FULGOR

HELLENIC CABLE INDUSTRY S.A.

ANNUAL FINANCIAL REPORT
AS AT 31 DECEMBER 2018

According to the International Financial Reporting Standards

Athens Tower, Building B, 2-4 Mesogheion Avenue,
GR-11527, Athens

General Commercial Registry No.: 240101000

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A. Management 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 2018

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 2018.

1. Development, performance and position of the Company

The turnover of Fulgor S.A. (hereinafter the "Company" or "Fulgor") amounted to EUR 191.9 million for 2018 compared to EUR 174.3 million in 2017. The variation is mainly due to the different contracts of submarine cables performed during the last two periods, and to higher sales volumes (total sales in 2018: 62,935 tons compared to 56,147 tons in 2017).

During 2018, the Company completed the production of submarine cables for the project awarded to the parent company Hellenic Cables S.A. (hereinafter "Hellenic Cables") in the United Kingdom, continued to execute projects undertaken by itself such as Kafireas project in Greece on behalf of Enel and also undertook the execution of works for the interconnection of the Modular Offshore Grid (MOG) in North Sea and the second phase of the Cyclades interconnection.

The Company's gross profit amounted to EUR 11.1 million compared to EUR 17.4 million while earnings before interest, taxes, depreciation and amortisation (EBITDA) were equal to profits of EUR 9.7 million compared to EUR 17.8 million in 2017 and pre-tax losses amounted to EUR 3.8 million compared to pre-tax profits of EUR 3.7 million in 2017. A number of high-voltage project awards expected in H1 2018 were postponed, causing the Fulgor plant to operate at low utilisation capacity, which is the main factor that adversely affected results in 2018.

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 2018, investments worth EUR 32.5 million were carried out in the plant at Soussaki, Corinth, which mainly concerned the purchase and installation of equipment for the increase and upgrade of the production capacity of the plant's submarine high voltage cables production unit to meet the expected future levels of demand.

The funds to finance the investments and the required working capital due to the contracts in progress derived from the increase in net debt of the Company, which amounted to EUR 96 million compared to EUR 93 million on 31.12.2017.

On 31 December 2018, the Company's current liabilities amounted to EUR 159.2 million while short-term receivables amounted to EUR 92.1 million. However, this fact does not raise any concern because the parent company Hellenic Cables S.A. has provided assurances that it will continue to provide financing support to Fulgor.

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.

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	**2018**	**2017**
Current assets / Current liabilities	0.58	0.68

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	**2018**	**2017**
Equity/Debt	0.22	0.25

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	**2018**	**2017**
Operating results (Equity + Debt)	2.9%	10.0%

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 Other Comprehensive Income (OCI). This ratio is as follows for the ending and the comparable periods:

Return on equity	**2018**	**2017**
Profits (Losses) after tax / Equity	-6.4%	10.5%

Profitability:

	2018	**2017**
Gross Profit Margin (Gross profit/ Sales)	5.8%	10.0%
Net Profit Margin (Net profit after tax/Sales)	-0.8%	1.5%
EBITDA*	9,702,183	17,755,322
EBITDA margin* (EBITDA / Sales)	5.1%	10.2%
a–EBITDA**	10,604,614	19,971,763
a–EBITDA margin** (a-EBITDA / Sales)	5.5%	11.5%

*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.

	2018	**2017**
Profit/(Loss) before tax	**(3,807,062)**	**3,727,251**
Adjustments for:		
+Depreciation/Amortisation of tangible and intangible assets	6,364,715	6,132,771
- Amortisation of grants	(348,315)	(336,457)
- Interest income	(1,619)	(687)
+Interest expenses and related costs	7,494,464	8,232,443
EBITDA	**9,702,183**	**17,755,322**

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

- Metal price lag,
- Restructuring expenses
- Exceptional idle costs,
- Impairment and obsolescence of fixed assets & investments
- Profits or losses from sale of fixed assets
- Other extraordinary income/expenses

	2018	2017
EBITDA	**9,702,183**	**17,755,322**
Adjustments for:		
+ / - metal price lag	775,570	2,149,218
+ Restructuring expenses	130,482	74,000
+ (Profit)/losses from the sale of tangible assets	(3,621)	(6,778)
- Revenue from collection of contested receivable	-	(250,000)
a-EBITDA	**10,604,614**	**19,971,763**

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 2019

Given the strong forecast of new projects, the considerable backlog of orders from 2018, and the growth potential of the offshore cables business, the outlook for the Company for 2019 is positive. Fulgor's return to high utilisation capacity in 2019 is expected to drive the profitability of the Company and the Group of which it is part for the coming year. The main focus for 2019 will, therefore, be on successful execution of existing projects.

Therefore, the Company remains optimistic regarding 2019 despite the volatile business environment and Management assesses the situation on an ongoing basis in order to secure that all necessary and possible steps and actions are taken to minimise any effect on the Company's operations.

The initiatives taken the last few years have focused on developing a competitive sales network and also on increasing productivity and reducing production cost. Moreover, through the investments made the last few years, the Company is in a position to seize any opportunities emerging worldwide and rival the top companies of the industry.

4. Non-financial information

Fulgor S.A. is a wholly-owned subsidiary of Hellenic Cables S.A. The Non-Financial Report of Hellenic Cables S.A. includes the respective information on Fulgor S.A. The non-financial indicators for 2018 which are presented in this report comply with the Sustainability Reporting Guidelines of the Global Reporting Initiative (GRI-Standards). These ratios were chosen strictly on the basis of their relevance to the business of the Company and its parent (according to the materiality analysis conducted by both the Company and its parent).

Details on the performance in terms of sustainable development, and the actions of responsible operation of the Company, its parent Hellenic Cables S.A. and its affiliated Icme Ecab are also set forth in the 2018 Sustainable Development Report of Cablel® Companies (July 2019). Cablel® companies consist of Hellenic Cables S.A. with its subsidiary Fulgor S.A. which operate in Greece, as well as Icme Ecab S.A. which operates in Romania. Cablel® Companies represent the cable manufacturing segment of Cenergy Holdings S.A., a company listed on Euronext Brussels and the Athens Stock Exchange (Athex). The Sustainable Development Report is an important tool as it reflects the way in which the cables Companies respond to major issues and to the expectations of all their stakeholders.

All Sustainable Development Reports (in accordance with the GRI Guidelines), which have been published since 2010 to date, as well as the Non-Financial Report of Hellenic Cables S.A. for 2018, which is part of the 2018 Annual Financial Report of the parent company, 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 SA/NV (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 investments in securities.

5.1.1 Trade and other receivables

Company's exposure 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 2018, the Company's sales were made, by their greatest part, to affiliated companies and mainly to Hellenic Cables and Icme Ecab (subsidiary of Cenergy Holdings, parent company of Hellenic Cables) 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 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. 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, contract assets and other receivables based on the expected credit losses from each customer. 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 requires 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 31/12/2018.

5.2. Liquidity risk

Liquidity risk is the risk that the Company will fail to fulfil its financial liabilities upon maturity. The 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 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 included in its products. The risk from the fluctuation of metal prices is covered by hedging instruments (futures 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 sales and purchases, and loans taken out in a currency other than its functional currency, which is Euro. The currencies used for such transactions are mainly the US dollar and the pound.

