ANNUAL FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

According to the International Financial Reporting Standards

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A. Annual Report by the Board of Directors

ANNUAL REPORT
BY THE BOARD OF DIRECTORS OF "FULGOR S.A."
ON THE FINANCIAL STATEMENTS
FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017

Dear Shareholders,
Based on the provisions of Law 2190/1920 we hereby submit you the Annual Report of the Board of Directors for the current year 2017.

1. Development, performance and position of the Company

1.1. Financial results 2017 and Financial Position

In 2017, the Company's turnover amounted to EUR 174.3 million compared to EUR 136.4 million in 2016. The change is mainly due to the different contracts of submarine cables performed during the last two periods, and to the increasing metal prices recorded in 2017.

During 2017, the Company completed the production of submarine cables for projects undertaken by the parent company Hellenic Cables S.A. in North Europe (a project on behalf of Energinet in Denmark, another project for Tennet in Germany, and interconnections of offshore wind farms in the North Sea). Moreover, in 2017, the Company began the execution of new projects, such as the Kafireas project in Greece on behalf of Enel.

In 2017, the Company's gross result stood at profits of EUR 17.6 million compared to profits of EUR 5.1 million in 2016. Earnings before interest, taxes, depreciation and amortisation (EBITDA) were equal to profits of EUR 18 million compared to EUR 5.9 million in 2016 while earnings before interest and taxes (EBIT) amounted to profits of EUR 12.1 million versus profits of EUR 565 thousand in 2016. The Company's pre-tax results were equal to profits of EUR 3.7 million compared to losses of EUR 6.7 million in 2016 while net results after tax stood at profits of EUR 2.6 million compared to losses of EUR 5.8 million in 2016.

The key reasons that contributed to the improvement of results were the greater use of production capacity of the submarine cables production plant in relation to last year, despite the delays in the award of important projects of high voltage submarine cables manufacturing which was registered in 2017 as well. Moreover, it is estimated that the valuation of metal base inventory (non-hedged on the exchange market) had a marginal negative effect in 2017 (approximately EUR 0.3 million) compared to losses of EUR 0.7 million in 2016.

Despite the improved profitability of 2017, the use of Fulgor's plant remained at relatively low levels. However, the contract recently awarded to the parent company Hellenic Cables to supply 220 kV submarine cables for the Modular Offshore Grid (MOG) in the Belgian part of the North Sea on behalf of Belgian transmission system operator Elia, which will be carried out by the Company, illustrates the Company's capacity to provide cost-effective, reliable and innovative solutions in comparison with competition, so as to meet the changing needs of the offshore sector and take advantage of the shift in the market in submarine power transmission requirements from 150kV to 220kV.

Moreover, the Company continued to undertake initiatives in order to improve its competitiveness and reduce production costs. These initiatives focus on increasing the efficiency of production plants by reducing payroll costs per unit of output and reducing the cost of raw materials used to manufacture the Company's products.

During 2017, investments worth EUR 8.2 million were carried out in the FULGOR plant, which mainly concerned the purchase and installation of mechanical equipment for the increase of the production capacity of the high voltage submarine cables production unit.

The funds to finance the investments and the necessary working capital due to the contracts in progress derived from the increase in the company's net debt, which amounted to EUR 92 million compared to EUR 82 million in 2016.

On 31 December 2017, the Company's current liabilities amounted to EUR 103.9 million while current assets stood at EUR 70.8 million. However, this fact does not raise any concern because the parent company Hellenic Cables S.A. has given assurances that it will continue to provide financial support to FULGOR.

In addition, on 31 December 2016, total equity of the Company was less than 1/2 of the share capital and, therefore, the conditions to apply the provisions of Article 47 of Codified Law 2190/1920 were in force.

For this reason, the Ordinary General Meeting of 22 June 2017 decided to increase the Company's share capital by a total amount of EUR 1,600,000.00 through the issuance of 100,000 new shares with a nominal value of EUR 2.94 and a selling price of EUR 16.00 each.
Furthermore, the Ordinary General Meeting decided to increase the Company's share capital by EUR 294,000.00 through the issue of 100,000 new registered shares with a nominal value of EUR 2.94 and a selling price of EUR 16.00 per share. The amount above par of EUR 13.06 per share and the total of EUR 1,306,000.00 for the entire increase were posted to the share premium account.
The amount of such increase was paid during 2017 by the unique shareholder "HELLENIC CABLES S.A. HELLENIC CABLES INDUSTRY S.A.”.

Moreover, on 8 January 2018, the Extraordinary General Meeting of the Company approved the decrease in the Company's share capital by EUR 28,934,274.60 to amortise prior-period equal losses of the Company through cancellation of 9,841,590 shares with a nominal value of EUR 2.94 and amendment to article 5 of its Articles of Association. The Company's share capital was reduced so as to amortise existing losses and, thus, restructure the Company's Statement of Financial Position.

The Company's financing is considered guaranteed in the near future given that Management of the parent company has given assurances that they will support the Company to avoid any liquidity problems.

1.2. Change in accounting policy of revenue recognition

During 2017, the Company has early adopted IFRS 15 “Revenue from Contracts with Customers” with a date of initial application of 1 January 2017 using the cumulative effect method. Pursuant to this method, the comparative information included in the Financial Statements has not been restated (see Note 5 to the Financial Statements).

2. Ratios and Alternative Performance Measures

The Company's Management has adopted, monitors and reports internally and externally Profit & Loss ratios and Alternative Performance Measures. These APMs allow meaningful comparisons of the Company's performance and constitute the base for decision making by Management.

Liquidity ratio: This ratio is an indicator of how current liabilities are met by current receivables and is calculated by the ratio of current assets to current liabilities. The financials are drawn from the Statement of Financial Position. This ratio is as follows for the ending and the comparable periods:

Liquidity ratio	2017	2016
Current assets / Current liabilities	0.68	0.63

Gearing ratio This is an indicator of leverage and is represented by the ratio of equity to debt. The financials are drawn from the Statement of Financial Position. This ratio is as follows for the ending and the comparable periods:

Gearing ratio	2017	2016
Equity/Debt	0.25	0.23

Return on capital employed: It is a ratio that measures the efficiency with which both debt and equity is employed and is measured by the ratio of operating results to debt and equity. The amounts are used as presented in the Statement of Financial Position and the Statement of Profit or Loss and Other Comprehensive Income (OCI). This ratio is as follows for the ending and the comparable periods:

Return on capital employed	2017	2016
Operating results / (Equity + Debt)	10.1%	0.5%

Return on equity: It measures the efficiency of the Company's equity and is measured by the net profit/(losses), net of tax to total equity.

The amounts are used as presented in the Statement of Financial Position and the Statement of Profit or Loss and OCI. This ratio is as follows for the ending and the comparable periods:

Return on equity	2017	2016
Profits (Losses) after tax / Equity	10.5%	(30.3%)

Profitability:

	2017	2016
Gross Profit Margin (Gross profit/ Sales)	10.1%	3.7%
Net Profit Margin (Net profit after tax / Sales)	1.5%	(4.2%)
EBITDA*	17,923,085	5,881,337
EBITDA margin* (EBITDA / Sales)	10.3%	4.3%
a–EBITDA**	17,971,810	5,738,420
a–**EBITDA** margin** (a-EBITDA / Sales)	10.3%	4.2%

*EBITDA: It measures Company profitability before interest, taxes, depreciation and amortisation. It is calculated by adjusting depreciation and amortisation in operating profit as indicated in the Statement of Profit or Loss and OCI.

	2017	2016
Operating profit	**12,126,771**	**565,416**
Adjustments for:		
+ Depreciation of tangible assets	5,849,181	5,450,255
+ Amortisation of intangible assets	283,590	200,162
- Amortisation of grants	(336,457)	(334,495)
EBITDA	**17,923,085**	**5,881,337**

**a–EBITDA: adjusted EBITDA measure an entity's profitability after adjustment for:

- metal price lag,
- restructuring costs,
- exceptional idle costs,
- impairment and obsolescence of fixed assets.
- impairment and obsolescence of investments,
- gains/(losses) from sales of fixed assets and investments if included in operating income,
- other impairment

	2017	2016
EBITDA	**17,923,085**	**5,881,337**
Adjustments for:		
+ / - metal price lag	273,725	671,734
+ Restructuring costs	25,000	-
+ Fixed assets write-off/impairment	-	87,330
- Revenue from collection of contested receivable	(250,000)	(901,981)
a-EBITDA	**17,971,810**	**5,738,420**

Metal price lag originates from:

1. the period of time between the pricing of purchases of metal, holding and processing the metal, and the pricing of the sale.

2. The effect of the inventory opening balance (which in turn is affected by metal prices of previous periods) on the cost of sales, due to the costing method used which is weighted average method.

3. Certain customer contracts containing fixed forward price commitments which result in exposure to changes in metal prices for the period of time between when the sales price is fixed and the sale actually occurs.

Fulgor uses derivatives to minimise the effect of metal price fluctuations. However, there will always be some impact (positive or negative) on Profit or Loss due to the safety inventory that is held.

3. Objectives and Outlook for 2018

High demand for new offshore energy projects in Europe and in particular in the North Sea and South Europe is expected to boost the development of the Company. This forecast is supported by the recent award of a contract to the parent company Hellenic Cables S.A. regarding the supply of submarine cables for the Modular Offshore Grid (MOG) in the Belgian part of the North Sea, which the Company has undertaken to produce.

The award of new projects (for which the Company and the parent company "Hellenic Cables" have already launched negotiations) and the successful completion of the ongoing projects, such as the Kafireas project for Enel, BR2 & Trianel projects for Tennet and the Oresund project for Energinet, which has been undertaken by the parent company and for which the Company acts as subcontractor for the production of cables and other relevant services, remain the key pillars on which the Company focuses.

The macroeconomic and financial environment in Greece is showing signs of improvement, however uncertainties still exist. Taking into consideration that

- the sales of submarine cables on the domestic market concern the execution of contracts concluded with electricity providers or electricity network operators for projects with secured financing;
- during the last few years, the Company and the parent company "Hellenic Cables S.A." undertook important contracts of submarine cables abroad, which will lay the foundation for further development in the future;
- the sales of wires and conductors are made mainly to affiliated entities (Hellenic Cables S.A. and ICME ECAB);

the Company estimates that any adverse developments in the Greek economy are not expected to have a significant impact on its smooth operation.

As regards the global economy, based on current data, demand appears slackened in key European markets but a reversal of the situation is expected, driven by the increased demand of European public utilities anticipated for the period to come. Moreover, there are signs of recovery in other segments since liquidity in the market appears improved while major construction and other projects gradually obtain financing.

FULGOR remains optimistic regarding 2018 and Management assesses the situation on an ongoing basis in order to secure that all necessary steps and actions are taken to minimise any effect on the Company's operations.

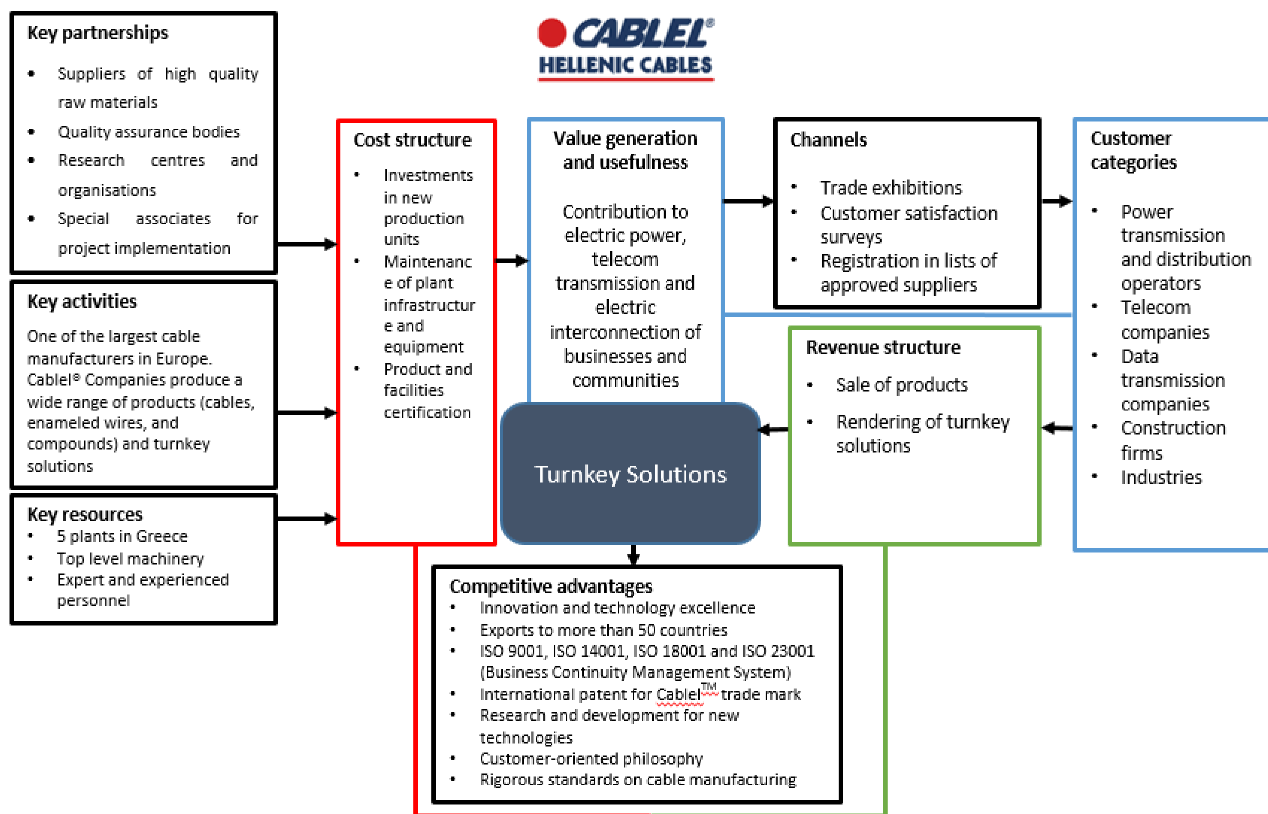
The Company and the parent company "Hellenic Cables S.A." have undertaken important projects of submarine cables, all of which will be produced by FULGOR due to the latter's top know-how in the manufacture of corresponding cables. FULGOR is well positioned to seize any opportunities emerging worldwide and rival the top companies of the industry, turning to account the initiatives undertaken during the last few years by the Group to which it belongs, so as to develop a competitive sales network.

4. Non-financial information

Business model

Cablel® Companies represent the cable manufacturing segment of Cenergy Holdings S.A., a company listed on Euronext Brussels and the Athens Stock Exchange (Athex). As a single entity, they represent the largest cable manufacturer in Greece and South-east Europe strongly oriented to exports.

Cablel® Companies, whose policies, actions and programs are set forth in this Non-Financial Information section are the following: Fulgor S.A. and the parent company Hellenic Cables S.A., which carry out manufacturing operations in Greece. In detail, the business model is described as follows:



We give priority to technological innovation...

We focus on technological specialisation in order to achieve at all times high quality results and added value solutions. We develop an environment of ongoing learning and we invest in research and development, cutting-edge technologies, state-of-the-art equipment and know-how, in order to promote innovative ideas so that the Group is always at the forefront.

Management of Sustainable Development issues

The Company and its parent company have incorporated Sustainable Development principles in their business operations and their functioning, acknowledging that their long-lasting development and prosperity of the society may be achieved only if they develop Corporate Responsibility actions. The care for the Health and Safety of employees, respect and protection of natural environment, integrated fulfilment of customers' needs and harmonious co-existence with the local communities in which they operate are the key pillars of Sustainable Development of Cablel Companies.

Management commitment and the management framework of responsible operation matters are reflected on the Sustainable Development Policy established and implemented by Fulgor and Hellenic Cables. Seeking to ensure its continuous improvement in relevant matters, the Company sets specific goals and monitors their progress on an annual basis, based on the relevant key performance indicators it has developed. To attain these ratios and goals, the Company prepares and implements adequate plans and actions of responsible operation.

Policies and Systems

Aspiring at Sustainable Development, the Company has established specific policies and puts into practice adequate management systems and procedures that uphold responsible operation and define the way in which the Company's goals are achieved. More specifically, the Company has established and implements, among others, the following policies and codes:

- Internal Operating Regulation
- Sustainable Development Policy
- Occupational Health and Safety Policy
- Environmental Policy
- Quality Policy
- Code of Conduct and Business Ethics
- Suppliers Code of Conduct

Management of Corporate Responsibility by the Company and its parent company is based on the development and implementation of certified management systems to all their operations and facilities, while attaining high performance in all segments. Specifically, the following systems are applied:

- ISO 9001-compliant quality management system.
- Environmental Management System as per ISO 14001.
- Work Health and Safety Management System as per OHSAS 18001.

All production facilities of Cablel® Companies have put in place the above certified Management Systems.

Management systems are dynamic tools allowing the Company to secure its regular operation and to achieve its constant improvement. The implementation of certified systems plays a decisive role in achieving the goals set by the Company and its parent company, and secures all their operations in light of the ongoing demands for effective risk management.

Labour and social issues

Cablel® Companies focus on making continuous investments in their human resources, by encouraging initiative taking for synergies, and on continuous development through training. Each Company keeps relations of trust with all employees, while seeking to maintain a safe and discrimination-free working environment that offers at all times training opportunities and fair reward. The Company's key concern is to secure optimum working conditions and fair reward, showing respect for human rights, diversity and equal opportunities to all employees. The policies and initiatives of Fulgor that concern human resources aim at the effective recruitment, development and retaining of employees. Steadily oriented to human values, the Company strives to implement responsible management practices by focusing on material issues such as:

- ensuring of the health and safety of its employees and associates
- creating a work environment of fair reward, respecting human rights and diversity
- safeguarding of jobs
- providing equal opportunities for all employees
- applying objective evaluation systems
- ensuring ongoing training and education
- providing additional benefits

Key elements of Human Resources

Fulgor	<30	30-50	51+
Men	23	193	51
Women	10	18	3
Total	**33**	**211**	**54**

Cablel® Companies seek to recruit, develop and retain the most competent individuals so as to ensure that business goals and priorities are achieved.

Employees' continuous development of knowledge and skills is the foundation on which Cablel® Companies rely for their development. In this direction, each Company makes systematic investments in the training of its human resources, focusing on the implementation of a number of training seminars and courses, in order to enhance the employees' knowledge and skills, in all posts and ranks.

