

13. Intangible assets and Goodwill

Impairment testing of goodwill

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

Carrying amount of goodwill (by geographical segment):

(all amounts in Euro thousands)	2016	2015
Greece and Western Europe	10,209	12,719
North America	207,489	200,896
South Eastern Europe	53,923	56,673
Eastern Mediterranean	47,315	106,118
	318,936	376,406

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

Key assumptions

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

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

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

Sales volumes:

Volume assumptions have been provided by local management and reflect its best estimates as derived from sales forecasts for the development of which a combination of factors have been taken into consideration: past performance, local market growth estimates, infrastructure projects in which the company will participate (public investments), etc. In the USA, sales volume growth rates are also based on published industry research and take into account demographic trends including population growth, household formation, and economic output (among other factors) in the states where the Group operates. In addition to demographic trends, long-term growth rates take into account cement/concrete intensity in construction which has historically varied from state to state based on building codes, availability of raw materials, and other factors.

Selling prices:

Price assumptions have been provided by local management and reflect its best estimates. Factors that have been taken into consideration involve inflation, brand loyalty, growth rate of the regional economy, competition, production cost increases, etc. The Group has assumed the following compound annual growth rates for sales for the five year period.

Sales Growth	2016	2015
Greece and Western Europe	2,7% - 18,2%	5,5% - 27,6%
North America	4,2% - 9,4%	6,8% - 12,2%

South Eastern Europe	4,5% - 5%	6,5% - 8,9%
Eastern Mediterranean	12,7%	7,8%