Over time, the Company hedges the greatest part of its estimated exposure to foreign currencies in relation to the anticipated purchases and 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

The Group and the Company follow closely and on a continuous basis the developments in the international and domestic environment and timely adapt their business strategy and risk management policies in order to minimise the impact of the macroeconomic conditions on their operations.

This includes the uncertainty surrounding the effect of the exit of United Kingdom from the European Union (Brexit), including changes to the legal and regulatory framework that apply to the United Kingdom and its relationship with the European Union, as well as new and proposed changes affecting tax laws and trade policy in the USA.

Concerning potential implications from the Brexit, the Group is closely monitoring relevant developments and taking measures to mitigate any adverse effect on its results. The lack of progress in Brexit negotiations raises the risk of a disruptive exit with possible consequences including the imposition of potential trade barriers and custom duties. Thus, the Company does not expect its financial position to be significantly vulnerable because of Brexit. Exports to the United Kingdom in 2018 were made through the parent company and accounted for an insignificant part of turnover for 2018 while most of direct competitors in the cables segment operate within the Eurozone. Thus, it is likely they will react to currency fluctuations accordingly. Based on the analysis performed up to date, Brexit is not expected to have any material adverse effect on the operations of the Company.

Finally, the macroeconomic and financial environment in Greece, where the Company's plants are located, is showing clear signs of improvement. The capital controls that are in force in Greece since June 2015 have been loosened further, but still remain in place until the date of approval of the financial statements and they have not prevented the Company from pursuing their activities as before. Likewise, cash flows from operating activities have not been disrupted. During 2018, Greece officially exited from the third bailout programme that began in 2015 and its credit rating upgraded by Standard & Poor's during H1 2018 (from 'B' to 'B+'). Nevertheless, Management constantly assesses any new development in the Greek economy and its possible implications on the Company's activities in order to ensure that all necessary and effective measures and actions are taken on time in order to minimise any impact. Moreover, the strong non-Greek customer base of the Group to which the Company belongs (by way of example, 29% of the turnover in 2017 was channelled into exports while at the level of cables segment 71% of the total turnover for 2017 was channelled outside Greece) as well as the financial situation of the company, the parent company and its respective Group minimise the liquidity risk which may arise from any remaining uncertainty of the economic environment in Greece.

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

Innovation is a key area of focus for the Company with the aim of providing its customers with more efficient solutions. The establishment of a stronger research and development ('R&D') function is an important enabler to maintain technological effectiveness in the cables segment. A team of highly skilled R&D engineers, supported by advanced software tools and modern testing facilities, are dedicated to supplying customers with tailored, high-quality, cost-efficient solutions.

The R&D department pursues core research focusing on the following:

- Product development and focus on their compliance with new regulations, international standards and specific customers' requirements;
- Innovation focused on the development of new materials, new product designs and new manufacturing processes;
- Redesign and optimisation of products in order to improve competitiveness that will advance the Company's financial goals;
- Technical support to manufacturing process that aims to improve productivity and quality.

The core focus of the R&D department is to support the market share growth strategy of the Company by developing high added value and reliable products for different applications such as AC/DC submarine cables for high depths and long distances, as well as telecom/data cables. As a result, new products have been successfully developed over the last few years.

During 2018, the Company and its parent company Hellenic Cables were awarded several projects as their capability enabled them to offer reliable designs with successful completed qualification plans. Among the most notable projects are the Rio-Antirio submarine interconnection (400kV), Crete – Peloponnese submarine interconnection (150kV), Hollandse Kust Alpha & Beta and Seamade Wind farms. These projects underline the competitive capabilities and both the Company's and the Group's strong market position in the high-voltage and extra high-voltage segment. At the same time, the Company is engaged in ongoing initiatives to develop next-level DC power cables featuring different materials and with reduced loss of power.

R&D also ensured full compliance with new regulations and customer requirements.

The Company trains and empowers its people, recognising that the quality and expertise of human resources is what essentially leads to the success of any research effort. The Company's R&D department is staffed by highly educated and specialised scientific personnel who participate in educational and lifelong learning programmes.

In 2018, total expenses for R&D for the Company amounted to EUR 4.8 million (2017: EUR 2 million), of which the amount of EUR 1 million (2017: EUR 0.5 million) was earmarked for research activities.

7. Company Branches

The Company has no branches.

8. Subsequent events

In June 2019, the Company obtained a new five-year corporate bond of EUR 10 million from a major Greek bank in order to refinance existing debt and finance part of the permanent working capital. The bond was issued at improved pricing terms while the liabilities arising from the loan agreement are not substantially different from the terms of the loans taken out in the past by the Company.

Other than the above, there are no significant events in 2019 that could affect the Company's financial position.

9. Conclusions

This report presented Management's account of the year 2018, the risks and how they are managed and the prospects and development of the Company for 2019.

Athens, 28 June 2019

The Vice-chairman of the Board of Directors
George Passas

B. Financial Statements

ANNUAL FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2018

Athens Tower, Building B, 2-4 Mesogheion Avenue,
GR-11527, Athens

General Commercial Registry No.: 240101000

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Statement of Profit or Loss and Other Comprehensive Income

Amounts in Euro	Note	2018	2017*
Revenue	6	191,889,813	174,261,526
Cost of Sales	7	(180,762,411)	(156,839,038)
Gross Profit		**11,127,402**	**17,422,487**
Other income	8	881,017	1,521,741
Selling and distribution expenses	7	(2,414,115)	(2,350,612)
Administrative expenses	7	(5,150,716)	(4,200,413)
Reversal of / (Impairment loss) on receivables and contract assets		38,081	-
Other expenses	9	(796,423)	(409,121)
Operating profit		**3,685,245**	**11,984,082**
Finance income	10	7,533	687
Finance costs	11	(7,499,840)	(8,257,518)
Profit/(Loss) before tax		**(3,807,062)**	**3,727,251**
Income tax	12	2,365,121	(1,157,241)
Profit/(Loss) after tax		**(1,441,941)**	**2,570,010**
Other comprehensive income			
Items that will never be reclassified to profit or loss:			
Remeasurements of defined benefit liability	13	27,158	(12,339)
Related tax		(11,322)	3,578
		15,836	**(8,761)**
Items that are or may be reclassified to profit or loss:			
Cash flow hedges – effective portion of changes in fair value		(490,330)	1,900
Cash flow hedges – reclassified to profit or loss		(1,900)	(120,675)
Related tax		137,843	34,445
		(354,386)	**(84,330)**
Other comprehensive income after tax		**(338,551)**	**(93,091)**
Total comprehensive income after tax		**(1,780,491)**	**2,476,919**

** The Company has initially applied IFRS 9 on 1 January 2018. Under the transition method chosen, the comparative information has not been restated (see Note 5), but certain information about the Company has been restated (see Note 4.18).*

The attached notes on pages 22 to 74 are an integral part of the Financial Statements.