Training indicators per gender and rank

Fulgor 2017	Total training hours			Average training hours per category of employees		
	Men	**Women**	**Total**	**Men**	**Women**	**Total**
Managers	115	0	115	16.43	0.00	16.43
Senior executives	960	234	1,194	20.00	16.71	19.26
Employees	139	247	386	17.38	16.47	16.78
Foremen and workers	1,422	0	1,422	6.97	0.00	6.90
Total	**2,636**	**481**	**3,117**	**9.87**	**15.52**	**10.46**

The training courses attended by all employees ranging from senior management to production refer to research and development, quality control, health and safety and other matters. In 2017, all Companies provided training courses either on an in-house basis or in collaboration with a specialised external body.

Evaluation: Having acknowledged that evaluation is a factor that ensures merit-based advancement of employees, Cablel® Companies implement a targeted performance evaluation system. Evaluation is based on objective measurement and performance indicators and applies to all personnel, regardless of post and rank.

Equal opportunities and respect for human rights

The Code of Conduct of Cablel® Companies is also a key tool enabling them to maintain a fair and merit-based workplace, focusing in particular on equal opportunities and respect for human rights. Specifically, the relevant practice is presented below in regard to the key sections of the Code of Conduct of Cablel® Companies in relation to human rights and equal opportunities:

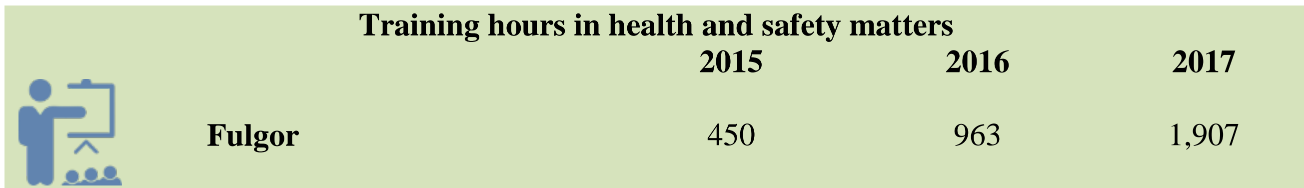
- Forced or child labour: We ensure that all our employees and the subcontractors carrying out work in our premises produce all necessary documents that prove that child labour is excluded. In addition, the communication channels developed in Cablel® Companies help strengthen a sense of mutual respect, collaboration and team-spirit so as to avoid any incidents of harassment.
- Non-discrimination: The parent company Hellenic Cables employs 3 disabled men, as well as 12 persons of different nationalities (other than Greek) and religion, while Fulgor employs 1 disabled man and 1 disabled woman.
- Equality and equal opportunities: Cablel® Companies underpin the role of women as mothers providing them with the option of reduced working hours without, however, excluding men who wish to take advantage of this facility. During 2017, 7 women working for Cablel® Companies got parental leave while all women who had benefited from parental leave in the past are still working for the Companies.

Occupational Health and Safety

Seeking to establish conditions that will protect the health of employees and secure safe operation of their premises, Cablel® Companies have adopted a Health and Safety Policy and implement an Occupational Health and Safety Management System which is certified as per OHSAS 18001:2007. The ultimate goal of the Companies is to develop a safety culture which encourages all employees to behave responsibly in the workplace.

The health and safety system of Cablel® Companies is based on prevention and seeks to analyse the key factors that could lead to an incident or accident at the workplace. Emphasis is given on dealing with safety incidents and accidents in a timely fashion (alert - analysis), on implementing improvement actions - immediately after the incident and in real time - and on taking more prevention-oriented initiatives, all with a view to strengthening the safety culture.

Cablel® Companies have prepared a five-year strategic plan relating to health and safety issues. This strategic planning is based, among others, on the analysis of the broader environment in which the Companies operate, and on monitoring of global trends and markets so as to put into practice the most appropriate investment plan.
Once training needs are recorded and assessed in the context of the health and safety system, an extensive training program is carried out. Specifically, during 2017, the following training courses were carried out:



Training hours in health and safety matters	2015	2016	2017
Fulgor	450	963	1,907

Cablel® Companies monitor and record their performance in the field of health and safety on a systematic basis and use their best efforts to minimise accidents and eliminate all risks.

2017: Establishment of new performance indicators

Two new key performance indicators were established in 2017. The first KPI records safety at the workplace to stress the need to strengthen preventive actions and promote a safety culture, while also increasing the recognition and identification of near misses, unsafe acts and conditions, before any accidents occur. The first KPI records safety at the workplace to stress the need to strengthen preventive actions and promote a safety culture, while also raising the recognition and identification of near misses, unsafe acts and situations, before any accidents occur.

Mid-term target (2017 – 2018) < 5%   Long term target (2019 – 2022) < 2%

The second KPI refers to the recording and monitoring of preventative safety. More specifically, this KPI measures remarks relating to unsafe acts, unsafe conditions and near misses that have been readily identified in the workplace to eliminate the key causes that give rise to them.

Mid-term target (2017 – 2018) > 80%   Long term target (2019 – 2022) > 95%

Social issues

Cablel® Companies support local communities and cover a major part of their needs for human resources from their workforce. They also support local entrepreneurship by selecting suppliers from the local communities in which they operate (whenever this is possible). More specifically, through various actions the Companies contribute to the welfare of the communities in which they operate. The pillars of support to the local communities of the Company and its parent refer to the following

- Support to local employment: The Companies create jobs for the local labour market, supporting local employment and combating unemployment.
- Boosting local economy: The Companies opt to collaborate with local suppliers insofar they meet all relevant conditions and requirements.
- Development of social actions: The Companies strengthen their relations with the local communities in which they operate on a daily basis, by developing social actions in the fields of education, sports and health of vulnerable groups.
- Voluntarism: Offering to other people is a key aspect of their corporate culture.

Through their operations, the Company and its parent company generate multiple benefits for the local communities. In addition to the payment of salaries and other benefits to their employees, the Companies pay the State the corresponding taxes and levies, and make continuous investments and payments to the collaborating suppliers of materials and services. Thus, the overall positive impact of the Companies on both local and broader communities is important.

Anti-corruption and bribery-related issues

Management of transparency and corruption matters

The Companies have taken preventive steps in order to assume and determine the limits of responsibility and influence of each of their executives, develop safeguards for preventing any corruption incidents, and carry out the relevant checks in relation to their operations. As part of their plan to protect customers' interests and to enhance transparency in all our operations, the Companies' Commercial Managers sign a special corporate form. By signing this form they undertake to refrain from any procedure that may lead to unlawful partnership with potential competitors for price fixing, bid rigging, creation of barriers to the market or production, imposition of quotas per geographical area or customer allocation.

Risk Management and Internal Audit System

The Internal Audit System of Cablel® Companies ensures effective and efficient corporate operations, reliable financial reporting and compliance with applicable laws and regulations as well as effective and efficient risk management. In addition, by adopting the principle of prevention, the risk management system enables the identification and analysis of any eventual risks facing the Companies, setting of limits to the risks taken, and implementation of the relevant audits.

The overall risk management plan that is implemented seeks to minimise any eventual negative effect on the Companies' financial performance and overall operation while its constant revisions helps take timely into account any changes in the environment, market conditions and their activities.

Environmental issues

Seeking to achieve their responsible financial development over time while reducing their environmental footprint, Cablel® Companies have incorporated environmental criteria and procedures in their business procedures and operations.

In the context of environmental responsibility, Cablel® companies have adopted an environmental policy (http://www.cablel.com/781/el/perivallontiki-euthuni/)and all production units implement an Integrated Environmental Management System, certified as per ISO 14001:2004. Cablel Companies see to the ongoing training and awareness-raising of their employees so as to ensure sound implementation of their environmental policy.
Based on the Companies' environmental approach, monitoring of the implementation of environmental plans and continuous improvement of the Environmental Management System are assumed by the environment officer who is appointed in each production unit.
Seeking to reduce their environmental footprint on an ongoing basis with concrete measures, the Companies:

- implement an Environmental Management System (ISO 14001) in all their production facilities aiming at the integrated management of environmental matters;
- implement targeted environmental management plans (e.g. energy saving plans, actions and initiatives to reduce air emissions, etc.);
- seek the rational use of natural resources and operate in accordance with the principles of circular economy, when possible;
- make continuous investments in environmental protection infrastructures;
- focus on ongoing training and awareness raising of their employees and partners in environmental matters.

With respect to energy consumption, its main pursuit is to reduce its energy footprint, whenever possible, and ensure its increasingly efficient use.

Adoption of circular economy principles

Cablel® Companies adopt and implement the principles of circular economy since they can help them influence and develop all production stages of a product.
Special emphasis is laid on three key points of product development: optimisation of the use of raw materials, the criteria and requirements set when designing products, and how they are manufactured. Cablel® Companies have drafted and put into practice a new five-year strategic plan in relation to the aforementioned three stages of circular economy. The Companies already acquire and use more environment-friendly raw and auxiliary materials, whenever possible. In this manner and in conjunction with available technology, they lay the foundation for manufacturing products that will entail the least possible environmental nuisance.

Seeking to reduce the environmental impact of our operations on an ongoing basis, we systematically monitor our environmental performance, set improvement goals and put into practice effective environmental management plans such as energy saving and sound waste management plans.

Electric energy consumption

Cablel® Companies use electric energy as the main source of energy. In addition, fuel is used, mainly LPG and diesel.

Special electric energy consumption (KWh/ton of product)	2015	2016	2017
Fulgor	343	345	338

Thermal energy consumption

In 2017 thermal energy consumption amounted to 127,428 GJ, recording a decrease of almost 40% in relation to 2016 as far as Cablel® Companies in Greece are concerned. Special thermal energy consumption (consumption per product quantity) in 2017 stood at 906.6 KWh per ton of product for Cablel® Companies in Greece.

Special thermal energy consumption (KWh/ton of product)	2015	2016	2017
Fulgor	708.0	666.0	202.0

Water usage

Recognising the importance of this natural resource, Cablel® Companies take all necessary steps that will ensure its effective use and limit the quantities used.

Special water consumption (m^3/ton of product)	2015	2016	2017
Fulgor	1.62	1.54	1.00

Responsible management of the supply chain

Suppliers are important partners for Cablel® Companies since they contribute to the production of competitive products through the supply of quality raw and other materials.

The Companies have developed and put into practice a Suppliers Code of Conduct which seeks to incorporate lawful, ethical principles and sustainability principles across the supply chain, specifying the requirements that suppliers of goods and services as well as all subcontractors are expected to meet in terms of social, environmental and financial performance. The Code has been based on the following standards and initiatives: ISO 26000, SA 8000, AA 1000, International Labour Standards, ISO 14001, OHSAS 18001, ISO 9001, the ten (10) principles of the United Nations Global Compact and OECD guidelines for multinational enterprises.

Cablel® Companies implement a quality control procedure to the supplied raw materials in collaboration with suppliers. The suppliers with whom the Companies collaborate, among others, are evaluated based on transparency and merit-based principles for their environmental and social performance, as well as for matters relating to occupational health and safety management and accident prevention during product transports and loading/unloading works. All suppliers should fulfil specific objective and measurable criteria such as the Quality Management System as per 9001, compliance with the REACH European Regulation and dispatch of the respective material safety data sheets (MSDS).

Suppliers are evaluated either by Quality Managers or engineers of the Companies by an internal auditor.

In addition, the procurement policy of Fulgor and Hellenic Cables applies a strategy aiming to boost local economy, offering business opportunities and employment to local suppliers. When evaluating and selecting suppliers, local origins are a criterion factored in.

Non-financial risks and dealing with such risks

Cablel® Companies operate in an economic and social environment characterised by various risks, financial and others (all financial risks are laid down in the section "Risks and Uncertainties" of this report). In this context, they have established procedures to control and manage non-financial risks. The main categories of non-financial risks facing the Companies are environmental risks and risks related to occupational H&S. Managing these risks is considered a very important task by Companies Management given that they pose a threat of having a direct or indirect impact on the Companies' regular operation.

The Company's by-laws (approved by the BoD) clearly describe the areas of risk and include specific procedures that have been developed on the basis of the Prevention Principle in H&S and Environment management.

In addition, in the context of the certified Management Systems implemented by the Company, the relevant risks are assessed on an annual basis. Aiming to reduce the likelihood and the importance of risks occurring in certain segments, the Company takes preventive steps, designs and implements specific plans and actions, and monitors their performance through the relevant indicators (quality, environment, occupational health and safety) it has set. Moreover, the Company has carried out all hazard studies prescribed by law, implements operation and safety criteria which are compliant with Greek and European laws, develops an emergency plan and cooperates closely with local authorities and the Fire Brigade in order to address any eventual incidents quickly and effectively.

NOTE:
The non-financial ratios for 2017 which are presented in this report are compliant with the Sustainability Reporting Guidelines of Global Reporting Initiative (GRI-Standards). These ratios were chosen strictly on the basis of their relevance to the Company's business (according to the materiality analysis conducted by the Company). Details on the performance in terms of sustainable development, and the actions of the Company's responsible operation will be set forth in the 2017 Sustainable Development Report of Cablel® Companies (July 2018). The Sustainable Development Report is an important tool as it reflects the way in which Cablel® Companies respond to major issues and to the expectations of all its stakeholders.
All Sustainable Development Reports of the parent company (pursuant to GRI guidelines) which have been published from 2010 to date are available on the website (http://www.cablel.com/).

5. Main risks and uncertainties

Company risk management policies are implemented to recognise and analyse risks faced by the Company and to set risk assumption limits and implement checks and controls relating to them. The risk management policies and relevant systems are reviewed on a periodic basis to take into account any changes in the market and the Company's activities.
The implementation of risk management policies and procedures is supervised by the Internal Audit department of VIOHALCO (ultimate shareholder), which performs ordinary and extraordinary audits relating to the implementation of procedures, whereas the results of such audits are notified to the Board of Directors.

5.1. Credit Risk

Credit risk concerns the risk of incurred losses for the Company in case a client or other third party involved in a transaction including a financial instrument fails to fulfil its obligations according to the terms and

conditions laid down in the relevant contract. Credit risk is mainly associated with receivables from customers and investment in securities.

5.1.1 Trade and other receivables

The exposure of the Company to credit risk is mainly affected by the characteristics of each customer, the demographics of the company's clientele including the risk of default specific to this market and the country in which customers operate. During 2017, the Company's sales were made, by their greatest part, to affiliated companies and mainly to HELLENIC CABLES and ICME and, thus, it is considered that there is no particular risk of default.
The Board of Directors has laid down a credit policy which requires that all new customers are scrutinised individually as regards their creditworthiness before normal payment terms are proposed to them. The creditworthiness control performed by the Company includes an examination of information from banking sources and other third party credit rating sources, if any. Credit lines are set for every customer, and they are re-examined in the light of current circumstances and, if required, the relevant sales and payment terms are readjusted accordingly.
Customer credit limits are normally determined based on the insurance limits obtained for them from insurance companies and then receivables are insured based on such credit lines. Given that a significant number of insurance limits of Greek customers have been discontinued, the credit lines for domestic customers were considerably reduced the last few years while the risk was further diminished through the reduced credit period currently granted to Greek customers.
In monitoring customer credit risk, customers are grouped depending on their credit characteristics, the ageing profile of their receivables and the existence of any possible previous difficulties in collecting receivables. Any customers characterised as being of “high risk” are included in a special list of customers and future sales must be received in advance and approved by the Board of Directors. Depending on the background of the customer and its capacity, the Company demands real or other security (e.g. letters of guarantee) in order to secure its receivables, if possible.
The Company records provisions for impairment, which represent its estimated losses pertaining to customers, other receivables and investments in securities. The above provision includes mainly impairment losses relating to specific receivables which, based on given conditions, are expected to be incurred, but are not finalised yet.

5.1.2 Guarantees

The Company’s policy required that no financial guarantees are provided. By way of exception, however, such guarantees may be provided solely to subsidiaries and affiliates based on a resolution passed by the Board of Directors. No such guarantees were granted on 31 December 2017.

5.2. Liquidity risk

Liquidity risk is the risk that the Company will fail to fulfil its financial liabilities upon maturity. Company’s approach to liquidity management is to secure, by holding necessary cash assets and adequate credit lines from collaborating banks, that it will always have sufficient cash to meet its obligations upon maturity both under normal and adverse circumstances.
To avoid liquidity risk the Company makes a cash flow provision for one year when preparing the annual budget and makes a monthly rolling provision for three months to ensure that it has adequate cash to cover its operating needs, including coverage of its financial obligations. This policy does not take into account the relevant effect from extreme conditions that cannot be foreseen.

5.3. Market risk

Market risk is the risk of a change in raw material prices, exchange rates and interest rates, which affect the Company's results or the value of its financial instruments. Market risk management is aimed at controlling the exposure of the Company to such risks within a framework of acceptable parameters, in parallel with optimisation of performance.
The Company uses transactions on derivative financial instruments in order to hedge part of market risks.

5.3.1. Metal Raw Material Price Fluctuation Risk (copper, aluminium, other metals)

The Company bases both its purchases and sales on stock prices/indices linked to the prices of copper and other metals which are used by the Company and are included in its products. The risk from metal price fluctuation is covered by hedging instruments (futures and options on London Metal Exchange-LME). The Company, however, does not use hedging instruments for the entire basic stock of its operation and, as a result, any drop in metal prices may have a negative effect on its results through inventories depreciation.

5.3.2. Exchange rate risk

The Company is exposed to foreign exchange risk in connection with its purchases and much less its sales which have been made in a currency other than its functional currency, which is Euro. The currencies used for such transactions are mainly the US dollar and the GBP.
Over time, the Company hedges the greatest part of its estimated exposure to foreign currencies in relation to the anticipated purchases and the liabilities in foreign currency.
The Company mainly enters into foreign currency futures with its foreign counterparties in order to hedge the risk of exchange rate changes, which primarily mature in less than one year from the Financial Statements date. When necessary, such futures are renewed upon expiry. On a per-case basis, foreign exchange risk may also be hedged by obtaining loans in the respective currencies.
Loan interest is in the same currency as that used in the cash flows arising from the company's operating activities, which is mainly Euro.

5.3.3. Interest rate risk

The Company obtains funds for its investments and its working capital through bank and bond loans, and thus debit interest is charged to its results. Any upward trend of interest rates will have a negative effect on results since the Company will bear additional borrowing costs.
The interest rate risk is mitigated as part of the Company's loans is obtained based on fixed interest rates.

