provided to the company.

We have provided no non-audit services to the company in the period from 1 January 2018 to 31 December 2018.

Our audit approach

Overview



- Overall materiality: EUR 8.1m (2017: EUR 7.1m), based on 1% of total liabilities.

- We have conducted all of our work from Leeds using one team.
- Audit procedures were performed over all material account balances and disclosures in Titan Global Finance plc financial statements.

- Recoverability of receivables from related parties.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements

Capability of the audit in detecting irregularities, including fraud

Based on our understanding of the company and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of listing regulations of the Guaranteed Notes in the Luxembourg Stock Exchange and Irish Stock Exchange such as, but not limited to, compliance with debt covenants and timely repayment of principal and interest, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as the Companies Act 2006. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates and significant one-off or unusual transactions. Audit procedures performed by the engagement team included:

- Discussions with management and those charged with governance including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluation and testing of the operating effectiveness of management's entity level controls designed to prevent and detect irregularities, in particular their code of conduct;
- Perform testing over period end adjustments;
- Incorporate unpredictability into the nature, timing and/or extent of our testing;
- Reviewing key correspondence with the Luxembourg Stock Exchange, Irish Stock Exchange and HMRC;
- Challenging assumptions and judgements made by management in their significant accounting estimates, in particular in relation to recoverability of receivables from related parties and determination of expected credit loss provisions; and
- Identification and testing journal entries, in particular any journal entries posted to suspense accounts, unusual postings to cash and expense accounts, or posted to borrowings with a favourable impact on financial performance.

There are inherent limitations in the audit procedures described above and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we would become aware of it. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	***How our audit addressed the key audit matter***
Recoverability of receivables from related parties The entity carries out its operations as a funding vehicle for Titan Cement Company S.A. and its subsidiary undertakings (together "the group"), drawing from bank facilities and the capital markets and extending finance to these fellow group undertakings. Accordingly, the entity's balance sheet includes significant intercompany receivables. There is a risk associated with the intercompany receivables not being recoverable, and the entity consequently being unable to meet its obligations to third party lenders when they fall due. The parent company has pledged as security for the receivables in a 'share pledge agreement' shares in certain of the principal subsidiary undertakings to be surrendered to the entity in the event of default.	We assessed the recoverability of receivables owed by fellow group undertakings by performing the following: understanding current intercompany arrangements in place; examining the detailed receivables listings at the balance sheet date for amounts that have been outstanding for a long period of time or may be overdue; reviewing the performance and cash flow projections of relevant group undertakings; verifying that the share pledge agreements are in place. As a result of our work, we concur with entity management that receivables from related parties are recoverable, and consequently there is no requirement for a material provision nor is there any indication of a related risk to the entity continuing as a going concern.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

We have conducted all of our work from Leeds using one team. Audit procedures were performed over all material account balances and disclosures in Titan Global Finance plc financial statements.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	EUR 8.1m (2017: EUR 7.1m).
How we determined it	1% of total liabilities.
Rationale for benchmark applied	We believe that total liabilities is the most appropriate benchmark to use, as the company operates as the group's funding vehicle.

We agreed with the Board of Directors that we would report to them misstatements identified during our audit above EUR 400,000 (2017: EUR 355,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

ISAs (UK) require us to report to you when:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of the above matters.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company's ability to continue as a going concern. For example, the terms on which the United Kingdom may withdraw from the European Union are not clear, and it is difficult to evaluate all of the potential implications on the company's trade, customers, suppliers and the wider economy.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

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

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 December 2018 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Statement of Directors' Responsibilities set out on page 6, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

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

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2006 exception reporting

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Appointment

Following the recommendation of the Board of Directors, we were appointed by the directors on 22 December 2015 to audit the financial statements for the year ended 31 December 2015 and subsequent financial periods. The period of total uninterrupted engagement is 4 years, covering the years ended 31 December 2015 to 31 December 2018.

Ian Plunkett FCA (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Leeds
17 April 2019