Statement of Financial Position

Amounts in Euro	Note	31/12/2018	31/12/2017*
ASSETS			
Property, plant & equipment	15	145,478,117	120,678,702
Intangible assets	16	3,124,971	2,235,187
Investment property	17	635,374	635,374
Contract costs	14	67,736	-
Restricted cash deposits		193,130	193,130
Other receivables		209,469	320,605
Non-current assets		**149,708,797**	**124,062,997**
Inventories	19	26,191,587	23,795,497
Trade and other receivables	20	42,563,771	23,840,511
Contract assets	14	14,818,119	19,352,716
Contract costs	14	1,360,858	1,210,524
Derivatives	28.2	0	1,900
Cash and cash equivalents	21	7,228,086	2,629,228
Total current assets		**92,162,422**	**70,830,377**
Total assets		**241,871,219**	**194,893,374**
EQUITY			
Share capital	22	11,373,822	40,308,097
Share premium	22	45,492,801	45,492,801
Reserves	23	12,943,594	13,297,980
Retained earnings/(losses)		(47,247,545)	(74,697,396)
Total equity		**22,562,672**	**24,401,482**
LIABILITIES			
Loans and borrowings	24	41,517,193	43,371,387
Employee benefits	13	1,167,974	1,111,346
Grants	27	10,466,739	10,815,054
Deferred tax liabilities	12	2,816,547	5,332,010
Other long-term liabilities	25	4,134,570	5,947,770
Non-current liabilities		**60,103,023**	**66,577,568**
Loans and borrowings	24	61,790,254	52,492,452
Trade and other payables	26	55,058,929	51,265,352
Contract liabilities	14	41,855,369	155,231
Derivatives	28.2	500,971	1,289
Current liabilities		**159,205,523**	**103,914,325**
Total liabilities		**219,308,547**	**170,491,892**
Total equity and liabilities		**241,871,219**	**194,893,374**

** The Company has initially applied IFRS 9 on 1 January 2018. Under the transition method chosen, the comparative information has not been restated (see Note 5).*

The attached notes on pages 22 to 74 are an integral part of the Financial Statements.

Statement of Changes in Equity

Amounts in Euro	Share Capital and Share premium	Fair value reserves	Other reserves	Retained earnings/(losses)	Total equity
Balance on 01 January 2017	**84,200,898**	**85,679**	**13,296,631**	**(78,515,936)**	**19,067,272**
Change in accounting policy	-	-	-	1,257,291	**1,257,291**
Adjusted balances on 01 January 2017*	**84,200,898**	**85,679**	**13,296,631**	**(77,258,645)**	**20,324,563**
Profit for the period	-	-	-	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**
<u>Transactions with owners of the company</u>					
Share capital increase	1,600,000	-	-	-	**1,600,000**
Total transactions with owners of the company	**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**
Balance on 01 January 2018	**85,800,898**	**1,349**	**13,296,631**	**(74,697,396)**	**24,401,482**
Change in accounting policy	-	-	-	(58,319)	**(58,319)**
Adjusted balances on 01 January 2018**	**85,800,898**	**1,349**	**13,296,631**	**(74,755,714)**	**24,343,163**
(Loss) for the period	-	-	-	(1,441,941)	**(1,441,941)**
Other comprehensive income	-	(354,386)	-	15,836	**(338,551)**
Total comprehensive income	**-**	**(354,386)**	**-**	**(1,426,105)**	**(1,780,491)**
<u>Transactions with owners of the company</u>					
Share capital decrease	(28,934,275)	-	-	28,934,275	-
Total transactions with shareholders	**(28,934,275)**	**-**	**-**	**28,934,275**	**-**
Balance on 31 December 2018	**56,866,623**	**(353,038)**	**13,296,631**	**(47,247,545)**	**22,562,672**

** The Company has early adopted IFRS 15 "Revenue from Contracts with Customers" with a date of initial application the 1st of January 2017. According to the transition method selected (cumulative effect method), the comparative information has not been restated.*

***The Company applied IFRS 9 on 1 January 2018. Under the transition method chosen, the comparative information has not been restated (see Note 5).*

The attached notes on pages 22 to 74 are an integral part of the Financial Statements.

Statement of Cash Flows

Amounts in Euro	**Note**	**2018**	**2017**
Cash flows from operating activities:			
Profit/ (loss) before tax		(3,807,062)	3,727,251
Plus / less adjustments for:			
Depreciation & amortisation	**15, 16**	6,516,786	6,182,360
Grants amortisation	**8**	(348,315)	(336,457)
Unrealized (Gains)/ loss from valuation of derivatives		9,352	1,289
Interest income	**10**	(1,619)	(687)
Interest charges and related expenses	**11**	7,499,840	8,232,443
(Profit)/loss from sale of property, plant & equipment	**8.9**	(3,621)	(6,778)
Inventories impairment		-	-
(Reversal of) / Impairment loss on receivables and contract assets	**28.1**	(38,081)	-
		9,827,280	**17,799,422**
Changes in:			
- Inventories		(2,396,090)	(195,188)
- Trade and other receivables		(11,722,016)	7,612,155
- Contract assets		(2,399,569)	(12,386,211)
- Trade and other payables		1,923,722	(7,983,307)
- Contract liabilities		41,700,138	(293,597)
- Contract costs		(218,070)	(1,210,524)
- Employee benefits		83,786	81,436
Cash flows from operating activities		***26,971,901***	***(14,375,236)***
Interest expense and related costs paid		(6,412,728)	(7,117,068)
Taxes paid		-	-
Net Cash flows (used in) / from operating activities		**30,386,452**	**(3,692,883)**
Cash flows from investing activities:			
Acquisition of property, plant & equipment	**15**	(31,598,196)	(8,121,761)
Acquisition of intangible assets	**16**	(855,200)	(98,286)
Proceeds from disposal of property, plant & equipment		307,685	214,256
Interest received	**10**	1,619	687
Net Cash flows used in investing activities		**(32,144,091)**	**(8,005,105)**
Cash flows from financing activities:			
Share capital increase		-	1,600,000
Loans obtained	**24**	15,080,002	13,782,626
Repayment of loans	**24**	(8,723,505)	(2,928,469)
Net Cash flows from financing activities		**6,356,497**	**12,454,158**
Net (decrease) / increase in cash and cash equivalents		**4,598,858**	**756,170**
Cash and cash equivalents at the beginning of the year		2,629,228	1,873,058
Cash and cash equivalents at year's end	**21**	**7,228,086**	**2,629,228**

The attached notes on pages 22 to 74 are an integral part of the Financial Statements.

Notes to the Financial Statements

1. Information on the company

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

The Company's Separate Financial Statements are included in the consolidated financial statements of the direct parent company Hellenic Cables S.A. (hereinafter "Hellenic Cables), 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 2018, 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 (hereinafter the "Financial Statements") 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 28 June 2019 and have been uploaded on the website at www.fulgor.com. The Company's General Electronic 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 staff leaving indemnities;
- 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 (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 of non-financial assets

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)

The provisions for bad debts are presented on the basis of estimates for the amounts which are likely to be recovered pursuant to the expected-loss model. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

(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 2 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 amendment to 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 2017, 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 2018.
The Company has early adopted IFRS 15 "Revenue from Contracts with Customers" with the 1st of January as date of initial application.
The accounting principles cited below have been consistently applied to all the periods presented in these Financial Statements.