5.3.4. Capital management

The Board of Directors' policy is to maintain a robust capital base, in order to keep the Company trustworthy among investors, creditors and market players, and enable the future development of the Company's operations. The Board of Directors monitors capital performance, which is defined by the Company as the net results divided by the total net worth.
The Board of Directors tries to maintain a balance between the higher performance levels which would have been attained through increased loans and the advantages and security offered by a robust and healthy capital basis.
There have been no changes in the approach adopted by the Company concerning capital management during the fiscal year.

5.3.5. Financial environment

In the context of the aforementioned analysis, the Company has assessed any effects on the management of financial risks due to the macroeconomic conditions applicable in the markets in which it operates.
The macroeconomic and financial environment in Greece is showing signs of improvement, however uncertainties still exist. After the completion of the recapitalisation of the Greek banks, at the end of 2015, and following the EUR 86 billion bailout program between the institutions and the Greek government, the Eurogroup and the institutions finalised their negotiations on the second and third review of the Greek economy (between June 2017 and March 2018), which paved the way to release the third and fourth tranches of financial assistance to Greece, amounting to EUR 8.5 and 6.7 billion respectively. As a result, Moody's proceeded with the upgrade of the country's credit rating from Caa2 to B3.
It should be noted that the capital controls that are in force in Greece since June 2015 have been loosen further, but still remain until the date of approval of the financial statements and they have not prevented the Company to continue its activities as before. Cash flows from operational activities have not been disrupted.
However, having regard to the nature of the Company's operations and the cables segment of Cenergy Holdings Group to which the Company belongs, which is primarily export-oriented (by way of illustration, at Company level 30% of the turnover for 2017 was channelled into exports and at the cables segment level 67% of the total turnover for 2017 was channelled outside Greece) and the financial situation of the Company and the Group to which it belongs, any adverse developments in the Greek economy are not expected to have a significant impact on its smooth operation. As regards the plants' production capacity, no problems are anticipated given that exports (either directly or through affiliated entities) generate enough cash flows to cover the imports of all raw and other materials required for production. The availability and prices of key raw materials follow and are determined by the international market and, thus, are not affected by the circumstances in Greece.
With respect to the exit of the United Kingdom from the European Union, the Company estimates that the outcome of Brexit will not challenge its position vis-à-vis its competitors. Most of our competitors operate within the Eurozone and will react to the exchange rate fluctuations.
Nevertheless, Management continually assesses the situation and its eventual implications to ensure that all necessary and possible measures and actions are taken to minimise any effect on the Company's activities.
The support from the parent company is given at all levels (finance, sales, etc.), as it was demonstrated during the current year, as well.

6. Research and Development

For Cablel® Companies, R&D activities vitally underpin ability to design products that meet customer needs today and in the future. The Company's total research expenditure for 2017 amounted to EUR 470,000. The R&D department pursues core research focusing on product development, innovation, redesign-optimisation of existing products and technical support in business units.
In particular:

- Product development responds to new regulations, international standards and specific customers' requirements
- Innovation focuses on the development of new materials, new design and new manufacturing processes
- Redesign and optimisation of products in order to improve competitiveness
- Technical support to manufacturing process that aims to improve productivity and quality.

The core focus of the Research and Development is to support the market share growth strategy of Cablel® Companies by developing high added value and reliable products for different applications such as Oil and Gas, submarine AC/DC cables for high depths, long distances and telecom/data cables.

Towards these challenges, Cablel® Companies supported the Research and Development dynamic in 2017 by investing in a new high voltage laboratory, a special laboratory with respect to the new Construction Products Regulation (CPR) and in recruiting the right people.
The introduction of new technologies into the production process to develop innovative, high quality, environmentally friendly products and provide services of high added value, is an integral element of Cablel® Companies' business.

At Cablel® Companies, we firmly believe that innovation processes play a key role in creating and maintaining our competitive advantage. For this reason, we implement significant investments directly connected to R&D every year.

As part of this commitment, Cablel® Companies primarily invest in their people, recognising that the quality and expertise of human resources is what essentially leads to the success of any research effort. The Cablel® Companies' R&D department is staffed by highly educated and specialised scientific personnel. The staff's participation in educational and lifelong learning programmes is an integral part of the department's operation.

Collaboration at the national and the international level with internationally acclaimed educational institutions, distinguished research centres and certified laboratories with international prestige are also an integral part of daily R&D activity.

7. Company Branches

The Company has no branches.

8. Subsequent events

On 8 January 2018, the Extraordinary General Meeting approved the reduction in the Company's share capital by EUR 28,934,274.60 to amortise prior-period equal losses of the Company through cancellation of 9,841,590 shares with a nominal value of EUR 2.94 each and amendment to article 5 of its Articles of Association.
The Company's share capital was reduced so as to amortise existing losses and, thus, achieve the restructuring of the Company's Statement of Financial Position. The reduction in the Company's share capital will not have any tax effect.
As arising from the loan agreements concluded for the syndicated loan and corporate bonds, any reduction of share capital is prohibited. For this purpose, the Company's Management asked and received in writing from creditor banks an acceptance of the proposal for reduction in the Company's share capital by EUR 28,934,274.60 during December 2017.
Note that the share capital's reduction by offsetting prior period losses concerns fully share capital and balance of prior period losses that had been incurred before the Company was acquired by Hellenic Cables S.A. in 2011.
Following the suggested reduction, the Company remains compliant with the provisions of article 47 of Codified Law 2190/1920 as the Company's total equity will be higher than 1/2 of the share capital.

There are no significant events in 2018 other than the above, which can affect the Company's financial position.

9. Conclusions

This report presented Management's account of the year 2017, the risks and how they are managed and the prospects and development of the Company for 2018.

Athens, 16 May 2018

The Vice-chairman of the Board of Directors
George Passas

B. Financial Statements

ANNUAL FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2017

Athens Tower, Building B
2-4 Mesogheion Avenue, Athens, GR-115 27

www.fulgor.gr

General Commercial Registry No.: 240101000

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Statement of Profit or Loss and Other Comprehensive Income

(Amounts in Euro)	Note	2017	2016*
Revenue	6	**174,261,526**	**136,444,014**
Cost of Sales	7	(156,696,350)	(131,334,460)
Gross Profit		**17,565,176**	**5,109,554**
Other income	8	1,521,741	1,654,320
Selling and distribution expenses	7	(2,350,612)	(1,938,825)
Administrative expenses	7	(4,200,413)	(3,799,336)
Other expenses	9	(409,121)	(460,297)
Operating profit/(loss)		**12,126,771**	**565,415**
Finance income	10	263,732	622,368
Finance costs	11	(8,663,251)	(7,917,090)
Profit/(loss) before income tax		**3,727,251**	**(6,729,306)**
Income tax	12	(1,157,241)	950,083
Profit/(Loss) after tax		**2,570,010**	**(5,779,223)**
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Remeasurements of defined benefit liability	13	(12,339)	(182,944)
Related tax		3,578	53,054
		(8,761)	**(129,890)**
Items that are or may be reclassified to profit or loss:			
Cash flow hedges – effective portion of changes in fair value		1,900	120,675
Cash flow hedges – reclassified to profit or loss		(120,675)	18,102
Related tax		34,445	(40,245)
		(84,330)	**98,531**
Other comprehensive income after tax		**(93,091)**	**(31,359)**
Total comprehensive income after tax		**2,476,919**	**(5,810,582)**

**The Company has early adopted IFRS 15 "Revenue from Contracts with Customers" with a date of initial application of 1 January 2017 using the cumulative effect method. Pursuant to this method, the comparative information has not been restated (see Note 5).*

The attached notes on pages 31 to 83 are an integral part of the Financial Statements.

Statement of Financial Position

(Amounts in Euro)	Note	31/12/2017	31/12/2016*
ASSETS			
Property, plant & equipment	15	120,678,702	118,975,699
Intangible assets	16	2,235,187	2,107,981
Other non-current assets		320,605	347,993
Investment property	17	635,374	635,374
Restricted cash deposits		193,130	193,130
Non-current assets		**124,062,997**	**122,260,177**
Inventories	19	23,795,497	27,599,663
Trade and other receivables	20	23,840,511	32,358,808
Contract assets	14	19,352,717	-
Contract costs	14	1,210,524	-
Derivatives		1,900	120,675
Cash and cash equivalents	21	2,629,228	1,873,058
Current assets		**70,830,377**	**61,952,204**
Total Assets		**194,893,374**	**184,212,381**
EQUITY & LIABILITIES			
EQUITY			
Share Capital	22	40,308,097	40,014,097
Share premium	22	45,492,801	44,186,801
Reserves	23	13,297,980	13,382,310
Retained earnings/(deficit)		(74,697,396)	(78,515,937)
Total equity		**24,401,482**	**19,067,271**
LIABILITIES			
Loans & Borrowings	24	43,371,387	42,893,832
Employee benefits	13	1,111,346	1,017,571
Grants	27	10,815,054	11,151,511
Other non-current liabilities	25	5,947,770	8,268,872
Deferred tax liabilities	12	5,332,010	3,699,250
Non-current liabilities		**66,577,568**	**67,031,036**
Loans & Borrowings	24	52,492,452	40,975,400
Trade and other payables	26	51,265,352	57,138,674
Contract liabilities	14	155,231	-
Derivatives	28.2	1,289	-
Current liabilities		**103,914,325**	**98,114,074**
Total liabilities		**170,491,892**	**165,145,110**
Total equity and liabilities		**194,893,374**	**184,212,381**

**The Company has early adopted IFRS 15 "Revenue from Contracts with Customers" with a date of initial application of 1 January 2017 using the cumulative effect method. Pursuant to this method, the comparative information has not been restated (see Note 5).*

The attached notes on pages 31 to 83 are an integral part of the Financial Statements.

Statement of Changes in Equity

(Amounts in Euro)	Note	Share Capital and Share premium	Fair value reserves	Other reserves	Retained earnings/(deficit)	Total equity
Balance on 1 January 2016*		**84,200,898**	**(12,853)**	**13,296,631**	**(72,606,823)**	**24,877,853**
Loss for the year		-	-	-	(5,779,223)	(5,779,223)
Other comprehensive income		-	98,532	-	(129,890)	(31,358)
Total comprehensive income		**-**	**98,532**	**-**	**(5,909,113)**	**(5,810,581)**
Balance on 31 December 2016		**84,200,898**	**85,679**	**13,296,631**	**(78,515,936)**	**19,067,271**
Balance on 1 January 2017		**84,200,898**	**85,679**	**13,296,631**	**(78,515,936)**	**19,067,271**
Change in accounting policy	**5**	-	-	-	1,257,291	**1,257,291**
Adjusted balances on 1 January 2017		**84,200,898**	**85,679**	**13,296,631**	**(77,258,645)**	**20,324,562**
Profits for the year		-	-	-	2,570,010	2,570,010
Other comprehensive income		-	(84,330)	-	(8,761)	(93,091)
Total comprehensive income		**-**	**(84,330)**	**-**	**2,561,249**	**2,476,919**
Transactions with shareholders directly posted to equity						
Share capital increase		1,600,000	-	-	-	1,600,000
Total transactions with shareholders		**1,600,000**	**-**	**-**	**-**	**1,600,000**
Balance on 31 December 2017		**85,800,898**	**1,349**	**13,296,631**	**(74,697,396)**	**24,401,482**

**The Company has early adopted IFRS 15 "Revenue from Contracts with Customers" with a date of initial application of 1 January 2017 using the cumulative effect method. Pursuant to this method, the comparative information has not been restated (see Note 5).*

The attached notes on pages 31 to 83 are an integral part of the Financial Statements.

Statement of Cash Flows

(Amounts in Euro)	Note	2017	2016*
Cash flows from operating activities			
Profit/(Loss) before tax		3,727,251	(6,729,306)
Plus/less adjustments for:			
Depreciation & amortisation	15.16	6,182,360	5,650,416
Profit/ (loss) from sale of fixed assets	9	(6,778)	8,963
Loss from fixed assets destruction/impairment	9	-	87,330
Grants amortisation	8	(336,457)	(334,495)
(Decrease)/increase in provisions		-	(740,556)
Results (income, expenses, profit and loss) from investing activities		1,289	(2,974)
Interest expense and related costs	11	8,232,443	7,286,396
Interest income	10	(687)	(502)
		17,799,423	**5,225,272**
Plus / (less) adjustments for changes in working capital:			
Decrease/(increase) in inventories		(195,188)	(2,420,792)
Decrease/(increase) in receivables		7,612,155	(535,665)
Decrease/(increase) in contract assets	14	(12,386,211)	-
Decrease/(increase) in contract costs		(1,210,524)	-
(Decrease)/increase in payables (except loans & borrowings)		(7,983,307)	3,346,942
(Decrease)/increase in contract liabilities	14	(293,597)	-
(Decrease)/increase in employee benefits		81,436	25,527
		(14,375,237)	416,012
Interest expense and related costs paid		(7,117,068)	(6,004,569)
Net cash flows from operating activities		**(3,692,883)**	**(363,285)**
Cash flows from investing activities			
Purchase of Property, Plant & Equipment	15	(8,121,761)	(4,782,316)
Purchase of intangible assets	16	(98,286)	(50,951)
Purchase of investment property	17	-	(388,317)
Proceeds from disposal of Property, Plant and Equipment		214,256	410,000
Interest received	10	687	502
Net cash flows from investing activities		**(8,005,105)**	**(4,811,082)**
Cash flows from financing activities			
Share capital increase		1,600,000	-
Loans obtained		13,782,626	8,147,957
Repayment of loans		(2,928,469)	(2,410,124)
Net cash flows from financing activities		**12,454,158**	**5,737,833**
Net (decrease) / increase in cash and cash equivalents		**756,170**	**563,467**
Cash and cash equivalents at 1 January		1,873,058	1,309,591
Cash and cash equivalents at 31 December	20	**2,629,228**	**1,873,058**

**The Company has early adopted IFRS 15 "Revenue from Contracts with Customers" with a date of initial application of 1 January 2017 using the cumulative effect method. Pursuant to this method, the comparative information has not been restated (see Note 5).*

The attached notes on pages 31 to 83 are an integral part of the Financial Statements.

Notes to the Financial Statements

1. Information on the Company

Fulgor S.A. (the Company) is seated in Greece, Athens Tower, B' Building, 2-4 Mesogheion Ave, Athens.

The separate financial statements of the Company are included in the consolidated financial statements of the Belgian-based holding company "Cenergy Holdings S.A." which is listed on Euronext Brussels and the Athens Stock Exchange, and of the ultimate parent company "VIOHALCO SA/NV", which is also listed on Euronext Brussels and the Athens Stock Exchange.

On 31 December 2017, the direct holding of HELLENIC CABLES S.A. in the Company's capital stood at 100%. Cenergy Holdings SA and VIOHALCO SA/NV indirectly control 100% and 81.93% of the Company's voting rights, respectively.

The Company operates in Greece and is engaged in the production and distribution of all types and forms of cables (submarine, energy, telecommunications, etc.).

2. Presentation basis of Financial Statements

2.1 Statement of Compliance

The Separate Financial Statements of the Company have been prepared in accordance with the International Financial Reporting Standards (IFRS) and their interpretations, as adopted by the European Union.

The Financial Statements were approved by the Board of Directors on 16 May 2018 and have been uploaded on the website at www.fulgor.gr. The Company's General Commercial Registry No. is 240101000.

2.2 Basis of measurement

The Financial Statements have been prepared according to the principle of historical cost, except for the financial derivative instruments that are presented at fair value.

2.3 Functional currency

The Financial Statements are presented in Euro which is the Company's functional currency. All financial information is given in Euro and has been rounded to the nearest unit, unless otherwise indicated in separate notes. Such rounding results in minor differences in the tables incorporated herein.

2.4 Use of estimates and assumptions

Preparing Financial Statements in line with IFRS requires estimate-making and the adoption of assumptions by Management which may affect the accounting balances of assets and liabilities as well as the income and expense items. The actual results may differ from these estimates.

The estimates and relevant assumptions are reviewed on an ongoing basis. Any deviations of the accounting estimates are recognised in the period in which they are reviewed provided they concern solely the current period or, if they refer to future periods, the deviations concern both current and future periods.

The accounting decisions made by Management when applying the accounting policies, which could affect mostly the Financial Statements of the Company are as follows:

- the useful life and residual value of depreciable tangible and intangible assets;
- the amount of provisions for employee benefits;
- the amount of provisions for doubtful debts;
- the amount of provisions for income tax of unaudited fiscal years;
- the amount of provisions for obsolete or slow-moving inventories;
- the amount of provisions for disputed cases;
- the recoverability of the deferred tax asset.

The main sources of uncertainty for the Company on the date the Financial Statements were compiled which may have a significant effect on the book values of assets and liabilities concern:

(a) Income tax expense (note 12 and note 29.3).

During the normal business flow numerous transactions and calculations take place in relation to which the exact calculation of tax is uncertain. In case the final taxes arising from tax audits differ from the amounts initially recorded, these differences will affect income tax and, by extension, the provisions for deferred tax at the period in which tax differences were assessed.

(b) Inventories (note 19).

The Company makes estimates about the calculation of the realisable value.

(c) Impairment

The Company makes estimates about any impairment of the assets that are not measured at fair value (Investments in subsidiaries; Property, plant and equipment; Intangible assets; Investment property). Especially as regards Property, plant and equipment, the Company evaluates their recoverability based on the value in use of the cash generating unit under which such assets fall. The calculated value in use is based on a five-year business plan prepared by Management and, thus, it is sensitive to the verification or not of expectations relating to the attainment of sales objectives, gross margin percentages, operating results, growth rates and discount rates of estimated cash flows.

(d) Provisions for doubtful debts (note 20 and note 28.1).

Provisions for doubtful debts are presented based on estimates for the amounts that may be recovered. Once it is notified that a specific amount is exposed to a risk higher than the standard credit risk (e.g. low credit rating of the customer,

disagreement about the existence of a receivable or its amount, etc.), then the amount is broken down and it is noted whether the circumstances indicate that the receivable is non-collectible.

(e) Measurement of liabilities for employee benefits (note 13).

This liability is based on key actuarial assumptions of financial nature.

(f) Fair value measurement

A number of accounting policies and disclosures requires the measurement of fair value for both financial and non-financial instruments and liabilities.

When the fair value of an instrument or liability is measured, the Company uses mostly active market prices. Fair value is classified in hierarchy levels as follows:

Level 1: Quoted prices (unadjusted) in an active market for identical assets and liabilities.