Standards and Interpretations effective for the current financial year

IFRS 9 "Financial Instruments:
IFRS 9 replaces the provisions of IAS 39 with respect to the classification and measurement of financial assets and financial liabilities and also includes a model of expected credit losses which replaces the 'incurred credit loss' model that was applicable under IAS 39. Moreover, IFRS 9 establishes a principle-based approach to hedge accounting and deals with inconsistencies and shortcomings of the previous model of IAS 39. The effect that the application of the standard will have on the Company is described in note 5.

IFRS 15 "Revenue from Contracts with Customers"
IFRS 15 was issued in May 2014. The objective of the standard is to provide a single, comprehensive framework for revenue recognition from all contracts with customers to improve comparability between companies of the same sector, different sectors and different capital markets. It includes the principles an entity must implement to specify revenue measurement and timing of their recognition. The basic principle is that an entity recognises revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The Company has early adopted IFRS 15 "Revenue from Contracts with Customers" with a date of initial application of 1 January 2017. Therefore, the financial information presented for all periods in these Financial Statements is consistent with IFRS 15.

The following standards, standard amendments and interpretations that have been issued and apply to the current financial year did not have any significant effect on the Financial Statements:

- IFRIC 22 "Foreign Currency Transactions and Advance Consideration"
- IFRS 2 (Amendments) "Classification and measurement of Shared-based Payment transactions"
- IAS 40 (Amendments) "Transfers to Investment Property"
- Annual Improvements to IFRSs 2014-2016 Cycle - *IAS 28 "Investments in Associates and Joint Ventures"*
- IFRS 4 (Amendments) "Applying IFRS 9 "*Financial Instruments*" with IFRS 4 "*Insurance contracts*"

Standards and Interpretations effective for subsequent periods

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.
IFRS 16 introduces a single, on-balance lease 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 must adopt IFRS 16 "Leases" after 1 January 2019. The Company has assessed the estimated impact that the first-time adoption of IFRS 16 will have on its Financial Statements, as described below. The actual impact of applying IFRS 16 on 1 January 2019 may change because:

- the Company has not finalised the checks and evaluation of tests of its new IT systems, and
- the new accounting policies are subject to change until the Company presents its first Financial Statements that include the impact of the new standard's initial application.

This is the standard that will mainly affect the accounting treatment of the Company's operating leases. For an overview of the Company's operating leases, see Note 29.1.
The most important effect that has been recognised is that the Company will recognise new receivables and liabilities for the operating leases of corporate cars and machinery. Moreover, the type of expenses pertaining to these leases will now change because IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and an interest expense on the lease liability.
Based on the information currently available, the application of IFRS 16 is expected to increase consolidated assets and liabilities by approximately EUR 0.6 million on the transition date. This expected increase concerns mainly leases of corporate cars and machinery, and mainly arises from the recognition of right-of-use assets through non-current assets and lease liabilities (for the discounted present value of future rental payments).
The Company will implement this new standard as of 1 January 2019, i.e. the mandatory application date. The Company will apply the simplified method of transition and will not adjust prior-period amounts upon first-time adoption.

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.

IFRIC 23 “Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019)
This Interpretation clarifies application of recognition and measurement of both current and deferred income tax when uncertainty over tax treatments of certain items is involved. IFRIC 23 applies to all aspects of income tax accounting when there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

IFRS 9 (Amendments) “Prepayment Features with Negative Compensation” (Effective for annual periods beginning on or after 1 January 2019)
These amendments enable entities, provided they meet certain conditions, to measure at amortised cost some prepayable financial assets with so-called negative compensation or at fair value through other comprehensive income instead of measuring them at fair value through profit or loss.

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

The amendments clarify that entities must apply IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied.

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

The amendments specify how entities should determine retirement expenses when changes to defined benefit retirement plans take place.

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

The amendments laid down below describe changes to 4 IFRSs.
IFRS 3 “Business combinations”
The amendments clarify how an entity remeasures any previously held interest in a joint operation when obtaining control of such business.
IFRS 11 “Joint Arrangements”
The amendments clarify how an entity does not remeasure any previously held interest in a joint operation when obtaining control of such business.
IAS 12 “Income tax"
The amendments clarify how an entity should account for all income tax consequences of dividend payments in the same manner.
IAS 23 “Borrowing Costs"
The amendments propose to clarify that an entity treats any outstanding borrowing made specifically to obtain a qualifying asset as part of general borrowings when that qualifying asset is ready for its intended use or sale.

Amendments to the IFRS Conceptual Framework
(Effective for annual periods beginning on or after 1 January 2020)

The Conceptual Framework sets out the fundamental concepts for financial reporting that guide the International Accounting Standards Board (IASB) in developing IFRS Standards. It helps to ensure that the Standards are conceptually consistent and that similar transactions are treated the same way, so as to provide useful information for investors and other interested parties. The Conceptual Framework also assists companies in developing accounting policies when no IFRS Standard applies to a particular transaction, and more broadly, helps stakeholders to understand better the Standards. The amendments apply to the annual periods beginning on or after 1 January 2020 while the Board will promptly start using the revised Conceptual Framework. These amendments have not yet been adopted by the European Union.

IFRS 3 (Amendments) "Definition of business combination"
(effective for annual periods beginning on or after 01 January 2020)

The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amendments have not been adopted yet by the European Union.

IAS 1 and IAS 8 (Amendments) "Definition of materiality"
(effective for annual periods beginning on or after 01 January 2020)

The amendments clarify the definition of material and how it should be used, while adding guidelines which were provided in other parts of the IFRS until now. Moreover, the clarifications associated with the definition have been improved. Finally, these amendments ensure that the definition of materiality is consistently applied in all IFRSs. The amendments have not been adopted yet by the European Union.

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

Transactions in foreign currencies are translated into the Company's functional currency at the exchange rates 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 instruments

The policies applicable in 2017 are described in the 2017 Financial Statements of the Company and are available at the Company's website. The policies described in this section are the ones applicable from January 1st, 2018. The changes in accounting policy due to application of IFRS 9 are described in Note 5.

A financial instrument is any contract that gives rise at the same time to a financial asset in an entity and a financial liability or equity instrument in another entity.

The accounting policy applying to derivative financial instruments is described separately in note 4.3.

(a) Initial recognition and subsequent measurement of financial assets

As of 1 January 2018, on initial recognition, financial assets are classified as subsequently measured at amortised cost, at fair value through other comprehensive income or at fair value through profit or loss. On initial recognition, the classification of financial assets is based on the contractual cash flows of such assets and the business model in which financial assets are held.

With the exception of trade receivables, the Company initially measures a financial asset at fair value plus transaction cost, in the case of financial assets not measured at fair value through profit or loss. Trade receivables are initially measured at the transaction price, as defined in IFRS 15.

A financial asset is classified and measured at amortised cost or at fair value through other comprehensive income when it gives rise to cash flows that are solely payments of principal and interest on the principal amount outstanding. This assessment is known as SPPI (“solely payments of principal and interest”) criterion and applies to separate financial assets.

Subsequent to their initial recognition, financial assets are classified into three categories as measured at:

- amortised cost
- fair value through other comprehensive income (FVOCI)
- fair value through profit or loss (FVTPL).

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as measured at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets (with the exception of derivatives held for hedging purposes) not classified as measured at amortised cost or at FVOCI, as described above, are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

A financial asset classified as measured at FVTPL is initially recognised at fair value with gains or losses from their valuation recognised in the statement of profit or loss. Any gains or losses arising from changes in the fair value of those financial assets classified as measured at FVTPL are recognised in the statement of profit or loss in "Gain/(loss) from interests and other financial assets - Impairments".

The Company does not have any financial assets measured at FVTPL on 31 December 2018.

A financial asset measured at amortised cost is subsequently measured using the effective interest rate method (EIR) and is subject to impairment testing. Any gain or loss is recognised in profit or loss when a financial asset is derecognised, amended or impaired.

As regards investments traded in an active market, the fair value is based on market quoted prices. As regards investments for which there is no active market, the fair value is based on valuation techniques, unless the range of rational estimates of such fair value is significantly high and the likelihood of different estimates cannot be reasonably assessed and, thus, such investments must not be measured at fair value. The purchase or sale of a financial asset requiring delivery of the asset within a time frame established by regulation or convention in the marketplace concerned is recognised on the settlement date (namely the date on which the asset is transferred or delivered to the Company).

(b) Impairment of financial assets

On each date financial statements are prepared, the Company assesses the data as to whether the value of a financial asset or a group of financial assets has been impaired as follows:

The Company recognises provisions for expected credit losses from:

- financial assets measured at amortised cost, and
- contract assets.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses (ECLs). Lifetime ECLs are the expected credit losses that result from all possible default events over the expected life of trade receivables and contract assets.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations in full, without recourse by the Company to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls due to the Company in accordance with the contract and the cash flows that the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is ‘credit-impaired’ when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- default or delinquency by a debtor;
- restructuring of an amount due to the Company on terms that they would not be considered otherwise;
- indications that a debtor will enter bankruptcy;
- adverse changes in the payments status of a debtor;
- the disappearance of an active market for a security; or
- observable data indicating that there is a measurable decrease in the expected cash flows from a financial asset.

Presentation of allowance for ECLs in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of profit or loss and OCI.

(c) Derecognition of financial assets

A financial asset (or part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the contractual rights to the cash flows from the financial asset expire,
- the Company reserves the right to the cash inflows from that asset but has also undertaken to pay them to third parties without significant delay in the form of a transfer contract, or
- the Company has transferred the right to receive the cash flows from that asset while (a) it has transferred substantially all of the risks and rewards of ownership of the financial asset or (b) has not transferred substantially all of the risks and rewards but has transferred control of that asset.

When the Company transfers the rights to receive cash flows from an asset or enters into a transfer contract, it assesses the extent by which it retains the risks and rewards of ownership of the financial asset. When the Company neither transfers nor retains substantially all of the risks and rewards of the transferred asset and retains control of such asset, then the asset is recognised to the extent of the Company’s continuing involvement in the specific asset. In this case, the Company also recognises an associated liability. The transferred asset and associated liability are measured at a basis reflecting the rights and commitments retained by the Company.

The continuing involvement assuming the form of guarantee of the transferred asset is recognised at the lower between the asset's book value and the maximum amount of the consideration received that the Company could be forced to refund.

Initial recognition and subsequent measurement of financial liabilities

All financial liabilities are initially measured at fair value less transaction cost in the case of loans and payables.

(d) Derecognition of financial liabilities

A financial liability is derecognised when its contractual obligation is cancelled or expires. When an existing financial liability is replaced by another from the same lender with materially different terms, or the terms of the existing liability are materially amended, the said swap or amendment is treated as derecognition of the initial liability and recognition of a new one. The difference in the relevant book values is recognised in the statement of profit or loss and OCI.

(e) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. The legal right cannot be contingent on a future event and must be enforceable in the ordinary course of business, in the event of default, insolvency or bankruptcy of the entity or any counterparty.

4.3 Derivatives and hedge accounting

The Company holds derivative financial instruments 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 financial 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 expenditure is recorded as increase of tangible assets or is 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 fixtures	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 of 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 the plan's assets.

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 bonds of low credit risk. 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.

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 projects of mainly 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, and 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 is 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 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.

Income from interest

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 subsidy 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 state subsidies 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 subsidies 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/expenses

Net financial expenses 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 OCI.

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

4.16 Income tax

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 the start date as such is specified 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.

4.18 Restatement of comparative items

Wishing to make profit or loss lines comparable with the respective Group and other comparable companies, the Company restated the following amounts between lines:

Up until the previous year, all foreign currency differences and results from currency derivatives were presented in "Finance income" and "Finance costs" but now are presented in line with the nature of the related item which was measured or hedged.

Following the above change in presentation, an amount of EUR 263,045 was reclassified from "Finance income" to "Cost of sales" and an amount of EUR 405,733 from "Finance costs" to "Cost of sales" in the 2017 comparable items.

The above reclassifications of amounts had no effect on the results of the comparable period. The adjustments made in the Statement of Profit or Loss and OCI are presented in the table below:

Amounts in Euro	**2017 reported amounts**	**Adjustments**	**Restated amounts**
Revenue	174,261,526	-	174,261,526
Cost of Sales	(156,696,350)	(142,688)	(156,839,038)
Gross Profit	**17,565,176**	**(142,688)**	**17,422,487**
Other income	1,521,741	-	1,521,741
Selling and distribution expenses	(2,350,612)	-	(2,350,612)
Administrative expenses	(4,200,413)	-	(4,200,413)
Other expenses	(409,121)	-	(409,121)
Operating profit	**12,126,771**	**(142,688)**	**11,984,082**
Finance income	263,732	(263,045)	687
Finance costs	(8,663,251)	405,733	(8,257,518)
(Loss) before tax	**3,727,252**	**-**	**3,727,251**
Income tax expense	(1,157,241)	-	(1,157,241)
(Loss) after tax	**2,570,010**	**-**	**2,570,010**
Other comprehensive income after tax	**(93,091)**	**-**	**(93,091)**
Total comprehensive income after tax	**2,476,919**	**-**	**2,476,919**

5. Change in accounting policy

IFRS 9 - Financial Instruments

IFRS 9 mainly sets out the requirements for recognising and measuring financial assets and financial liabilities. This standard replaces IAS 39 "Financial Instruments: Recognition and measurement".

The following table summarises the impact, net of tax, of transition to IFRS 9 on the opening balance of retained earnings. The impact relates to the recognition of expected credit losses under IFRS 9 (for a description of the transition method, see (iv) below).

Amounts in Euro	**Impact of adopting IFRS 9 at 1 January 2018**
Retained earnings	(58,319)

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below. The new accounting policy is described in note 4.2.

<u>(a) Classification and measurement of financial assets and financial liabilities</u>

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. However, it eliminates the previous IAS 39 categories for financial assets of held to maturity, loans and receivables and available for sale.