Level 2: Inputs that are observable either directly or indirectly.

Level 3: Unobservable inputs for assets and liabilities.

Inputs that do not meet the respective criteria and cannot be classified in Level 1 but are observable, either directly or indirectly, fall under Level 2. Over-the-counter derivative financial instruments based on prices obtained from brokers are classified in this level.

Unobservable prices are classified in Level 3. The fair value of shares that are not traded in an active market is measured on the basis of the Company's forecasts for the issuer's future profitability, having taken into consideration the expected growth rate of its activities and the discount rate. The fair values of financial liabilities are estimated based on the present value of future cash flows that arise from specific contracts using the current interest rate that is available for the Company for the use of similar financial instruments.

The Company recognises transfers between fair value levels at the end of the reporting period in which a change took place.

Further information on the assumptions of measurement at fair value is included in note 28.

(g) Useful life of depreciable tangible and intangible assets (notes 15, 16).

(h) Estimates about the recoverability of deferred tax assets (Note 12).

(i) Estimates about the recognition of revenue (Note 6).

3. New standards, interpretations and amendments of existing standards

The accounting principles used in the preparation and presentation of these Financial Statements are consistent with those used in the preparation of the Company's financial statements for the year ended on 31 December 2016, with the exception of the accounting policies referred to in note 5 and the implementation of the new standards and interpretations set out below which must be applied to the annual financial statements beginning on or after 01 January 2017 and had minor or nil impact on the Company's financial statements.
The Company has early adopted IFRS 15 "Revenue from Contracts with Customers" with the 1st of January as date of initial application. Therefore, the Company has changed its accounting policy for revenue recognition, as described in Note 5.

Standards and Interpretations effective for the current financial year

IAS 7 (Amendments) "Disclosure initiative"
This amendment requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. Additional disclosures have been made to address the amendments by adding a movement table for loans, which are the main line items included in financing activities (see Note 24).

IAS 12 (Amendment) "Recognition of Deferred Tax Assets for Unrealised Losses"
This amendment clarifies the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The adoption of this amendment did not have significant impact on the Financial Statements of the Company.

Annual Improvements to IFRSs 2014-2016 cycle:
The improvements include the following amendment:
IFRS 12 "Disclosure of Interests in Other Entities". Clarification of the scope of the disclosure requirements in IFRS 12.
The adoption of this amendment did not have significant impact on the Financial Statements of the Company.

Standards and Interpretations effective for subsequent periods

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

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments.
IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Company will apply IFRS 9 initially on 1 January 2018.

I. Classification – Financial assets:

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.
IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.
Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.
Based on its assessment, the Company does not expect the new classification requirements to have material impact on its accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis.

II. Impairment – Financial assets and contract assets:

IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis. The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.

Under IFRS 9, loss allowances will be measured on either of the following bases:

- 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
- Lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component. The Company has chosen to apply this policy also for trade receivables and contract assets with a significant financing component.

III. Classification – Financial liabilities:

There will be no impact on the Company's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Company does not have any such liabilities. The derecognition rules have been transferred from IAS 39 Financial Instruments: Recognition and Measurement and have not been changed.

IV. Hedge accounting:

IFRS 9 will require the Company to ensure that hedge accounting relationships are aligned with the Company's risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness. IFRS 9 also introduces new requirements regarding rebalancing of hedge relationships and prohibiting voluntary discontinuation of hedge accounting. Under the new model, it is possible that more risk management strategies, particularly those involving hedging a risk component (other than foreign currency risk) of a non-financial item, will be likely to qualify for hedge accounting.

The Company uses forward foreign exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to foreign currency payables, receivables, sales and inventory purchases.

Under IAS 39, for all cash flow hedges, the amounts accumulated in the cash flow hedge reserve are reclassified to profit or loss as a reclassification adjustment in the same period as the hedged expected cash flows affect profit or loss. However, under IFRS 9, for cash flow hedges of foreign currency risk associated with forecast non-financial asset purchases, the amounts accumulated in the cash flow hedge reserve and the cost of hedging reserve will instead be included directly in the initial cost of the non-financial asset when it is recognised.

The Company has elected not to adopt the provisions of IFRS 9 regarding the hedge accounting and will continue applying IAS 39. Further information on the current accounting policy is provided in the relevant paragraph 4.13.

V. Disclosures:

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. The Company's preliminary assessment included an analysis to identify data gaps against current processes and the Company is in the process of implementing the system and controls changes that it believes will be necessary to capture the required data.

VI. Transition:

Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

- The Company is considering to use the exemption allowing not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the

carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognised in retained earnings and reserves as at 1 January 2018.

- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

Estimated impact of the adoption of IFRS 9:
The Company evaluated the effects of IFRS 9, determining that these would not be material. In particular, in 2018, the Company will have to adjust the opening equity upon adopting IFRS 9, as the amount of retained earnings at 1 January 2018 will be decreased by EUR 85 thousand, mainly due to the impact of application of the ‘expected credit loss’ (ECL) model for the calculation of impairment for financial assets and contract assets.

There will be no effects on either debt or cash flow provided by operating activities.
The estimated impact of the adoption of these standards on the Company’ equity as at 1 January 2018 is based on the assessment undertaken to date and is summarised above.
The actual impacts of adopting the standards at 1 January 2018 may change because:

- the Company has not finalised the testing of controls over its new IT systems, and
- the new accounting policies are subject to change until the Company presents its first financial statements that include the date of initial application.

IFRS 16 “Leases”
(Effective for annual periods beginning on or after 1st January 2019)

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.
The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.
IFRS 16 introduces a single, on-balance sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.
The Company is currently assessing the potential impact on its Financial Statements. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Company's borrowing rate at 1 January 2019, the composition of the lease portfolio at that date, the Company's latest assessment of whether it will exercise any lease renewal options and the extent to which the Company will choose to use practical expedients and recognition exemptions.
So far the most significant impact identified is that the Company will recognise new assets and liabilities (currently operating leases). In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.
The Company is evaluating the implementation and impact of adopting this new standard. No significant impact is expected for the Company's finance leases. For an overview of the operating leases, see Note 29.1.

The following amendments are not expected to have significant impact on the Financial Statements of the Company, according to an initial assessment which has been based on current conditions.

IFRS 2 (Amendments) “Classification and measurement of Shared-based Payment transactions”
(Effective for annual periods beginning on or after 1st 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.

Annual Improvements to IFRSs 2014-2016 cycle:
(Effective for annual periods beginning on or after 1st January 2018)

The improvements include the following amendments:

- IFRS 1 "First-time Adoption of International Financial Reporting Standards". Deletion of short-term exemptions for first time adopters.
- IAS 28 "Investments in Associates and Joint Ventures". Measuring associates and joint ventures at fair value through profit or loss (FVTPL) on an investment-by-investment basis.

IFRIC Interpretation 22 "Foreign Currency Transactions and Advance Consideration"
(Effective for annual periods beginning on or after 1st January 2018)

The interpretation clarifies the accounting for transactions that include the receipt of payment of advance consideration in a foreign currency.

IAS 40 (Amendments) "Transfers to Investment Property"
(Effective for annual periods beginning on or after 1st January 2018)

The amendment clarifies the application of paragraph 57 of IAS 40 Investment Property, and which provides guidance on transfers to, or from, investment properties.

IFRIC 23 — "Uncertainty over Income Tax Treatments"
(Effective for annual periods beginning on or after 1st January 2019)

The Interpretation addresses the accounting for income taxes when tax treatments involve uncertainty that affects the application of IAS 12. The Interpretation provides guidance on considering uncertain tax treatments separately or together, examination by tax authorities, the appropriate method to reflect uncertainty and accounting for changes in facts and circumstances. This Interpretation has not yet been endorsed by the EU.

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

The amendment allows financial assets with prepayment features that permit or require a party to a contract either to pay or receive reasonable compensation for the early termination of the contract (so that, from the perspective of the holder of the asset there may be 'negative compensation'), to be measured at amortised cost or at fair value through other comprehensive income.

IAS 28 (Amendments) "Long-term Interests in Associates and Joint Ventures"
(Effective for annual periods beginning on or after 1st January 2019)

The amendments relate to whether the measurement, in particular impairment requirements, of long term interests in associates and joint ventures that, in substance, form part of the 'net investment' in the associate or joint venture should be governed by IFRS 9, IAS 28 or a combination of both. The amendments clarify that an entity applies IFRS 9 Financial Instruments, before it applies IAS 28, to such long-term interests for which the equity method is not applied. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long- term interests that arise from applying IAS 28. These amendments have not yet been endorsed by the EUT.

IAS 19 (Amendment) “Plan Amendment, Curtailment or Settlement”
(Effective for annual periods beginning on or after 1st January 2019)

The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement has occurred. The amendments also clarify how the accounting for a plan amendment, curtailment or settlement affects applying the asset ceiling requirements. These amendments have not yet been endorsed by the EU.

IFRS 10 (Amendment) “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”
(In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting)

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28, in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. These amendments have not yet been endorsed by the EU.

Annual Improvements to IFRS Standards 2015-2017 Cycle
(Effective for annual periods beginning on or after 1st January 2019)

These improvements have not been yet endorsed by the EU.

IFRS 3 “Business Combinations and IFRS 11 Joint Arrangements”:
The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

IAS 12 “Income tax"
The amendments clarify that the income tax consequences of payments on financial instruments classified as equity should be recognised according to where the past transactions or events that generated distributable profits has been recognised.

IAS 23 “Borrowing Costs”:
The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.
The IASB has issued Amendments to References to the Conceptual Framework in IFRS Standards on 29 March 2018. These amendments are still to be addressed.

4. Significant accounting principles

The accounting principles cited below have been consistently applied to all the periods presented in these Financial Statements.

4.1 Foreign currency

Transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates applicable at the date of each transaction. Gains and losses from foreign exchange differences that arise from the settlement of such transactions and from conversion of monetary asset and liability items denominated in a foreign currency at the foreign exchange rates that apply on the balance sheet date are recorded in the Income Statement.
Overall, exchange rate differences arising from the application of the above shall be recognised in the Statement of Profit or Loss and OCI:

- financial assets available for sale (except for their impairment when exchange rate differences are transferred from Comprehensive Income to the Income Statement);
- financial liabilities intended to hedge a net investment in a company in foreign currency to the extent such hedging is effective;
- cash flow hedge to the extent such hedge is effective.

4.2 Financial assets and financial liabilities

(a) Non-derivatives

Financial instruments save derivatives consist of trade and other receivables, cash and cash equivalents, loans and long-term liabilities, trade and other payables. These instruments are classified by the Company pursuant to the purpose for which they were acquired. Management decides on adequate classification of the investment at the time of acquisition. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets are initially recognised at fair value plus acquisition cost save those recognised at fair value. Assets are measured as per their classification.

(b) Trade and other receivables

Trade and other receivables are initially booked at their fair value and are subsequently measured at their non-depreciated cost less impairment losses. Impairment losses are recognised when there are objective indications that the Company is not in a position to collect all or part of the amounts due based on contractual terms. The amount of impairment loss is the difference between the book value of receivables and the present value of the estimated future cash flows. The amount of provision is recognised in the income statement as an expense.

(c) Cash and cash equivalents

Cash and cash equivalents include cash balances, sight deposits and short-term, high-liquid and low-risk investments.

(d) Financial assets available for sale

This category includes non-derivative financial assets that are either designated in this sub-category or cannot be classified as “held to maturity” or as “fair value item through profit or loss”. The purchase and sale of an investment is recognised on the date that the transaction is carried out, which is also the date on which the Company is committed to purchase or sell the asset. Investments are initially recorded at their fair value plus any expense associated with the transaction. Available-for-sale financial assets are subsequently carried at fair value and the relevant gains or losses are recognised in Fair Value reserves in shareholder's equity until they are sold or impaired. The fair value of those items traded on a regulated market corresponds to the closing price. As for the other items for which fair value cannot be reliably determined, fair value corresponds to acquisition cost. Impairment loss is recognised through transfer of accumulated loss from reserves to

operating results. The accumulated loss that is transferred is the difference between the acquisition cost after depreciation through the effective interest rate and the current fair value less the impairment already posted to results during prior periods. Impairment losses that have been recognised through profit or loss cannot be reversed through profit or loss for equity financial assets. The Company carries out tests for impairment which, in the case of listed shares, consists in mandatory or prolonged reduction of fair value in relation to the acquisition cost which, in such case, is posted through profit or loss in the period it is incurred.

(e) Fair value

The fair values of financial assets traded on active markets are designated based on current market value. In the case of assets not so traded, fair values are designated using valuation techniques such as recent transaction analysis, reference to comparables and cash flow discounts.

(f) Loans & Borrowings

Loans and borrowings are initially recorded at their fair value, decreased by any direct expense that is required in order to complete the transaction. They are subsequently valuated at amortised cost based on the effective interest rate method. Any difference between the amount that has been collected (net of relative expenses) and the settlement value is recorded in the results during the term of the loan based on the effective interest rate method.

Loans are classified as short-term liabilities unless the Company has the right to defer the settlement thereof for at least 12 months from the balance sheet date. Loan interest charges are directly posted to the income statement of the period they concern. Recognition stops when performance obligations are cancelled, expire or are sold.

4.3 Derivatives and hedge accounting

The Company holds derivatives to hedge cash flows and fair value. Derivatives include futures to hedge the financial risk arising from changes in the market price of copper and aluminium in particular, and in the exchange rate with foreign currencies (mainly USD or GBP).

The results from the settled operations of financial risk management are recognised through profit or loss when they are realised (stock market results on copper, aluminium and foreign currency contracts).

Derivatives are initially and subsequently recognised at their fair value. The method by which profits and losses are recognised depends on whether derivatives are designated as a fair value or cash flow hedging instrument.

Derivatives are recognised when the transaction is entered into by the Company as hedges for the fair value of receivables, liabilities or commitments (fair value hedges) or very probable transactions (cash flow hedges).

When entering into transactions the Company records the proportion between hedged assets and hedging assets and the relevant risk management strategy. When entering into the contract and thereafter the estimate is recorded about the high effectiveness of hedging both for fair value hedges and for cash flow hedges. As for future transaction hedging, the probability to complete the transaction is substantiated.

(a) Fair value hedging

Changes in the fair value of derivatives which are defined as fair value hedges are posted through profit or loss as are the changes in the fair value of the hedged assets which are attributed to the risk offset.

(b) Cash Flow hedges

The effective proportion of the change in the fair value of derivatives defined as cash flow change hedges is posted to an Equity Reserve. The gain or loss on the non-effective proportion is posted through profit or loss. The amounts posted as an Equity Reserve are carried forward to the results of the periods where the hedged assets affect profits or losses. In cases of hedging forecast future transactions which result in recognition of a non-monetary asset (e.g. inventory) or liability, profits or losses which had been posted to equity are carried forward to acquisition cost of the non-financial asset generated.

When a hedging instrument matures or is sold or when the hedging proportion no longer meets the hedge accounting criteria, the profits and losses accrued to Equity remain as a reserve and are carried forward to the results when the hedge affects profits or losses. In the case of a hedge on a forecast future transaction which is no longer expected to be realised, the profits or losses accrued to Equity are transferred to the statement of profit or loss.

4.4 Share Capital

The share capital consists of ordinary registered shares and is recognised in equity. The expenses directly related to the Company's share capital increase are deducted from the proceeds of the issue and reduce accordingly shareholder's equity.

Dividends in ordinary shares are recognised as a liability in the period in which they have been approved by shareholders.

The acquisition cost of treasury shares including various expenses is deducted from shareholder's equity until own shares are sold or cancelled. In case own shares are sold or re-issued, the price will be directly posted to equity.

4.5 Property, plant & equipment

(a) Recognition and measurement

Property, plant and equipment are measured at the historical acquisition cost less accumulated depreciation and any accumulated impairment. The historical cost includes expenses directly allocated to the acquisition and establishment cost of the fixed asset. Costs may also include profits/losses in equity arising from foreign currency cash flow hedging with respect to fixed assets purchases.

If considerable parts of a fixed asset have different useful lives, they are accounted for as different fixed assets.

When tangible assets are sold, differences between the price received and the book value are posted as profits or losses in the income statement in the account "Other income" or "Other operating expenses" as the case may be. When the book value of a tangible fixed asset exceeds its recoverable value, the difference (impairment loss) is directly recorded in the Income Statement.

(b) Subsequent investment expenditures

Any subsequent expenditures are recorded as increase of tangible assets or are recognised as a separate fixed asset, only if it is deemed probable that future economic benefits will accrue to the Company and provided that the asset's cost may be reliably estimated.

(c) Amortisation and depreciation

Plots and land are not depreciated. Other tangible fixed assets are depreciated based on the straight line method with equal annual burdens during the asset's expected service life, so that the cost may be deleted at its residual value. The expected useful life of assets is as follows:

–	Buildings	20 – 50 years
–	Machinery	10 - 40 years
–	Mechanical equipment	10 – 15 years
–	Control instruments	10 – 40 years
–	Cars	4 – 10 years
–	Furniture and other equipment	2 – 10 years

The residual value and useful life of tangible fixed assets are reviewed and adjusted at each date the Statement of Financial Position is drafted, if that is considered necessary.

4.6 Intangible assets

The Company has classified industrial property rights related to trademarks, licenses and software programs under such category.

Concessions and industrial property rights

Concessions and industrial property rights include trademarks and licenses with specific service life and are estimated at their acquisition cost less depreciation. These assets are depreciated based on the straight-line method during their service life, which ranges from 10 to 15 years. Wherever intangible assets with indefinite useful life have been recognised, these are measured at cost less accumulated impairment. Their cost includes the cost of studies, laboratory tests and consumables.

Software

Software licenses are estimated at their acquisition cost, less accumulated depreciation and any accumulated impairment. These assets are depreciated based on the straight-line method during their useful life, which ranges between 3 to 5 years.

Expenditures required for the maintenance of software programs are recognised as an expense in the Statement of Profit or Loss and Other Comprehensive Income in the year in which they are incurred.

4.7 Investment property

Investment property concerns plots and buildings that are not used by the Company. Plots are assessed at cost less any impairment while buildings are depreciated using the straight-line method at equal annual instalments throughout their expected useful life.
The profits or losses arising from the disposal of investment property (calculated as the difference between the net inflow from the disposal and the book value of the asset) are recognised through profit or loss during the period of disposal.

4.8 Inventories

Inventories are measured at the lower between their acquisition cost or production cost and their net realisable value. The acquisition cost of the purchased inventories is specified by applying the annual weighted average cost method and includes all the expenses incurred for their acquisition and transport.