The adoption of IFRS 9 did not have a significant effect on the Company's accounting policies related to financial liabilities.

The impact of IFRS 9 on the classification and measurement of financial assets is set out below:

Under IFRS 9, on initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; fair value through other comprehensive income (FVOCI) – equity investment; or fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets (except derivatives to which cash flow hedging is applied) not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL.

A financial asset (unless it is a trade receivable without a significant financing component that is initially measured at the transaction price) is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition.

The following accounting policies apply to the subsequent measurement of financial assets:

Financial assets at fair value through profit and loss	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets measured at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method (EIR). The amortised cost is reduced by impairment losses (see section (b) below). Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

The effect of adopting IFRS 9 on the carrying amounts of financial assets at 1 January 2018 relates solely to the new impairment requirements, as described further below.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Company's financial assets as at 1 January 2018.

Amounts in Euro	**Note**	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
Futures		Fair value - hedging instrument	Fair value - hedging instrument	1,900	1,900
Trade and other receivables, incl. contract assets	a	Loans and receivables	Amortised cost	43,193,227	43,111,088

Amounts in Euro	Note	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Cash and cash equivalents		Loans and receivables	Amortised cost	2,629,228	2,629,228

a. Trade and other receivables, including contract assets that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of EUR 82,139 in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.

(b) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost, contract assets, lease receivables and debt investments at FVOCI, but not to investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

The financial assets at amortised cost consist of trade receivables (including contract assets) and cash and cash equivalents.

Under IFRS 9, loss allowances are 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.

The Company has elected to measure loss allowances for trade receivables and contract assets at an amount equal to lifetime ECLs. Under this method, ECLs are defined by all possible default events over the expected life of a financial instrument.

The Company considers a financial asset to be in default when the counterparty is unlikely to pay its credit obligations in full, without recourse by the Company to actions such as realising security (if any is held).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

Presentation of impairment

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of profit or loss and OCI. Before the adoption of IFRS 9, impairment loss on trade & other receivables and reversal of impairment loss on trade & other receivables were presented under the line "Other expenses" & "Other income", respectively.

Impact of the new impairment model

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The application of IFRS 9 impairment requirements at 1 January 2018 resulted in an additional impairment allowance as follows:

Amounts in Euro	
Loss allowance at 31 December 2017 under IAS 39	**(1,293,571)**
Additional impairment recognised at 1 January 2018	(82,139)
Loss allowance at 1 January 2018 under IFRS 9	**(1,375,710)**

ECL's calculation on trade receivables and contract assets

The ECLs were calculated based on actual credit loss experience over the last few years, current economic conditions and qualitative information such as credit risk grade and geographic region for the trade receivables and contract assets portfolio, depending on the significance of these factors on each of the business segments. The Company performed the calculation of ECL rates after appropriately grouping the portfolio of their customers.

(c) Hedge accounting

The Company has elected not to adopt the provisions of IFRS 9 regarding the hedge accounting and will continue applying IAS 39.

(d) Transition

Transition to IFRS 9 has been performed as follows:

- The Company has applied the exemption allowing it 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 have been recognised in retained earnings as at 1 January 2018.
- The following assessments have been made on the basis of the facts and circumstances that existed at the date of initial application.
    - The determination of the business model within which a financial asset is held.
    - The designation of certain investments in equity instruments not held for trading as at FVOCI.

6. Revenue

The Company has early adopted IFRS 15 "Revenue from Contracts with Customers" with the 1st of January 2017 as date of initial application. Therefore, all information presented in the Financial Statements is based on IFRS 15.

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 such 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 such 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 revenue

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

Primary geographical markets

Amounts in Euro	2018	2017
Greece	136,975,057	122,160,727
Other European Union countries	54,853,160	48,620,235
Asia	61,596	1,891,918
Africa	-	1,588,646
	191,889,813	**174,261,526**

Major products and service lines

Amounts in Euro	2018	2017
Energy projects	68,042,646	59,040,983
Power & telecom cables	17,322,624	14,973,104
Sales of wires, raw materials and other products	106,524,544	100,247,438
	191,889,813	**174,261,526**

Timing of revenue recognition

Amounts in Euro	2018	2017
Revenue recognised at a point in time	123,847,167	115,220,543
Revenue recognised over time	68,042,646	59,040,983
	191,889,813	**174,261,526**

In 2018, the turnover amounted to EUR 191 million, increased by 10% compared to 2017. The decrease is mainly due to the different contracts of submarine cables performed during the last two periods, and to higher sales volumes.

Revenue expected to be recognised in the future and related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date amounts to EUR 33.9 million. This amount is expected to be recognised during 2019 based on the time schedules included in the open contracts as of 31 December 2018, which have original expected durations of more than one year.

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	2018	2017
Cost of inventories recognised as an expense	152,869,130	129,661,275
Employee benefits	10,582,953	8,973,357
Energy	2,598,458	2,433,274
Depreciation and amortisation	6,364,715	6,132,771
Taxes	271,156	232,875
Insurance	880,478	830,898
Rent	229,861	183,244
Transportation expenses	537,587	509,655
Third party fees and benefits	8,083,094	7,822,962
Commissions	1,896,287	3,637,089
Maintenance	1,847,290	1,115,946
Losses from derivatives	702,571	626,637
Foreign exchange differences	(65,065)	11,067
Other	1,528,727	1,219,013
Total cost of sales, selling & distribution and administrative expenses	**188,327,242**	**163,390,063**

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. Total expenses in research and development that were recognised as an expense for 2018 amount to EUR 1,003 thousand (2017: EUR 470,000) and have been included in the account "Cost of goods sold".

The “third party fees and benefits” in the table above includes fees of EUR 56,400 paid to the auditors of the Company for the fiscal year 2018.

Personnel expenses are analysed as follows:

Amounts in Euro	2018	2017
Salaries and wages	8,937,964	7,317,634
Contributions to social security funds	2,334,702	1,899,740
Staff retirement indemnities	830,922	630,859
Other personnel expenses	100,148	100,648
	12,203,735	**9,948,881**

The personnel employed on 31 December 2018 numbered 410 persons (2017: 298).

Employee benefit expenses are included in the following items in the Financial Statements:

	2018	2017
Cost of goods sold	9,522,508	8,083,272
Selling and distribution expenses	673,747	564,686
Administrative expenses	386,699	325,399
Other expenses	508,712	81,436
Capitalised in assets under construction	1,112,070	894,087
	12,203,736	**9,948,881**

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 in compliance with the new Construction Productions Regulation (CPR), certificates, licences and new products development.