The production cost of produced inventories also includes the proportionate industrial overheads under normal conditions of productive operation.

The net realisable value of inventories is considered to be the estimated selling price thereof under normal business conditions less the estimated selling expenses.

4.9 Impairment

(a) Non-derivatives

The book value of the Company's financial assets, which are not presented at fair value through profit or loss, is reviewed during each reporting period to determine whether there is objective evidence of impairment.

Objective evidence that a financial asset is impaired includes the following:

- a debtor goes bankrupt or is characterised as uncollectible;
- the amount of debt is adjusted due to a change in its payment terms;
- there are signs that the debtor or issuer will enter bankruptcy due to difficult financial conditions;
- negative developments in the payment method involving debtors or issuers;
- an active market for equities disappears, or
- observable inputs indicating that there is a measurable decrease in the expected future cash flows from a group of financial assets.

Financial assets measured at non-amortised cost

The Company recognises an indication of impairment of such assets at the level of both independent asset and group of assets. All individually significant assets are tested for impairment on an individual scale. Those not impaired on an individual scale are tested collectively for impairment. A collective assessment is established by grouping assets with common risk characteristics.

Impairment loss is recognised as the difference between the non-amortised value of the asset and the present value of the expected future cash flows at the effective discount rate. Losses are recognised in the income statement and in relevant provisions. When the Company decides that there is no reason to reinstate the asset's book value to realistic levels, the provision is deleted. If the amount of impairment is reduced and such reduction is associated with an objective event which occurred after the initial impairment, then the impairment initially recognised is reversed in the Income Statement.

Financial assets available for sale

Impairment in Financial assets available for sale is recognised through transfer of accumulated loss from Fair Value Reserve to operating results. The amount transferred to results is the difference between acquisition cost and current fair value less any impairment previously recognised through profit or loss. If the fair value of a share posted as available-for-sale financial asset subsequently rises and such increase is associated with an objective event which occurred after the initial impairment, then the impairment initially recognised is reversed in the Income Statement. Otherwise, impairment is reversed in the Statement of Profit or Loss and Other Comprehensive Income.

(b) Non financial assets

As for non-financial assets save inventories and deferred tax asset, the value of impairment is reviewed on each closing date for any impairment. Goodwill is necessarily tested each year for impairment. Assets that have an indefinite useful life are not depreciated, but are subject to an impairment test on an annual basis and when certain facts indicate that their book value may not be recoverable.

The recoverable amount of an asset or cash generating unit is the higher between the value in use and the fair value less any cost to sell. The value in use is based on the expected future cash flows discounted at their present value using a pre-tax discount rate that reflects current market estimates of the time value of money and the risks directly associated with the asset or the cash generating unit.

Impairment is recognised if the book value exceeds the estimated recoverable amount.

Impairment is recognised in the Income Statement.

Goodwill impairment is not reversed. The impairment loss is reversed thus restoring the book value of the asset to its recoverable amount to the extent this does not exceed the book value of the asset (net of amortisation) that would have been determined if impairment loss had not been posted.

4.10 Employee benefits

(a) Short-term employee benefits

Short-term employee benefits in cash and in kind are expensed when accrued. A liability is recognised for the amount expected to be paid as benefit to the staff and executives if there is a legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(b) Defined-contribution plans

Defined-contribution plans are plans for the period after the employee has ceased to work during which the Company pays a defined amount to a third legal entity without any other obligation. Obligations for contributions to defined-contribution plans are recognised as an expense through profit or loss at the time they are due.

(c) Defined-benefit plans

The obligation for defined-benefit plans is calculated as the present value of the future benefit of the employee for his services provided in the current or previous periods less the fair value of any assets of the plan.

The defined benefit is calculated annually by an independent actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, which mainly comprise actuarial gains and losses, are recognised immediately in the Statement of Profit or Loss and OCI. The discount rate used corresponds to European bonds of low credit risk "Iboxx AA-rated Euro corporate bond 10+ year". Interest charges and other expenses related to defined-benefit plans are recognised through profit or loss.

When the benefits of a plan change or the plan is cut back, the change associated with the past service cost or the gain/loss from cutback is directly recognised through profit or loss. The Company recognises gains and losses from the settlement of a plan when incurred.

(d) Termination benefits

Termination benefits are paid when employees depart before their retirement date. The Company posts these benefits when it undertakes either to terminate the employment of current employees in line with a detailed plan which is not likely to be withdrawn or when these benefits are offered as an incentive for voluntary redundancy. Termination benefits due 12 months after the balance sheet date are discounted. In the case of employment termination where the Company is not able to determine the number of employees who will take advantage of this incentive, these benefits are not accounted for, but are recorded as a contingent liability.

(e) Profit-sharing and benefit schemes

The Company records a liability and a corresponding expense for benefits and profit sharing. This amount is included in post-tax profits less any mandatory reserves stipulated by law.

4.11 Provisions

A provision is recognised when the Company has a present legal or constructive obligation as a result of a past event; it is probable that an outflow of economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation. Provisions are reviewed on the date each balance sheet is prepared and are adjusted so as to reflect the current value of the expense expected to be required to settle the obligation. A contingent liability is not recognised in financial statements but is disclosed unless the possibility of an outflow of resources is remote. A contingent asset is not recognised in financial statements but is disclosed when an inflow of economic benefits is probable.

A provision for restructuring is recognised when the Company has approved a detailed restructuring plan and such restructuring has already started or has been publicly announced. No future operating costs are recognised for raising provisions.

4.12 Revenue

The Company recognises revenue from the following major sources:

- Sale of products
- Energy projects which concern high-tech customised underground and submarine cables and "turnkey" cable systems for power or data transmission and distribution.
- Rendering of services
- Rental income

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Consideration can vary because of trade discounts, volume rebates, returns or other similar items. Depending on the type of variable consideration the most appropriate method for measuring this variable consideration is used. In most cases, the Company uses the “most likely amount” method in order to estimate and deduct the amount of such variable consideration by identifying the single most likely amount from a range of possible outcomes.

Sale of products
The Company sells power cables, telecom cables, copper and aluminium wires as well as raw materials.
For sales of products, revenue is recognised at a point of time, when the control of the goods sold has been transferred.
The timing of the transfer of control usually occurs when the goods have been shipped to the customers’ location, unless otherwise specified in the terms of the contract. The terms defined on the contracts with customers are according to Incoterms.
Revenue recognised at a point in time is invoiced either simultaneously with its recognition or within a short time period from its recognition. A receivable is recognised when the control is transferred to the customer, as this represents the point in time at which the right to consideration becomes unconditional.

Energy projects
The Company produces and sells customised products to customers for energy projects.
In addition, the Company produces and sells "turnkey" cable systems, i.e. supplies and installs complete cable systems.
Under the terms of the contracts and due to the high degree of customisation, these products have no alternative use, since they are produced according to customers’ specifications, while there is an enforceable right to payment for performance completed to date if the contract is terminated by the customer or another party for reasons other than the Company's failure to perform as promised.
For the above reasons, revenue from such projects is recognised over time.

For distinct performance obligations identified, the most appropriate method to measure progress is used. The methods used are the following:
For performance obligations related to production of customised products, the methods to measure progress are based on the production time elapsed, i.e. the ratio between the actual time spent on the production and the total number of scheduled production time. This method is used for submarine cables produced in long continuous lengths, since the production of such products normally lasts for a significant period of time and as a result the related performance obligations are satisfied as production time elapses.
For installation phases of cables sector’s turnkey projects, the method to measure progress is based on appraisal of results achieved or milestones reached, based on clearly defined technical milestones, such as transport or meters of cables installed. When milestones are being used as a method to measure progress, these milestones faithfully depict the performance.

Management considers that these methods are appropriate measures of the progress towards complete satisfaction of these performance obligations under IFRS 15.

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances (contract liabilities). These contract assets and contract liabilities are presented

on the Statement of Financial Position in the lines “Contract assets” and “Contract liabilities” respectively. For products and services for which revenue is recognised over time, amounts are billed as work progresses in accordance with agreed-upon contractual terms, either upon achievement of contractual milestones, or at the final delivery and acceptance of the manufactured items.

Generally, billing occurs subsequent to revenue recognition for customised products and services performed over time resulting in contract assets. However, when advances from customers are received before revenue is recognised, a contract liability is recognised.

There is not considered to be a significant financing component in energy projects contracts with customers, as the period between the recognition of revenue and the milestone payment is less than one year.

Rendering of services
The Company recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.
Services provided by the Company are mainly related with the products sold by its subsidiaries.
If payment for services is not due from the customer until the services are complete, a contract asset is recognised over the period in which the services are performed representing the right to consideration for the services performed to date. These contract assets are presented on the Statement of Financial Position in the line “Contract assets".

Contract costs
The Company recognises the incremental costs of obtaining contracts with customers and the costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset, if those costs are expected to be recoverable, and records them in the line “Contract costs” in the Statement of Financial Position. Incremental costs of obtaining contracts are costs incurred to obtain a contract with a customer that would not have been incurred if the contract had not been obtained.
Fulfilment costs are only capitalised if they generate or enhance resources that will be used to satisfy performance obligations in the future.
Assets arising from contract costs are amortised using either the straight-line method over a period based on the estimated contract duration or based on the portion of revenue recognised during the execution of the related contract.
Incremental costs of obtaining contracts are recognised as an expense when incurred if the amortisation period of the assets would be one year or less.

Interest Income
Income from interest is recognised on the time proportion basis using the effective interest rate method. When receivables are impaired, the book value thereof is reduced to their recoverable amount, which is the present value of the expected future cash flows discounted with the initial effective interest rate. Subsequently, interest is accounted for based on the same interest rate that is applied to the impaired (new book) value.

4.13 Grants

A grant represents a contribution provided by the State in the form of resources transferred to an entity, in return for existing or future maintenance of certain resources relating to its operation. The above term does not include state aids which, due to their nature, are not measurable, or transactions with the State which are impossible to separate from an entity’s ordinary transactions.

The Company recognises government grants which meet the following criteria in aggregate: a) there is presumed certainty that the enterprise has complied or will comply with the terms of the subsidy; and b) the subsidy amount has been collected or its collection is probable. They are recorded at fair value and are systematically recognised in income, on the basis of correlating subsidies to the corresponding costs that are subsidised.

Any grants pertaining to assets are included in long-term liabilities as income in subsequent fiscal years and are recognised systematically and rationally in income over the service life of the fixed asset.

4.14 Leases

Asset leases where the Company substantially retains all risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the fixed asset and the present value of the minimum lease payments, reduced by accumulated depreciation and any obsolescence losses. The corresponding liabilities from lease payments net of financial charges are presented as liabilities. That part of financial expenses relating to finance leases is recognised in the income statement over the term of the lease.

Leases where in effect the risks and rewards of ownership remain with the lessor are posted as operational leases. The lease payments made for operating leases are posted through profit or loss on a systematic basis during the lease.

Payments of operating leases are allocated as an expense to profit or loss according to the direct method throughout the lease term. The received leasing subsidies are posted through profit or loss as an integral part of the expense throughout the lease term.

4.15 Finance income / costs

Net finance costs consist of loan interest charges that are calculated using the effective interest rate method, interest arising from invested cash, income from dividends, foreign exchange gains and losses as well as the profits and losses from hedging instruments posted to the Statement of Profit or Loss and Other Comprehensive Income.

Accrued interest is posted to the income statement based on the effective interest rate method. Dividends income is posted to the income statement on the date dividend distribution is approved.

4.16 Income tax expense

Income tax expense in profit or loss comprises current and deferred tax. Income tax expense is recognised in profit or loss unless it is related to items directly recognised in equity and thus it is recognised in equity.

The current year tax is the expected tax liability over the taxable income using the applicable tax rates and any adjustment related to a prior period tax liability.

The deferred tax is calculated using the balance sheet method based on the temporary differences arising between the book value of the assets and liabilities included in the Financial Statements and the tax value attributed to such in accordance with tax laws. For deferred taxes to be determined, the enacted tax rates or the tax rates enacted on the preparation date of the Statement of Financial Position and applying on a subsequent date are used.

A deferred tax asset is recognised only to the extent it is probable that future taxable profits will suffice for offsetting temporary differences. The deferred tax asset is reduced in case it is probable that no tax benefit will occur.

4.17 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that necessarily takes a substantial period of time to get ready for its intended use or sale form part of the acquisition cost of that asset from inception date, as such is defined in the relevant IFRS, until the time it is substantially ready for its intended use or sale. Any income on the temporary investment of borrowings for financing the above qualifying asset and the collection of grants reduce the borrowing costs eligible for capitalisation. In other events, borrowing costs are charged through profit or loss in the year in which they are incurred.

To the extent that funds are part of a general loan and are used for acquiring a qualifying asset, costs eligible for capitalisation are specified by applying a capitalisation rate to the investment expenses incurred for that asset.

5. Change in accounting policy

During the current year 2017, the Company has early adopted IFRS 15 “Revenue from Contracts with Customers” with a date of initial application of 1 January 2017 using the cumulative effect method. Pursuant to this method, the comparative information has not been restated.

The Company has applied IFRS 15 using the cumulative effect method – i.e. by recognising the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at 1 January 2017. Therefore, the comparative information has not been restated and continues to be reported under IAS 18 and IAS 11. The details of the significant changes and quantitative impact of the changes are set out below.

A. Production of customised products

Previously, based on IAS 18, the Company recognised revenue for all those contracts which did not meet the definition of a construction contract under IAS 11, when the significant risks and rewards of ownership had been transferred to the customer. The timing of the transfer of risks and rewards varied according to the terms of each sales agreement. The recognition generally occurred when the product was delivered to the customer. According to IFRS 15, the Company recognises revenue when a customer obtains control over the product. Under contractual terms for customised products of submarine cables produced for the exclusive use of certain customers of the Company or the parent company, the client controls all of the work in progress, as the cable is being produced, while there is an enforceable right to payment for performance completed to date if the contract is terminated by the customer or another party for reasons other than the Company's failure to perform as promised.

Therefore, for such contracts revenue is now recognised over time.

Under other contracts with customers not related to customised products, customers do not take control of the product until they are completed, since such products are considered commodities. Thus, the Company continues to recognise revenue for such contracts, in the same manner, as under IAS 18, since the timing of transfer of control is substantially at the same point of time with the transfer of the risks and rewards.

The adoption of IFRS 15 did not have impact on the revenue recognition of turnkey projects, which were previously meeting the definition of a construction contract under IAS 11. The accounting treatment for revenue recognition based on IAS 11 for such contracts was already substantially compliant with the new standard.

B. Contract costs

Based on IFRS 15, the incremental costs of obtaining contracts with customers and the costs incurred in fulfilling contracts with customers that are directly associated with the contract are recognised as an asset and are presented on the Statement of Financial Position in the line "Contract costs" and are systematically transferred to profit or loss based on how the relevant products or services are provided to customers, if those costs are expected to be recoverable. Incremental costs of obtaining contracts are costs incurred to obtain a contract with a customer that would not have been incurred if the contract had not been obtained. Incremental costs of obtaining contracts are recognised as an expense when incurred if the amortisation period of the assets would be one year or less.

Contract costs may include commission fees paid to intermediaries for obtaining contracts, materials used for tests necessary for the production or other qualifying costs. Previously, such costs were recognised either when incurred or on an accrual basis.

C. Effects on the Financial Statements

The following tables summarise the impacts of adopting IFRS 15 on the Financial Statements of the Company for the year ended 31 December 2017:

a. Statement of Profit or Loss and Other Comprehensive Income

(Amounts in Euro)	**Balances reported in accordance with IFRS 15**	**Adjustments**	**Balances without adoption of IFRS 15**
Revenue	**174,261,526**	**6,032,974**	**180,294,500**
Cost of Sales	(156,696,350)	(4,262,140)	(160,958,490)
Gross Profit	**17,565,176**	**1,770,834**	**19,336,010**
Other elements of profit or loss statement	(13,837,925)	-	(13,837,925)
Profit/(loss) before income tax	**3,727,251**	**1,770,834**	**5,498,085**
Income tax expense	(1,157,241)	(513,542)	(1,670,783)
Profit/(loss) after tax	**2,570,010**	**1,257,292**	**3,827,302**
Other comprehensive income after tax	**(93,091)**	-	(93,091)
Total comprehensive income after tax	**2,476,919**	**1,257,292**	**3,734,211**

b. Statement of Financial Position

	Balances reported in accordance with IFRS 15	Adjustments	Balances without adoption of IFRS 15
ASSETS			
Non-current assets	**124,256,127**	**-**	**124,256,127**
Trade and other receivables	23,647,381	19,352,717	43,000,097
Contract assets	19,352,717	(19,352,717)	-
Contract costs	1,210,524	(1,210,524)	-
Other current assets	26,426,625	-	26,426,625
Current assets	**70,637,247**	**(1,210,524)**	**69,426,723**
Total Assets	**194,893,374**	**(1,210,524)**	**193,682,850**
EQUITY & LIABILITIES			
EQUITY			
Total equity	**24,401,482**	**-**	**24,401,482**
Non-current liabilities	**66,577,568**	**-**	**66,577,568**
Trade and other payables	51,265,352	(1,055,293)	50,210,059
Contract liabilities	155,231	(155,231)	-
Other current liabilities	52,493,742	-	52,493,742
Current liabilities	**103,914,325**	**(1,210,524)**	**102,703,801**
Total liabilities	**170,491,892**	**(1,210,524)**	**169,281,368**
Total equity and liabilities	**194,893,374**	**(1,210,524)**	**193,682,850**

c. Statement of Cash Flows

	Balances reported in accordance with IFRS 15	Adjustments	Balances without adoption of IFRS 15
Cash flows from operating activities			
Profit/Loss before tax	3,727,251	1,770,834	5,498,085
Other cash flows from operating activities	7,036,539	-	7,036,539
Plus / (less) adjustments for changes in working capital:			
Decrease/(Increase) in inventories	(195,188)	3,999,354	3,804,166
Decrease/(Increase) in receivables	7,612,155	(18,419,186)	(10,807,031)
Decrease/(Increase) in contract assets	(12,386,211)	12,386,211	-
Decrease/(Increase) in contract assets	(1,210,524)	1,210,524	-
(Decrease)/Increase in payables (except loans & borrowings)	(7,983,307)	(1,241,335)	(9,224,642)
Decrease/(Increase) in contract liabilities	(293,597)	293,597	-
Net cash flows from operating activities	**(3,692,883)**	**-**	**(3,692,883)**
Net cash flows from investing activities	**(8,005,105)**	**-**	**(8,005,105)**
Net cash flows from financing activities	**12,454,158**	**-**	**12,454,158**
Net increase in cash and cash equivalents	**756,170**	**-**	**756,170**
Cash and cash equivalents at 1 January	1,873,058	-	1,873,058
Cash and cash equivalents at 31 December	**2,629,228**	**-**	**2,629,228**

6. Revenue

During the current year 2017, the Company has early adopted IFRS 15 “Revenue from Contracts with Customers” with a date of initial application of 1 January 2017 using the cumulative effect method. Pursuant to this method, the comparative information has not been restated. The effect of changes due to the differences in revenue recognition between IAS 18 and IAS 11 and IFRS 15 is disclosed in Note 5.

A. Significant accounting policy

Revenue from contracts with customers is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

In the comparative period, revenue was measured at the fair value of the consideration received or receivable. Revenue from the sale of goods was recognised when the significant risks and rewards of ownership had been transferred to the customer, recovery of the consideration was probable, the associated costs and possible return of goods could be estimated reliably, there was no continuing management involvement with the goods and the amount of revenue could be measured reliably.

For the detailed accounting policy, see Note 4.12.

B. Nature of goods and services

Energy cables projects

The Company produces and sells "turnkey" cable systems, i.e. supplies and installs complete cable systems. In addition, customised cable products are produced for grid connections, offshore/onshore wind farms and other energy projects. Under the terms of the contracts and due to the high degree of customisation, these products have no alternative use, since they are produced according to customers’ specifications, while there is an enforceable right to payment for performance completed to date if the contract is terminated by the customer or another party for reasons other than the Company's failure to perform as promised. Revenue from such projects is recognised over time. The typical length of a contract for turnkey projects exceeds 12 months. For turnkey projects, the Company accounts for individual products and services separately if they are distinct – i.e. if a product or service is separately identifiable from other items in the contracts and if a customer can benefit from it.

Power & telecom cables
The key products in this category are power cables and overhead conductors for electric power distribution networks for electric power operators, utilities, industrial applications, renewable energy applications, railway transportation networks and buildings. The category also includes telecommunication, data transmission cables, optical fibre cables and signalling cables. For sales of these products, revenue is recognised at a point of time, when the control of the goods sold has been transferred. The timing of the transfer of control usually occurs when the goods have been shipped to the customers’ location, unless otherwise specified in the terms of the contract. The terms defined on the contracts with customers are according to Incoterms.

Copper and aluminium wires and raw materials

The company sells copper and aluminium wires which are used as raw materials by its customers in the production of cable products. For sales of these products, revenue is recognised at a point of time, when the control of the goods sold has been transferred. The timing of the transfer of control usually occurs when the goods have been shipped to the customers’ location, unless otherwise specified in the terms of the contract. The terms defined on the contracts with customers are according to Incoterms.

C. Disaggregation of income

In the following table revenue is disaggregated by primary geographical market, major products and service lines and timing of revenue recognition.

(Amounts in Euro)	**2017**	**2016**
Primary geographical markets		
Greece	122,160,727	96,336,844
Other European Union countries	48,620,235	38,548,897
Asia	1,891,918	1,534,761
Africa	1,588,646	23,512
	174,261,526	**136,444,014**

	2017	**2016**
Major products and service lines		
Energy projects	59,040,983	11,007,333
Power & telecom cables	14,973,104	15,300,028
Sales of wires, raw materials and other products	100,247,438	110,136,653
	174,261,526	**136,444,014**

Timing of revenue recognition for revenue recognised during 2017 upon the adoption of IFRS 15:

(Amounts in Euro)	**2017**
Revenue recognised at a point in time	115,220,542
Revenue recognised over time	59,040,983
	174,261,526

In 2017, the turnover stood at EUR 174 million, being increased by 28% compared to 2016, reflecting the strong sales of submarine cables for energy projects as well as the higher prices on the London Metal Exchange (LME). It is noted that the change from revenue recognition "at a given point in time" to recognition "over time" for all energy projects and customised cables products, following early adoption of IFRS 15, had a negative effect on the current year income, as described in Note 5.

Revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date amounts to EUR 16.9 million. This amount is expected to be recognised during 2018 based on the time schedules included in the open contracts as of 31 December 2017, which have original expected duration of more than one year.

The Company applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

The Company applies the practical expedient in paragraph C5(c) of IFRS 15 and does not disclose the amount of the transaction price allocated to the remaining performance obligations for the comparative period (year ending 31 December 2016).

D. Significant judgments in revenue recognition

In recognising revenue the Company makes judgements regarding the timing of satisfaction of performance obligations, as well as the transaction price and the amounts allocated to performance obligations.

The most significant of these estimates are described below:

- Contracts involving the supply of a product through the performance of a single task or a set of significant integrated tasks are viewed as being a single performance obligation.
- Contracts including multiple performance obligations are mainly identified in turnkey contracts and for customised products, as described in Note 6B and Note 4.12.
  In such cases the total transaction price is allocated to these performance obligations on the basis of the relative standalone selling prices of the promised goods or services. If these goods and services are not sold separately, a cost plus margin approach is used.
- Some contracts with customers involve a variable transaction cost as they include a volume or trade discount based on the total purchases from the customer within a time period. In such case revenue is recognised based on the anticipated purchases from the customer throughout the year, as these purchases are realised and new orders are received and up to an extent it is highly probable that a significant reversal of cumulative revenue recognised will not be needed.

7. Expenses by nature

(Amounts in Euro)	2017	2016
Consumption of inventories	129,661,275	101,850,902
Personnel expenses	8,973,357	8,463,100
Energy	2,433,274	2,618,401
Depreciation and amortisation	6,132,771	5,649,483
Taxes	232,875	197,364
Insurance premiums	830,898	1,918,484
Rent	183,244	122,085
Transportation	509,655	124,679
Third party fees and benefits	7,822,962	12,127,911
Commissions	3,637,089	820,168
Maintenance	1,115,946	983,635
Other	1,714,029	2,196,410
Total cost of sales, selling and distribution and administrative expenses	**163,247,375**	**137,072,621**

The decrease in third-party fees and benefits is due to fees paid to subcontractors in 2016 in the context of performance of turnkey contracts with customers.

The Company makes heavy investments in research and development so as to develop value added products and services on an ongoing basis, and to optimise its production processes. The aggregate amount of research and development expenditure recognised as an expense for 2017 amounts to EUR 470 thousand (2016: EUR 866 thousand) and has been included in the account "Cost of sales".

The “third party fees” in the table above includes fees of EUR 55,200 paid to the auditors of the Company for 2017.

Personnel expenses are analysed as follows:

(Amounts in Euro)	2017	2016
Salaries and wages	7,317,634	6,361,836
Contributions to social security funds	1,899,740	1,593,723
Employee benefits	100,648	110,715
Other personnel expenses	630,859	422,353
	9,948,881	**8,488,627**

The personnel employed on 31 December 2017 numbered 298 persons (2016: 258).

Employee benefit expenses are included in the following items in the financial statements:

	2017	2016
Cost of sales	8,083,272	7,616,778
Selling and distribution expenses	564,686	470,670
Administrative expenses	325,399	375,652
Other expenses	81,436	25,527
Capitalised in assets under construction	894,087	-
	9,948,881	**8,488,627**

Personnel expenses were capitalised due to the continuing investments in improvement of the production capacity of the submarine cables production unit in the Company's plant, and in development projects for compliance with the new Construction Products Regulation (CPR), which entered into full force in 2017, certificates, licences and new products development.

8. Other income

(Amounts in Euro)	Note	2017	2016
Grants amortisation	**27**	336,457	334,495
Income from liabilities write-off		204,957	182,216
Income from expenses recharged to third parties		349,997	80,845
Income from collection of contested receivable		250,000	901,981
Profits from the sale of fixed assets		6,778	-
Indemnity to customer for chartering expenses		300,000	-
Other income		73,553	154,783
Total		**1,521,741**	**1,654,320**

In 2016, a final court ruling was handed down with respect to a legal claim of the Company against one of its customers. When the Company was acquired by Hellenic Cables in 2011, the customer's balance had been written off as non-collectible and after the final court ruling was handed down an amount of EUR 902,000 was recorded as revenue.

During 2017, a final judgment was handed down in relation to a legal claim of the Company against the Greek State and the amount of EUR 250,000 was posted as revenue.

9. Other expenses

(Amounts in Euro)	2017	2016
Re-charged expenses	19,527	-
Other provisions	-	63,784
Taxes - duties	147,504	109,025
Fixed-assets write-off/impairment	-	87,330
Losses from the sale of fixed assets	-	8,963
Penalty clauses/Fines	99,610	42,375
Employee Benefits	81,436	25,527
Other expenses	61,045	123,294
Total	**409,121**	**460,297**

10. Finance income

(Amounts in Euro)	2017	2016
Interest income	687	502
Foreign exchange differences	254,690	544,714
Gains from foreign exchange swaps	8,355	77,152
	263,732	**622,368**

11. Finance costs

(Amounts in Euro)	2017	2016
Interest expenses and related costs	8,232,443	7,286,396
Foreign exchange differences	290,832	587,026
Losses from foreign exchange swaps	139,976	43,668
	8,663,251	**7,917,089**

12. Income tax

(Amounts in Euro)	2017	2016
Current tax	-	-
Deferred tax	(1,157,241)	950,083
	(1,157,241)	**950,083**

Current tax
According to Laws 4334/2015 and 4336/2015 that were enacted in 2015, the income tax rate for legal entities in Greece is set at 29%. The income tax advance was increased from 80% to 100% of corporate profits. In case of profit distribution, withholding tax of 15% is imposed, according to article 48 of Law 4172/2013.

Reconciliation of applicable tax rate:

(Amounts in Euro)	2017	2016
Profit / (Loss) before tax	**3,727,251**	**(6,729,306)**
Tax calculated by using the applicable tax rates 29% (2016: 29%)	*(1,080,904)*	*1,951,498*
Non-deductible tax expenses	(173,911)	(132,434)
Tax-exempt income	97,573	97,004
Recognition/(Derecognition) of deferred tax asset on tax losses carried forward	-	(965,985)
Total income tax expense for the period	**(1,157,241)**	**950,083**
Applicable tax rate	**31.05%**	**14.12%**

Deferred tax

The deferred tax assets and liabilities that were accounted for by the Company and the movements of the relevant accounts are shown below:

Movement of temporary differences

2017

(Amounts in Euro)	**Balance on 1.1.2017**	**Recognised in profit or loss**	**Recognised through equity**	**Change in accounting policy**	**Balance on 31/12/2017**
Property, plant & equipment	(6,509,373)	(812,898)	-	-	(7,322,271)
Intangible assets	(9,407)	(2,624)	-	-	(12,031)
Investment property	31,775	(24,644)	-	-	7,131
Derivatives	(34,995)	374	34,445	-	(177)
Loans-Notes payable	(3,037,917)	268,555	-	-	(2,769,362)
Construction contracts	(33,712)	-	-	33,712	-
Contracts with customers	-	(2,552,741)	-	(547,254)	(3,099,995)
Employee benefits	295,096	23,616	3,578	-	322,291
Provisions	136,205	(136,205)	-	-	-
Other	238,584	(206,704)	-	-	31,880
Tax losses	5,224,494	2,286,029	-	-	7,510,523
Total deferred tax liability	**(3,699,250)**	**(1,157,242)**	**38,023**	**(513,542)**	**(5,332,010)**

2016

(Amounts in Euro)	**Balance on 1/1/2016**	**Recognised in profit or loss**	**Recognised through equity**	**Change in accounting policy**	**Balance on 31/12/2016**
Property, plant & equipment	(7,082,030)	572,657	-	-	(6,509,373)
Intangible assets	(5,551)	(3,856)	-	-	(9,407)
Investment property	7,131	24,644	-	-	31,775
Derivatives	6,112	(862)	(40,245)	-	(34,995)
Loans-Notes payable	(3,319,680)	281,763	-	-	(3,037,917)
Construction contracts	(757,608)	723,896	-	-	(33,712)
Employee benefits	234,639	7,403	53,054	-	295,096
Provisions	375,573	(239,368)	-	-	136,205
Other	303,326	(64,742)	-	-	238,584
Tax losses	5,575,946	(351,452)	-	-	5,224,494
Total deferred tax liability	**(4,662,142)**	**950,083**	**12,809**	**-**	**(3,699,250)**

The provisions of article 49 of Law 4172/2013 on thin capitalisation were applied in 2017 which state that the limit of deduction of surplus interest charges is set up to 30% of the EBITDA of each entity. These amounts can be offset against future tax gains; therefore, the Company has recognised a deferred tax asset in relation to the surplus interest charges that arose during the last two fiscal years.

For the calculation of deferred taxes, the applicable tax rates or those that are substantially enacted on the Financial Statements' preparation date are used.

Tax losses carried forward

The tax losses carried forward of the Company are as follows:

Company/ Year	2013	2014	2015	2016	2017	Total
FULGOR S.A.	5,703,539	10,117,254	-	-	4,008,079	**19,828,873**

On 31 December 2017, the Company recognised a deferred tax asset in relation to all the above tax losses carried forward, as Management estimates that the tax is probably recoverable in the future. This estimate is mainly based on the expected improvement of profitability in the years to come, due to the expected increased demand in the energy sector and in particular the high demand for new offshore projects. Tax losses can be offset against taxable profits for five years.

13. Employee benefits

According to IFRS, the liabilities of the Company towards social security funds of its employees are split into defined-contribution and defined-benefit plans.

According to the Greek Labour Law employees are entitled to compensation when dismissed or retiring, the level of which is related to employee salary, length of service and the mode of departure (dismissal or retirement). Employees who resign or are dismissed on specific grounds are not entitled to compensation. The compensation payable in the case of retirement is 40% of the severance pay without a cause. The level of compensation finally paid by the Company is determined by taking into account the employee's length of service and salary.

A liability is considered related to defined contribution plans when the accrued part thereof is regularly accounted for. This practice is similar to the practice under current Greek law, in other words payment to insurance funds of employer contributions for the length of employee service.

For pension plans falling into the defined benefit category, the IFRSs have set certain requirements concerning the valuation of the current liability and the principles and actuarial assumptions which have to be followed to assess the liability deriving from those pension plans. The obligation which is posted is based on the projected unit credit method which calculates the current value of the accrued obligation.

The staff leaving indemnities were computed in an actuarial study prepared by a third party. The following tables set out the composition of net expenditure for the relevant provision posted through profit or loss and equity of years 2017 and 2016 respectively.

a. Change in the present value of the obligation

(Amounts in Euro)	2017	2016
Changes in net liability recognised in the Statement of Financial Position		
Balance on 1 January	**1,017,571**	**809,100**
Benefits paid	(19,212)	(85,188)
Total expenditure recognised in the income statement	100,648	110,715
Total expenditure in the statement of profit or loss and OCI	12,339	182,944
Balance on 31 December	**1,111,346**	**1,017,571**
Breakdown of amounts recognised in the income statement as expenses		
Current service cost	70,831	51,077
Interest cost	15,997	15,920
Curtailment/settlement/termination cost	13,820	43,718
Total expenditure recognised in the statement of profit or loss	**100,648**	**110,715**
Expenses recognised in OCI		
Actuarial loss / (gain) - demographic assumptions	-	61,336
Actuarial loss / (gain) - financial assumptions	17,467	62,499
Actuarial loss / (gain) – experience in the period	(5,128)	59,109
Total	**12,339**	**182,944**

In 2017, the Company paid a total amount of EUR 19,212 (2016: EUR 85,188) for compensation to employees who were dismissed or departed on a voluntary basis. These particular payments generated an additional cost of EUR 13,820 (2016: (EUR 43,718) for the Company, which is equal to the excess amount of the benefit paid compared to the corresponding expected liability and it was recorded as “Curtailment/ settlement/ termination cost”.

b. Actuarial assumptions

The main assumptions on which the actuarial study was based to calculate the provision are as follows:

	2017	2016
Discount rate	1.50%	1.60%
Inflation	1.50%	1.50%
Future wage increase	1.75%	1.75%
Plan duration	15.71	15.85

c. Sensitivity analysis

The defined benefit obligation (DBO) depends on the assumptions used in the actuarial study. Therefore, on the valuation date (31/12/2017):

- If a lower discount rate by 0.5% had been used (namely 1.0% instead of 1.5%), the DBO would have been higher by approximately 7.5%.
- If a higher discount rate by 0.5% had been used (namely 2.0% instead of 1.5%), the DBO would have been lower by approximately 8.4%.
- If a higher increase in pay by 0.5% had been used (namely 2.25% instead of 1.75%), the DBO would have been higher by approximately 8.3%.
- If a lower increase in pay by 0.5% had been used (namely 1.25% instead of 1.75%), the DBO would have been lower by approximately 7.5%.
- If an assumption of nil voluntary retirement had been used, the DBO would have been higher by approximately 3.7%.

c. Analysis of expected ageing

	2017	2016
Up to 1 year	35,755	35,465
Between 1 and 2 years	18,048	-
Between 2 and 5 years	36,658	52,933
Over 5 years	1,380,185	1,240,260
Total	**1,470,647**	**1,328,657**

14. Contract assets, liabilities and costs

A. Balances of contract assets and liabilities

The following table provides information on assets and liabilities from contracts with customers:

(Amounts in Euro)	31 December 2017	1 January 2017 Restated
Receivables included in trade and other receivables	*17,712,549*	*20,883,382*
Contract assets	19,352,717	6,966,505
Contract liabilities	155,231	448,828

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances (contract liabilities).

For products and services for which revenue is recognised over time such as turnkey projects and customised cables products, amounts are billed as work progresses in accordance with agreed-upon contractual terms, either upon achievement of contractual milestones, or at the final delivery and acceptance of the manufactured items.

Generally, billing occurs subsequent to revenue recognition for customised products and services performed over time resulting in contract assets. However, when advances from customers are received before revenue is recognised, a

contract liability is recognised.

For revenues recognised at a given point in time, billing takes place at the same time with revenue recognition or within a short period from such recognition.