8. Other income

Amounts in Euro	Note	2018	2017
Amortisation of grants	**27**	348,315	336,457
Income from liabilities write-off		-	204,957
Gains on sale of fixed assets		4,395	6,778
Income from expenses recharged		450,868	349,997
Income from litigation		-	250,000
Indemnity for freight expenses received by customer		-	300,000
Other income		77,439	73,553
Total		**881,017**	**1,521,741**

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	2018	2017
Expenses recharged	463,937	19,527
Taxes - duties	110,018	147,504
Penalty clauses/Fines	41,887	99,610
Employee benefits	83,786	81,436
Loss from sale of fixed assets	774	-
Other expenses	96,020	61,045
Total	**796,423**	**409,121**

10. Finance income

Amounts in Euro	2018	2017
Interest income	1,619	687
Foreign exchange differences	5,914	-
	7,533	**687**

11. Finance costs

Amounts in Euro	2018	2017
Interest expenses and related costs	7,494,464	8,232,443
Foreign exchange differences	5,376	25,074
	7,499,840	**8,257,517**

12. Income tax

A. Amounts recognised in the Statement of Profit or Loss and OCI

Amounts in Euro	2018	2017
Deferred tax	2,365,121	(1,157,241)
	2,365,121	**(1,157,241)**

B. Reconciliation of applicable tax rate

Amounts in Euro	2018	2017
Profit/ (loss) before tax	**(3,807,062)**	**3,727,251**
Tax calculated by using the applicable tax rates 29% (2017: 29%)	1,104,048	(1,080,903)
Non-deductible tax expenses	(100,856)	(173,911)
Permanent tax differences	101,011	97,573
Change in prior year income tax	(52,722)	-
Change in tax rate	1,313,640	-
Total income tax for the period	**2,365,121**	**(1,157,241)**
Effective tax rate	**(62.12%)**	**(31.05%)**

According to Greek laws 4334/2015 and 4336/2015, the corporate income tax rate for legal entities in Greece for fiscal year 2018 is set at 29%. According to article 23 of Law 4579/2018, it will be gradually reduced by 1% per annum as follows:

- 28% for fiscal year 2019,
- 27% for fiscal year 2020,
- 26% for fiscal year 2021,
- 25% for fiscal year 2022 and onwards.

The tax rate applicable to the Company is mainly affected by the gradual decrease in the following years of the income tax rate in Greece and the recalculation of deferred tax, which resulted in a deferred tax credit of EUR 1.3 million.

C. Deferred tax

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

2018

Amounts in Euro	**Balance on 01 January 2018**	**Recognised in profit or loss**	**Recognised in OCI**	**Change in tax rate**		**Change in accounting policy**	**Net balance on 31 December 2018**
				Recognised in profit or loss	**Recognised in OCI**		
Tangible fixed assets	(7,322,271)	(790,734)	-	1,271,201	-	-	**(6,841,804)**
Intangible assets	(12,031)	(3,732)	-	2,616	-	-	**(13,147)**
Investment property	7,131	-	-	28,390	-	-	**35,521**
Derivatives	(177)	2,712	142,747	(106)	(4,903)	-	**140,272**
Inventories	-	149,106	-	(5,142)	-	-	**143,965**
Loans and borrowings	(2,769,362)	294,509	-	276,934	-	-	**(2,197,919)**
Employee benefits	322,291	24,298	(7,876)	(43,273)	(3,446)	-	**291,994**
Provisions	-	-	-	(3,286)	-	23,820	**20,535**
Contracts with customers	(3,099,994)	8,520,741	-	(185,760)	-	-	**5,234,987**
Other	31,880	(14,311)	-	(1,768)	-	-	**15,801**
Thin capitalisation interest	1,760,151	(1,760,151)	-	-	-	-	**-**
Tax losses	5,750,373	(5,370,958)	-	(26,167)	-	-	**353,248**
Total	**(5,332,010)**	**1,051,481**	**134,871**	**1,313,640**	**(8,349)**	**23,820**	**(2,816,547)**

2017

Amounts in Euro	Balance on 01 January 2017	Recognised in profit or loss	Recognised in OCI	Change in tax rate		Change in accounting policy	Net balance at 31 December 2017
				Recognised in profit or loss	Recognised in OCI		
Tangible fixed assets	(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 and borrowings	(3,037,916)	268,554	-	-	-	-	**(2,769,362)**
Employee benefits	295,096	23,616	3,578	-	-	-	**322,291**
Provisions	136,205	(136,205)	-	-	-	-	**-**
Contracts with customers	-	(2,552,741)	-	-	-	(547,252)	**(3,099,994)**
Provisions for works	(33,711)	-	-	-	-	33,711	**-**
Other	238,584	(206,704)	-	-	-	-	**31,880**
Thin capitalisation interest	636,464	1,123,687	-	-	-	-	**1,760,151**
Tax losses	4,588,030	1,162,343	-	-	-	-	**5,750,373**
Total	**(3,699,248)**	**(1,157,242)**	**38,023**	**-**	**-**	**(513,542)**	**(5,332,010)**

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

The variation noted in deferred tax assets on carryforward tax losses is mainly attributed to the use of EUR 18.9 million of tax losses at Company level, for which deferred tax asset was previously recognised.

The variation noted in deferred tax balance from Contracts with customers in the tables above is mainly related to the increase in contract liabilities, i.e. primarily to the collection and issue of advance payment invoices related to contracts not yet executed which are included in current year's taxable income, while revenue according to IFRSs will be recognised when the execution of such contracts will begin.

On 31 December 2018, the accumulated tax losses carried forward available for future use amounted to EUR 1.3 million. In detail:

Fiscal year	**2014**	**2015**	**2016**	**2017**	**2018**	**Total**
Tax losses	-	-	-	1,261,601	-	**1,261,601**

On 31 December 2018, the Company has recognised a deferred tax asset on all the aforementioned tax losses carried forward because Management believes that the recoverability of such asset is certain in the future and is mainly based on:

- the expected profitability during the following years, due to the existing backlog which secures higher utilisation of the Company's plant and the achievement of tax profitability in 2018; and
- the initiatives undertaken in order to take advantage of the expected growth in energy sector and especially the high demand for new offshore projects.

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 amount which would have been paid for unjustified dismissal. 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 employee benefit obligation was calculated based on an actuarial study performed by an independent third party. The following tables set out the composition of net expenditure for the relevant provision posted through profit or loss and equity for the years 2018 and 2017 respectively.

A. Changes in the present value of the liability

Amounts in Euro	**2018**	**2017**
Changes in net liability recognised in the Balance Sheet		
Net liability at the beginning of the year	1,111,346	1,017,571
Benefits paid	(16,362)	(19,212)
Total expenditure recognised in the income statement	100,148	100,648
Total expenditure recognised in the statement of profit or loss and OCI	(27,158)	12,339
Net liability at year-end	**1,167,974**	**1,111,346**
Breakdown of amounts recognised in the income statement as expenses		
Current service cost	72,989	70,831
Past service cost during the period	767	-
Interest cost	16,402	15,997
Curtailment/settlement/termination cost	9,990	13,820
Total expenditure recognised in the income statement	**100,148**	**100,648**
Breakdown of expenses recognised in the statement of profit or loss and OCI		
Actuarial loss / (gain) - demographic assumptions	(85,627)	-
Actuarial loss / (gain) - financial assumptions	(19,815)	17,467

Amounts in Euro	2018	2017
Actuarial loss/(gain) – experience in the period	78,284	(5,128)
Total expenditure recognised in the statement of profit or loss and OCI	**(27,158)**	**12,339**

During 2018, the Company paid a total amount equal to EUR 16,362 (2017: EUR 19,212) for compensation to employees who were either dismissed or departed on a voluntary basis. These particular payments generated an additional cost of EUR 9,990 (2017: 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:

	2018	2017
Discount rate	1.61%	1.50%
Inflation	1.50%	1.50%
Future wage increase	1.75%	1.75%
Plan duration	15.04	15.71

C. Sensitivity analysis

The sensitivity analysis for each significant actuarial assumption which was reasonably possible at the end of the reporting period is presented below. It shows how the defined benefit obligation would have been affected by the following changes:

Amounts in Euro	Increase	Decrease
Discount rate (0.5% movement)	(84,434)	93,995
Future salary growth (0.5% movement)	93,374	(84,719)

If zero withdrawal rates were used when determining the defined benefit liability as of 31 December 2018, the liability would have been increased by EUR 136,682 for the Company, respectively.