Significant changes in balances of contract assets and contract liabilities for the reporting period are as follows:

	2017*	
(Amounts in Euro)	**Contract assets**	**Contract liabilities**
Revenue recognised and included in the balance of contract liabilities at year beginning	-	(448,828)
Increases due to advances, save the amounts recognised as revenues during the period	-	155,231
Amounts billed during the year and transferred to receivables	(6,966,505)	-
Increases due to change in progress measurement	19,352,717	-

** The Company recognised the cumulative effect of first-time adoption of IFRS 15 as an adjustment to the opening balance on 1 January 2017.*

B. Contract costs

The Company expects that fees and commissions associated with contracts for energy projects assumed during the year are recoverable. Therefore, on 31 December 2017 the Company capitalised the amount of EUR 1.21 million as contract costs.

Capitalised fees are recognised as selling and distribution expenses when the relevant revenue is recognised. In 2017, the amount recognised in profit or loss was EUR 1.990 million and there was no impairment loss related to capitalised cost.

The costs for fulfilment of a contract include materials used in tests necessary for production, labour cost and other costs which are capitalised if directly associated with the receivable and are recoverable. On 31 December, no such cost had been capitalised.

By applying the exception in paragraph 94 of IFRS 15, the Company recognised additional costs for acquisition and execution of contracts as an expense when incurred if the amortisation period is less than or equal to one year.

15. Property, plant and equipment

(Amounts in Euro)	Land & buildings	Mechanical equipment	Transport means	Furniture and fixtures	Fixed assets under construction	Total
Acquisition cost						
Balance on 01/01/2016	**40,169,849**	**99,625,425**	**1,607,258**	**1,539,182**	**2,417,859**	**145,359,574**
Additions	15,035	218,134	9,949	102,191	4,437,006	4,782,316
Reclassifications*	712,404	3,208,174	-	-	(4,538,102)	(617,523)
Sales/ Write-off of fixed assets	-	(646,826)	(10,493)	-	-	(657,319)
Balance on 31/12/2016	**40,897,288**	**102,404,907**	**1,606,714**	**1,641,373**	**2,316,764**	**148,867,047**
Balance on 01/01/2017	**40,897,288**	**102,404,907**	**1,606,714**	**1,641,373**	**2,316,764**	**148,867,047**
Additions	20,668	614,073	1,260	103,179	7,382,582	8,121,761
Reclassifications*	237,919	4,698,830	-	30,649	(5,279,908)	(312,510)
Sales/ Write-off of fixed assets	-	(423,972)	(18,495)	-	-	(442,467)
Balance on 31/12/2017	**41,155,874**	**107,293,839**	**1,589,478**	**1,775,201**	**4,419,438**	**156,233,831**
Depreciation/ Impairment						
Balance on 01/01/2016	**(6,401,109)**	**(16,711,653)**	**(895,369)**	**(668,970)**	**-**	**(24,677,101)**
Depreciation for the year	(930,032)	(4,227,119)	(133,358)	(159,745)	-	(5,450,254)
Sales/ Write-off of fixed assets	-	227,863	8,144	-	-	236,007
Balance on 31/12/2016	**(7,331,141)**	**(20,710,909)**	**(1,020,583)**	**(828,715)**	**-**	**(29,891,348)**
Balance on 01/01/2017	**(7,331,141)**	**(20,710,909)**	**(1,020,583)**	**(828,715)**	**-**	**(29,891,348)**
Depreciation for the year	(977,494)	(4,552,726)	(124,432)	(244,118)	-	(5,898,770)
Sales/ Write-off of fixed assets	-	216,494	18,495	-	-	234,989
Balance on 31/12/2017	**(8,308,635)**	**(25,047,141)**	**(1,126,519)**	**(1,072,833)**	**-**	**(35,555,128)**
Net book value						
As at 31/12/2016	**33,566,147**	**81,693,999**	**586,131**	**812,658**	**2,316,764**	**118,975,699**
As at 31/12/2017	**32,847,240**	**82,246,697**	**462,959**	**702,368**	**4,419,438**	**120,678,701**

*: The negative balance of reclassifications at the acquisition cost of fixed assets is offset against the positive balance of reclassifications to intangible assets.

a. Mortgages on fixed assets

Mortgages amounting to EUR 49 million have been raised on the Company's property, plant and equipment.

b. Fixed assets under construction

The account "Fixed assets under construction" concerns mainly machinery the installation of which had not been completed by 31 December 2017.

16. Intangible assets

(Amounts in Euro)	Trademarks & licenses	Software	Other	Total
Acquisition cost				
Balance on 01/01/2016	**1,517,295**	**220,082**	**283,975**	**2,021,351**
Additions	50,031	920	-	50,951
Reclassifications	617,524	-	-	617,524
Balance on 31/12/2016	**2,184,849**	**221,002**	**283,975**	**2,689,826**
Balance on 01/01/2017	**2,184,849**	**221,002**	**283,975**	**2,689,826**
Additions	82,994	15,292	-	98,286
Reclassifications	203,959	108,551	-	312,510
Balance on 31/12/2017	**2,471,803**	**344,845**	**283,975**	**3,100,622**
Depreciation/ Impairment				
Balance on 01/01/2016	**(125,518)**	**(129,661)**	**(126,504)**	**(381,683)**
Depreciation for the year	(151,729)	(25,827)	(22,605)	(200,162)
Balance on 31/12/2016	**(277,248)**	**(155,488)**	**(149,109)**	**(581,845)**
Balance on 01/01/2017	**(277,248)**	**(155,488)**	**(149,109)**	**(581,845)**
Depreciation for the year	(218,485)	(45,047)	(20,059)	(283,590)
Balance on 31/12/2017	**(495,733)**	**(200,535)**	**(169,168)**	**(865,435)**
Net book value				
As at 31/12/2016	**1,907,602**	**65,513**	**134,866**	**2,107,981**
As at 31/12/2017	**1,976,070**	**144,310**	**114,807**	**2,235,187**

17. Investment property

(Amounts in Euro)	2017	2016
Opening balance	**635,374**	**332,039**
Additions	-	388,317
Impairment	-	(84,981)
Year-end balance	**635,374**	**635,374**

Investment property includes a number of lots which the Company intends to lease or sell to third parties in the near future provided that the applicable circumstances allow so. The Company carries out an impairment test in relation to real estate properties on an annual basis.

In the context of the annual impairment test, no evidence of impairment of the properties' commercial value arose. On 31 December 2017, the fair value of properties approximated their book value.

These properties did not generate any revenue in 2017 because they are not leased while no operating expenses were incurred in relation to these properties throughout the year.

18. Other investments

The Company has a 50% holding in the share capital of Fulgeka S.A. which is in a state of liquidation, and the Company has raised a provision for full impairment of its holding's acquisition cost in a previous year.

19. Inventories

Company's inventories are analysed as follows:

(Amounts in Euro)	**2017**	**2016**
Merchandise	1,501,452	1,491,744
Finished products	1,693,635	1,654,275
Semi-finished products	4,664,692	6,262,504
By-products & scrap	619,515	560,830
Raw direct and indirect materials, consumables and containers	15,316,203	17,630,310
	23,795,497	**27,599,663**

Inventories are presented at the lower between their acquisition or production cost and net realisable value which is their expected selling price less the costs required for such sale.

On 31 December 2017 the Company had not raised any provision for inventories write-down because there was no such reason, while in 2016 no provision for inventories write-down had been raised.

The consumption of inventories charged to the operating results of the year (cost of sales) amounts to EUR 129.7 million.

20. Trade and other receivables

(Amounts in Euro)	2017	2016
Trade receivables	885,743	11,736,681
Receivables from construction contracts	-	933,531
Receivables from related parties	15,533,235	6,552,791
Tax receivables	1,831,804	150,949
Other debtors	5,409,192	12,934,682
Other advance payments	180,535	50,173
	23,840,511	**32,358,808**

The above amounts of trade and other receivables include a provision for impairment equal to EUR 1.3 million and EUR 2.5 million for 2017 and 2016 respectively.

The changes in items "Contract assets" and "Receivables from related parties" are mainly associated with the time the ongoing projects assumed by the Company are invoiced.

The line «Other debtors» of the table above includes an amount of EUR 4 million for 2017 (2016: EUR 4 million), which concerns a grant recognised during 2015 that has not been collected yet.

21. Cash and cash equivalents

(Amounts in Euro)	2017	2016
Cash in hand	15,739	4,785
Bank deposits	2,613,489	1,868,273
	2,629,228	**1,873,058**

Out of the above amount of EUR 2,629,228, the amount of EUR 43,465 is denominated in foreign currency and has been valuated according to the Euro/ foreign currency rate as of 31 December 2017. Foreign exchange differences were posted in the Statement of Profit or Loss and Other Comprehensive Income for the year.

22. Share Capital

The Company’s share capital amounts to EUR 40,308,097 (2016: EUR 40,014,097) and is divided into 13,710,237 (2016: 13,610,237) shares with a nominal value of EUR 2.94 each.

The share premium of EUR 45,492,801 (2016: EUR 44,186,801) is a supplement to the share capital and arose from the issue of shares in exchange for cash at a value higher than their nominal value (above par).

In 2017, the Ordinary General Meeting decided to increase the Company's share capital by a total amount of EUR 1,600,000.00 through the issue of 100,000 new shares with a nominal value of EUR 2.94 and a selling price of EUR 16.00 each.

Furthermore, the Ordinary General Meeting decided to increase the Company's share capital by EUR 294,000.00 through the issue of 100,000 new registered shares with a nominal value of EUR 2.94 and a selling price of EUR 16.00 per share. The amount above par of EUR 13.06 per share and the total of EUR 1,306,000.00 for the entire increase were posted to the share premium account.

Following the above share capital increase, total equity of the Company is higher than 1/2 of the share capital and, therefore, the conditions to apply the provisions of Article 47 of Codified Law 2190/1920 are no longer in force.
In addition, the Extraordinary General Meeting of the Company's shareholders decided during 2018 to take steps with a view to restructuring the Company's balance sheet (see note 31).

The amount of such increase was paid by the unique shareholder "HELLENIC CABLES S.A. HELLENIC CABLES INDUSTRY S.A.» during 2017.

23. Reserves

(Amounts in Euro)	2017	2016
Statutory Reserve	1,052,450	1,052,450
Reserve from derivatives valuation	1,349	85,679
Special reserves	816,803	816,803
Untaxed reserves	11,427,378	11,427,378
	13,297,980	**13,382,310**

Statutory reserve: According to the Greek company law, companies are obliged to withhold 5% of their net annual post-tax profits to form statutory reserve until the balance of such statutory reserve is equal to or reaches at least 1/3 of the share capital. This reserve is not available for distribution but can be used to offset losses.

Special reserves: Special reserves have been set aside according to special provisions of incentive laws and especially refer to the Company's participation in the financing of investments falling under incentive laws. After the lapse of ten years from completion of the investments they concern, the Company may transfer them to a balance carried forward or capitalise them.

Untaxed reserves: The untaxed reserves have been set aside during previous years in accordance with special provisions of incentive laws. In case these reserves are distributed, they will be taxed using the tax rate applying at such time.
On 31 December 2017, the Company had made investments totalling EUR 33 million, falling under incentive Law 3908/2011. Based on such law, the Company is entitled to set up tax-free reserves up to EUR 1.98 million out of the book earnings of the following financial years. This right shall expire during 2025.

24. Loans and Borrowings

Long-term and short-term liabilities are broken down as follows:

(Amounts in Euro)	2017	2016
Non-current liabilities		
- Bank loans	2,142,624	1,230,564
- Bond loans	41,228,763	41,663,268
	43,371,387	**42,893,832**
Current liabilities		
- Bank loans	49,650,320	38,824,958
- Bond loans	2,842,132	2,150,442
	52,492,452	**40,975,400**
Total loans & borrowings	**95,863,839**	**83,869,232**

During 2017, the Company entered into a new five-year corporate bond of EUR 3,057,624 at Euribor 6M plus spread in order to extend the production capacity of the Company's plant in Soussaki.

The effective weighted average borrowing rates (short-term and long-term) and the loan repayment schedule on the balance sheet date were:

	Currency	Interest rate 2017	Maturity year	31/12/2017	31/12/2016
- Short-term bank loans	Euro	5.5%	2018	47,583,067	36,414,834
- Long-term borrowing	Euro	3.4%	2019-2027	43,371,387	42,893,832
- Short-term instalments of long term loans	Euro	4.6%	2018	4,909,386	4,560,566
				95,863,839	**83,869,232**

The fair value of long-term loans approximates their current value.

On 31 December 2017, the Company had assigned invoices worth EUR 14,173,076 with a right of recourse for which financing of EUR 10,363,669 had been obtained.

The Company's bank loans which have been fully obtained from banks include change-of-control clauses which enable lenders to proceed to early termination.

No event took place during the year that has led to any default in the terms of the Company's loan agreements.

The Company estimates that the necessary repayment of loan liabilities will be covered by cash flows from operating activities or unused credit lines available to meet capital requirements. As regards the financing of the projects assumed, the Company and its parent company have secured the necessary funds through project financing credit lines.

On 31 December 2016, the Company's current liabilities exceeded total current assets by EUR 33.3 million (31 December 2016: EUR 36.2 million).

However, Company's financing is considered guaranteed in the near future given that Management of the parent company has given assurances that they will support the subsidiary to avoid any liquidity problems. This support is

implemented in various forms such as share capital increase, lengthening of repayment periods and sales support, as it also happened in 2017 (see note 22).

Mortgages in favour of banks have been raised on the company's property, plant and equipment (see note 29.2).

Contractual maturity of loan liabilities including the proportionate interest is analysed in note 28.2.

Reconciliation between movements of loan liabilities and cash flows from financing activities

	2017
Total balance of loan liabilities on 1 January	**83,869,232**
Changes from financing activities:	
Loans obtained	13,782,626
Repayment of loans	(2,928,469)
Total changes from financing activities:	**10,854,158**
Other changes:	
Interest expenses	5,383,170
Interest paid	(4,242,721)
	1,140,449
Total balance of loan liabilities on 31 December	**95,863,839**

25. Non-current liabilities

Other long term liabilities concern long-term notes payable used to purchase mechanical equipment.

26. Trade and other payables

(Amounts in Euro)	**2017**	**2016**
Suppliers	20,613,919	19,976,459
Payables to related parties	8,444,313	16,396,061
Short-term notes payable	20,367,403	16,685,498
Sundry creditors	355,405	379,049
Accrued expenses	789,335	2,403,190
Advance payments from customers	-	448,828
Social security funds	472,778	391,589
Other payables	222,198	458,000
	51,265,352	**57,138,674**

The line "Suppliers" includes an amount of EUR 18,583,343 (2016: EUR 14,775,319 thousand) which concerns the payment of documentary credits by Banks.

27. Grants

The movement of grants during the years 2017 and 2016 is as follows:

(Amounts in Euro)	2017	2016
Balance on 1 January	**11,151,511**	**11,486,006**
Grants amortisation	(336,457)	(334,495)
Balance on December 31	**10,815,054**	**11,151,511**

Grants concern investments made for the purchase and installation of tangible assets.

During 2015, the Company recognised an amount of EUR 4 million as receivable from grants given the fact that the Company has met all formal and substantial terms pertaining to the specific grants. The above amounts are expected to be received during next year.

Amortisation of grants corresponding to fixed assets depreciation is posted in the account “Other income” in the Income Statement.

28. Financial instruments

Financial risk management

General

The Company is exposed to the following risks from the use of its financial instruments:

- Credit Risk
- Liquidity risk
- Market risk

This paragraph presents information regarding the Company’s exposure to each of the above risks, the Company’s objectives, the policies and procedures it applies for the calculation and management of risks, as well as the management of the Company’s capital. Additional quantitative information on such disclosures is included throughout the financial statements.

The Board of Directors bears the overall responsibility for the creation and supervision of the Company's risk management framework.

The Company’s risk management policies are applied in order to identify and analyse the risks that the Company is exposed to and set audit points and risk-taking limits. The risk management policies and relevant systems are periodically examined so as to take into account any changes in the market and the Company’s activities.

In the context of the foregoing, the Company has evaluated any effects that the management of financial risks may have due to the current macroeconomic situation and
business environment in Greece.

The macroeconomic and financial environment in Greece is showing signs of improvement, however uncertainties still exist. After the completion of the recapitalisation of the Greek banks, at the end of 2015, and following the EUR 86

billion bailout program between the institutions and the Greek government, the Eurogroup and the institutions finalised their negotiations on the second and third review of the Greek economy (between June 2017 and March 2018), which paved the way to release the third and fourth tranches of financial assistance to Greece, amounting to EUR 8.5 and 6.7 billion respectively. As a result, Moody's proceeded with the upgrade of the country's credit rating from Caa2 to B3.

It should be noted that the capital controls that are in force in Greece since June 2015 have been loosen further, but still remain until the date of approval of the financial statements and they have not prevented the Company to continue its activities as before. Cash flows from operational activities have not been disrupted.

However, having regard to the nature of Fulgor's operations and the cables segment of Cenergy Holdings Group to which the Company belongs, which is primarily export-oriented (by way of illustration, at Company level 30% of the turnover for 2017 was channelled into exports and at the cables segment level 67% of the total turnover for 2017 was channelled outside Greece) and the financial situation of the Company, the parent company and the Group to which it belongs, any adverse developments in the Greek economy are not expected to have a significant impact on its smooth operation. As regards the plants' production capacity, no problems are anticipated given that exports (either directly or through affiliated entities) generate enough cash flows to cover the imports of all raw and other materials required for production. The availability and prices of key raw materials follow and are determined by the international market and, thus, are not affected by the circumstances in Greece.

With respect to the exit of the United Kingdom from the European Union, the Company estimates that the outcome of Brexit will not challenge its position vis-à-vis its competitors. Most of our competitors operate within the Eurozone and will react to the exchange rate fluctuations.

Nevertheless, Management continually assesses the situation and its eventual implications to ensure that all necessary and possible measures and actions are taken to minimise any effect on the Company's activities.

The support from the parent company is given at all levels (finance, sales, etc.), as it was demonstrated during the current year, as well.

Credit Risk

Credit risk is the risk that the Company will incur financial loss if a client or third counterparty to a transaction on a financial instrument fails to meet its contractual obligations mainly arising from receivables from customers and investments in securities.

Trade and other receivables

Company's exposure to credit risk is affected mainly by the specific characteristics of each individual customer. The statistics associated with the Company's customer base, including the default risk that exists in a specific market and country where customers are in operation, have a limited effect on credit risk since there is no geographic concentration of credit risk. With the exception of the parent company HELLENIC CABLES and its affiliated company ICME ECAB which is based in Romania, no customer participates in Company's income by more than 10%, while no customer has any open balance higher than 10% of all receivables, with the exception of a construction firm, which is a subsidiary of Enel, on whose behalf construction contract work is performed and management believes that there is no credit risk.

The Board of Directors has laid down a credit policy which requires that all new customers are scrutinised individually as regards their creditworthiness before the Company's standard payment and delivery terms and conditions are proposed to them. The creditworthiness test performed by the Company includes the examination of bank sources regarding customers.

Credit lines are set for each customer which account for the maximum open balance a customer may have without the approval of the Board of Directors, which are reviewed every quarter. Any customers not complying with the average of the Company's creditworthiness criteria may hold transactions with the Company solely based on prepayments or letters of guarantee.

Most of the Company's customers hold long-lasting transactions with the Company and no losses have been recorded. When monitoring the credit risk of customers, the latter are grouped according to their credit characteristics, the maturity characteristics of their receivables and any past problems of receivability they have shown.

Customer credit lines are normally determined based on the insurance limits obtained for them from insurance companies and then receivables are insured based on such credit lines.

According to the customer's history and capacity, in order to secure its receivables, the Company requests real guarantees or collateral (i.e. letters of guarantee), when possible.

The Company raises a special impairment provision in specific cases of exposure to risk, which reflects its assessment of losses from customers, other receivables and investments in securities.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to fulfil its financial liabilities in due time. Company's approach to liquidity management is to secure, as much as possible, that it will always have sufficient cash to meet its obligations upon maturity both under normal and adverse circumstances without incurring unacceptable losses or jeopardising the Company's reputation.

To avoid liquidity risks the Company makes a cash flow provision for one year when preparing the annual budget and makes a monthly rolling provision for three months to ensure that it has adequate cash to cover its operating needs, including coverage of its financial obligations. This policy does not take into account the relevant effect from extreme conditions that cannot be foreseen.

There is no substantive liquidity risk because the Company fulfils its obligations of all types in due time. The relevant payables to suppliers are interest-free and settled within three months maximum. Note that in all events of lack of liquidity, the Company will be supported by its parent company.

Market risk

Market risk is the risk of fluctuations in market prices, such as exchange rates, interest rates and raw material prices which can have an effect on the Company's results or the value of its financial instruments. Market risk management is aimed at controlling the Company's exposure to such risk within a framework of acceptable parameters, in parallel with performance optimisation in terms of risk management.

The Company bases both its purchases and sales on stock prices/indices linked to the prices of copper and other metals which are used by the Company and are included in its products. The risk from the fluctuation of metal prices is covered with hedging (futures contracts and options on the London Metal Exchange – LMEE). The Company, however, does not use hedging instruments for the entire basic stock of its operation and, as a result, any drop in metal prices may have a negative effect on its results through inventories depreciation.

Exchange rate risk

The Company is exposed to exchange rate risk from purchases of raw materials in a currency other than its functional currency which is Euro.

Regarding other financial assets and liabilities denominated in foreign currencies, the Company secures that its exposure to foreign exchange risk is kept at an acceptable level by buying or selling foreign currencies at current exchange rates when deemed necessary to deal with short-term imbalances.

Interest rate risk

The Company obtains funds for its investments and its working capital through bank loans, and therefore debit interest is charged to its results. Any upward trend of interest rates will have a negative effect on results since the Company will bear additional borrowing costs.

28.1 Credit Risk

Exposure to credit risk

The book value of financial assets represents the maximum exposure to credit risk. On the reporting date the maximum exposure to credit risk was:

(Amounts in Euro)	2017	2016
Trade and other receivables - Non-current assets	320,605	347,993
Restricted cash deposit accounts	193,130	193,130
Trade and other receivables - Current assets	23,840,511	32,358,808
Contract assets	19,352,717	-
	43,706,962	**32,899,931**
Derivatives	1,900	120,675
Cash and cash equivalents	2,629,228	1,873,058
Total	**46,338,091**	**34,893,664**

Maximum exposure to credit risk for trade receivables on the balance sheet date per geographical area was:

(Amounts in Euro)	2017	2016
Greece	28,878,431	23,928,796
Other European Union countries	14,686,816	1,769,644
Other European countries	-	56,250
Americas	-	7,061,444
Other countries	141,715	83,797
Total	**43,706,962**	**32,899,931**

The maturity profile of trade receivables on the reporting date was:

(Amounts in Euro)	2017	2016
Neither past due nor impaired	43,497,846	32,687,171
Overdue up to 6 months	572	195,593
Overdue over 6 months	208,544	17,167
Total	**43,706,962**	**32,899,931**

The Company has not raised any provision for impairment of overdue receivables up to 6 months because the Company estimates that the receivable is fully recoverable.

The movement in impairment of trade and other receivables is as follows:

(Amounts in Euro)	2017	2016
Balance on 1 January	**2,593,910**	**2,530,126**
Write-off	(1,300,339)	-
Impairment for the period	-	63,784
Balance on December 31	**1,293,571**	**2,593,910**

Management believes that the provision recorded as at 31.12.2016 reflects the best possible estimate and the accounting balance of trade and other receivables approaches their fair value.

28.2 Liquidity risk

The contractual maturity of financial liabilities including proportionate interest charges is given below:

2017

(Amounts in Euro)	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total 31/12/2017
Bank loans	50,262,567	711,496	1,650,258	-	**52,624,322**
Bond loans	3,233,485	4,000,480	13,353,815	44,468,016	**65,055,797**
Trade and other payables	52,400,662	2,264,891	4,440,743	-	**59,106,295**
Derivatives	1,289	-	-	-	1,289
Total	**105,898,003**	**6,976,867**	**19,444,817**	**44,468,016**	**176,787,704**

2016

(Amounts in Euro)	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total 31/12/2016
Bank loans	39,347,143	1,483,042	-	-	**40,830,185**
Bond loans	3,716,776	2,754,959	11,053,639	50,146,782	**67,672,156**
Trade and other payables	58,320,862	2,599,358	6,867,849	226,902	**68,014,971**
Total	**101,384,781**	**6,837,359**	**17,921,488**	**50,373,684**	**176,517,312**

The Company has approved credit lines with collaborating banks and is not expected to face liquidity problems to meet its short-term liabilities. Moreover, trade receivables are expected to be collected in their entirety within one year.

28.3 Exchange rate risk

Exposure to exchange rate risk

Company's exposure to exchange rate risk is as follows:

31/12/2017

(Amounts in Euro)	**EURO**	**USD**	**GBP**	**OTHER**	**TOTAL**
Trade and other receivables	24,341,320	12,925	-	-	24,354,246
Contract assets	19,352,717	-	-	-	19,352,717
Loans	(95,863,839)	-	-	-	(95,863,839)
Trade and other payables	(56,074,932)	(628,157)	(510,034)	-	(57,213,123)
Contract liabilities	(155,231)	-	-	-	(155,231)
Cash	2,585,764	42,332	1,133	-	2,629,228
	(105,814,201)	**(572,900)**	**(508,901)**	**-**	**(106,896,002)**
Derivatives for hedging (Nominal value)	-	-	(859,690)	-	(859,690)
	(105,814,201)	**(572,900)**	**(1,368,591)**	**-**	**(107,755,692)**

31/12/2016

(Amounts in Euro)	**EURO**	**USD**	**GBP**	**OTHER**	**TOTAL**
Trade and other receivables	32,860,596	39,335	-	-	32,899,931
Loans	(83,869,232)	-	-	-	(83,869,232)
Trade and other payables	(61,927,095)	(3,270,273)	(31,278)	(178,900)	(65,407,546)
Cash	1,847,869	24,016	1,173	-	1,873,058
	(111,087,862)	**(3,206,922)**	**(30,105)**	**(178,900)**	**(114,503,789)**
Derivatives for hedging (Nominal value)	-	1,803,157	-	-	1,803,157
	(111,087,862)	**(1,403,765)**	**(30,105)**	**(178,900)**	**(112,700,632)**

The exchange rates used per fiscal year are as follows:

	Exchange rate on	
Euro	**31/12/2017**	**31/12/2016**
USD	1.1993	1.0541
GBP	0.8872	0.8562

Sensitivity analysis

A 10% decrease/increase of Euro in relation to the following currencies on 31 December would increase (decrease) equity and results by the amounts set out below. This analysis assumes that all the other variables and especially interest rates remain fixed.

	Profit or loss		Equity	
(Amounts in Euro)	**Improvement**	**Weakening**	**Improvement**	**Weakening**
2017				
USD (10% change)	(63,656)	52,082	(63,656)	52,082
GBP (10% change)	(152,066)	124,417	(152,066)	124,417
2016				
USD (10% change)	(356,325)	291,538	(214,076)	175,153
GBP (10% change)	(3,345)	2,737	(3,345)	2,737

28.4 Interest rate fluctuation risk

On the reporting date, the interest-bearing financial instruments of the Company in terms of interest rate risk are as follows:

(Amounts in Euro)	**2017**	**2016**
Fixed rate		
Liabilities	34,151,200	36,973,442
Floating rate		
Liabilities	61,712,639	46,895,790
	95,863,839	**83,869,232**

Cash flow sensitivity analysis for floating rate financial instruments

A 0.25% change in interest rates on the reporting date would increase (decrease) equity and profit or loss by the amounts set out below. This analysis assumes that all the other variables and especially exchange rates remain fixed.

	Profit or loss	
Effect on Euro on 31.12.2017	**Increase by 0.25%**	**Decrease by 0.25%**
Floating rate financial instruments	(215,550)	215,550
Effect on Euro on 31.12.2016	**Increase by 0.25%**	**Decrease by 0.25%**
Floating rate financial instruments	(83,240)	83,240

28.5 Fair value

Fair value compared to book value

The book value of the following financial assets and financial liabilities approximates their fair value as the discount effect based on market interest rate is considered insignificant.

- Trade and other receivables
- Contract assets
- Cash and cash equivalents
- Loans & Borrowings
- Trade and other payables
- Contract liabilities

The major part of the balance of the items "Trade and other receivables" and "Trade and other payables" has a limited maturity (up to one year) and, therefore, it is estimated that the carrying amount of these items approximates their fair value.

The majority of loans and borrowings of the Company have been received at a fixed rate, including the bond loan with a nominal value of EUR 42 million which has been assessed at EUR 25,9 million according to IAS 39 upon initial recognition. On 31 December 2017, Management estimates that the fair value of this loan approximates its book value, which stood at EUR 34.15 million.

The Company has assumed liabilities embedded in credit instruments (notes payable) with carrying amount EUR 7.7 million on 31 December. Given that these liabilities have been initially recognised at fair value, Company's Management estimates that the accounting balance thereof on 31 December 2017 approximates their fair value.

Classification of financial instruments based on their valuation according to fair value hierarchy

A classification table of financial instruments is provided below which depends on the quality of the data used to assess fair value:

- Level 1: Financial instruments measured at fair value using active market prices
- Level 2: Financial instruments measured at fair value using other unquestionably objective prices beyond active market
- Level 3: Financial instruments valued according to the Company's estimates since there is no observable input in the market.

	2017			**2016**		
(Amounts in Euro)	**Level 1**	**Level 2**	**Level 3**	**Level 1**	**Level 2**	**Level 3**
Derivative financial assets	1,900	-	-	120,419	256	-
Derivative financial liabilities	-	(1,289)	-	-	-	-
Total	**1,900**	**(1,289)**	**-**	**120,419**	**256**	**-**

There were no amount transfers between Levels 2 and 3 during the year.

29. Commitments and contingent liabilities

29.1 Payables from operating leases

The Company leases passenger cars using operating leases. The future payable rental fees, according to the operating leases, are as follows:

(Amounts in Euro)	2017	2016
Up to 1 year	114,960	89,336
Between 1 and 5 years	271,334	242,625
	386,294	**331,961**

The amount recognised as an expense of operating leases during the year was EUR 110,060 (2016: EUR 66,062).

29.2 Contingent liabilities

The Company has contingent liabilities and receivables relating to banks, other collateral and other issues arising in the ordinary course of business, which are as follows:

(Amounts in Euro)	2017	2016
Guarantees given for securing payables to suppliers	588,800	24,200
Guarantees for subsidies	8,712,000	8,712,000
Mortgages and statutory notices of mortgage on fixed assets	49,000,000	49,000,000
Guarantees given for securing the performance of contracts with customers	13,702,208	6,651,879
Other	24,200	412,000
	72,027,208	**64,800,079**

Capital commitments:

(Amounts in Euro)	2017	2016
Property, plant and equipment	6,735,000	897,957
	6,735,000	**897,957**

29.3 Unaudited tax years

Fiscal years 2011, 2012, 2013, 2014 and 2015 have been audited for the Company by the statutory auditor who was chosen as per Codified Law 2190/1920, namely the audit firm of chartered accountants "Deloitte Hadjipavlou, Sofianos & Cambanis S.A. – Chartered Accountants" (statutory auditor) in accordance with article 82 of Law 2238/1994 and article 65a of Law 4174/13. The relevant tax compliance certificates were issued on the basis of "unqualified opinion" and did not include any qualifications.

Circular No. 1034/2016 brought significant modifications to the annual certificate issued by statutory auditors and audit firms. As a result, the provisions of article 65a of Law 4174/2013 have been modified with respect to tax years 1.1.2016 - 31.12.2016 and 1.1.2017 - 31.12.2017, and the issue of a tax compliance certificate is no longer required by the Company's statutory auditor.

As for the year 2017, the Company has fallen under the tax audit of Chartered Accountants which is provided for in Article 65A of Law 4174/2013. This audit is underway and the relevant tax compliance report is expected to be granted after the financial statements on the year ended 31 December 2017 are published. We estimate that the audit result will not have a significant effect on the financial statements.

In addition, based on risk analysis criteria, the Greek tax authorities may select the Company for tax audit in the context of audits conducted to companies that have received tax compliance certificates upon agreement of the chartered auditor. In this case, Greek tax authorities are entitled to audit the years they will choose in tax terms, taking into account the work for the issue of such tax compliance certificate. The Company does not expect any additional taxes or surcharges from the audit of Greek tax authorities.

30. Transactions with related parties

The Company's related parties consist in companies of the group of Cenergy Holdings SA, executive members of its Board of Directors as well as other subsidiaries and associates of VIOHALCO SA/NV Group.

The balances of Company transactions with its associates and the results related to such transactions are as follows:

I. Transactions with the parent companies*	2017	2016
Receivables	-	4,081,105
Liabilities	2,750,785	9,001,073
Sales of products and other income	73,629,824	75,883,518
Purchases of products and other expenses	31,018,110	20,124,996

*: The intermediate parent companies HELLENIC CABLES, Cenergy Holdings SA and the ultimate parent VIOHALCO SA/NV are included.

II. Transactions with subsidiaries of VIOHALCO SA/NV Group	2017	2016
Receivables	15,533,235	3,977,707
Liabilities	5,693,528	6,026,260
Sales of products and other income	55,576,565	40,595,189
Purchases of products and other expenses	17,809,789	9,209,421

III. BoD members	2017	2016
Fees	193,642	284,910

All transactions with related parties took place in accordance with the generally accepted commercial terms and will be settled within a reasonable period of time.

31. Subsequent events

On 8 January 2018, the Extraordinary General Meeting approved the reduction in the Company's share capital by EUR 28,934,274.60 to amortise prior-period equal losses of the Company through cancellation of 9,841,590 shares with a nominal value of EUR 2.94 each and amendment to article 5 of its Articles of Association.
The Company's share capital was reduced so as to amortise existing losses and, thus, achieve the restructuring of the Company's Statement of Financial Position. The reduction in the Company's share capital will not have any tax effect.
As arising from the loan agreements concluded for the syndicated loan and corporate bonds, any reduction of share capital is prohibited. For this purpose, the Company's Management asked and received in writing from creditor banks an acceptance of the proposal for reduction in the Company's share capital by EUR 28,934,274.60 during December 2017.
Note that the share capital's reduction by offsetting prior period losses concerns fully share capital and balance of prior period losses that had been incurred before the Company was acquired by Hellenic Cables S.A. in 2011.
Following the suggested reduction, the Company remains compliant with the provisions of article 47 of Codified Law 2190/1920 as the Company's total equity will be higher than 1/2 of the share capital.

There are no significant events in 2018 other than the above, which can affect the Company's financial position.

* *

Athens, 16 May 2018

THE VICE-CHAIRMAN OF THE BOARD OF DIRECTORS	A MEMBER OF THE BOARD OF DIRECTORS	THE HEAD OF ACCOUNTING DEPARTMENT
GEORGIOS PASSAS **AN 094051**	**IOANNIS THEONAS** **AE 035000**	**KONSTANTINOS STAMOULOS** **AI 521647**

C. Independent Auditor's Report

Independent Auditor's Report
(Translated from the original in Greek)

To the Shareholders of
FULGOR S.A. HELLENIC CABLE INDUSTRY

Report on the Audit of the Financial Statements

Opinion

We have audited the Financial Statements of FULGOR S.A. HELLENIC CABLE INDUSTRY (the "Company") which comprise the Statement of Financial Position as at 31 December 2017, the Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the Financial Statements present fairly, in all material respects, the financial position of FULGOR S.A. HELLENIC CABLE INDUSTRY as at 31 December 2017 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and comply with the regulatory requirements of C.L. 2190/1920.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA), which have been incorporated in Greek legislation. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the ethical requirements that are relevant to our audit of the financial statements in Greece and we have fulfilled our other ethical responsibilities in accordance with the requirements of the applicable legislation and the aforementioned Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union and the relative regulatory requirements of C.L. 2190/1920, and for such internal control as Management determines 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, management is 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 management either intends to liquidate the Company or to cease operations, or has 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 which have been incorporated in Greek legislation 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.

As part of an audit in accordance with ISAs, which have been incorporated in Greek legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors’ report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors’ report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with Management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Management is responsible for the preparation of the Board of Directors' Report in accordance with the provisions of Article 43a of C.L. 2190/1920. Pursuant to the provisions of paragraph 5 of Article 2 (part B) of Law 4336/2015, we note that:

(a) In our opinion, the Board of Directors' Report has been prepared in accordance with the applicable requirements of Article 43a of C.L. 2190/1920 and its contents correspond with the Financial Statements for the year ended 31 December 2017.

(b) Based on the knowledge acquired during our audit, relating to the Company and its environment, we have not identified any material misstatements in the Board of Directors' Report.

Athens, 17 May 2018

KPMG Certified Auditors AE
AM SOEL 114

Nick Vouniseas, Certified Auditor Accountant
AM SOEL 18701