The above sensitivity analysis is based on a change in one assumption while all other assumptions remain constant. In practice, this is unlikely to occur as changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method has been applied as when calculating the employee benefit liability recognised on the statement of financial position. The methods and the formula of the assumptions used for the defined analysis have not changed compared to the previous year.

D. Analysis of expected ageing

Amounts in Euro	2018	2017
Up to 1 year	57,558	35,755
Between 1 and 2 years	10,307	18,048
Between 2 and 5 years	29,603	36,658
Over 5 years	1,478,555	1,380,185
Total	**1,576,022**	**1,470,647**

14. Contract assets, liabilities and costs

A. Balances of receivables and liabilities from contracts

The following table provides information on receivables and payables from contracts with customers:

Amounts in Euro	31 December 2018	31 December 2017
Contract assets	14,818,119	19,352,716
Contract liabilities	41,855,369	155,231

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:

Amounts in Euro	**Contract assets**	**Contract liabilities**
Balance on 01 January 2018	**19,352,716**	**155,231**
Revenue recognised and included in the balance of contract liabilities at year beginning	-	(155,231)
Increases due to advances, save the amounts recognised as revenues during the period	-	41,855,369
Amounts billed during the year and transferred to receivables	(17,444,625)	-
Increases due to change in progress measurement	12,931,017	-
Recognition of impairment due to change in accounting policy	(24,879)	-
Reversal of loss of period impairment	3,890	-
Balance on 31 December 2018	**14,818,119**	**41,855,369**

B. Contract costs

The Company expects that fees and commissions associated with contracts for energy projects assumed during the year are recoverable (costs for contract award). 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 contract and are recoverable. Therefore, on 31 December 2018 the Company had capitalised the total amount of EUR 1.43 million as contract costs.

Capitalised fees are recognised as selling and distribution expenses when the relevant revenue is recognised. In 2018, there was no impairment loss related to capitalised cost.

15. Property, plant and equipment

Amounts in Euro	Land & buildings	Machinery and mechanical equipment	Furniture and other equipment	Fixed assets under construction	Total
Acquisition cost					
Balance on 01.01.2017	**40,897,288**	**102,404,907**	**3,248,087**	**2,316,764**	**148,867,047**
Additions	20,668	614,073	104,439	7,382,582	8,121,761
Disposals	-	(423,972)	(18,495)	-	(442,467)
Reclassifications*	237,919	4,698,830	30,649	(5,279,908)	(312,510)
Balance on 31.12.2017	**41,155,875**	**107,293,839**	**3,364,680**	**4,419,438**	**156,233,831**
Balance on 01.01.2018	**41,155,875**	**107,293,839**	**3,364,680**	**4,419,438**	**156,233,831**
Additions	947,754	3,123,665	465,639	27,117,792	31,654,850
Disposals	-	(627,839)	(5,130)	-	(632,968)
Reclassifications*	5,288,733	3,786,703	54,524	(9,486,722)	(356,763)
Balance on 31.12.2018	**47,392,361**	**113,576,369**	**3,879,714**	**22,050,507**	**186,898,950**
Depreciation/ Impairment					
Balance on 01.01.2017	**(7,331,141)**	**(20,710,909)**	**(1,849,298)**	**-**	**(29,891,348)**
Depreciation for the year	(977,494)	(4,552,726)	(368,550)	-	(5,898,770)
Disposals	-	216,494	18,495		234,989
Balance on 31.12.2017	**(8,308,635)**	**(25,047,142)**	**(2,199,353)**	**-**	**(35,555,130)**
Balance on 01.01.2018	**(8,308,635)**	**(25,047,142)**	**(2,199,353)**	**-**	**(35,555,130)**
Depreciation for the year	(1,061,408)	(4,806,174)	(327,025)	-	(6,194,607)
Disposals	-	325,518	3,386	-	328,904
Balance on 31.12.2018	**(9,370,043)**	**(29,527,798)**	**(2,522,992)**	**-**	**(41,420,833)**
Net book value					
At 31/12/2017	**32,847,240**	**82,246,697**	**1,165,327**	**4,419,438**	**120,678,702**
On 31/12/2018	**38,022,318**	**84,048,571**	**1,356,721**	**22,050,507**	**145,478,117**

**: 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 2018.

The amount of EUR 9.5 million which was reclassified from property, plant and equipment under construction in 2018 mostly relates to the conclusion of part of the productivity improvements at the Soussaki-based Fulgor plant.

The borrowing costs capitalised during 2018 and related to the Company's property, plant and equipment under construction amounted to EUR 479 thousand and concerned the acquisition of new machinery. The discount rate used was 5.8%.

16. Intangible assets

Amounts in Euro	**Trademarks and licenses**	**Software**	**Other**	**Total**
Acquisition cost				
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	**2,471,802**	**344,845**	**283,975**	**3,100,622**
Balance on 01.01.2018	**2,471,802**	**344,845**	**283,975**	**3,100,622**
Additions	754,533	100,667	-	855,200
Reclassifications	207,412	149,351	-	356,763
Balance on 31.12.2018	**3,433,746**	**594,864**	**283,975**	**4,312,585**
Depreciation/ Impairment				
Balance on 01.01.2017	**(277,248)**	**(155,488)**	**(149,109)**	**(581,845)**
Depreciation for the year	(218,485)	(45,047)	(20,059)	(283,591)
Balance on 31.12.2017	**(495,733)**	**(200,535)**	**(169,168)**	**(865,436)**
Balance on 01.01.2018	**(495,733)**	**(200,535)**	**(169,168)**	**(865,436)**
Depreciation for the year	(254,022)	(55,736)	(12,420)	(322,179)
Balance on 31.12.2018	**(749,755)**	**(256,271)**	**(181,588)**	**(1,187,615)**
Net book value				
On 31/12/2017	**1,976,070**	**144,310**	**114,807**	**2,235,187**
On 31/12/2018	**2,683,991**	**338,592**	**102,387**	**3,124,970**

17. Investment property

Amounts in Euro	**2018**	**2017**
Opening balance	**635,374**	**635,374**
Additions	-	-
Disposals	-	-
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 tests the value of real estate properties for impairment 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 2018, the fair value of properties approaches their book value.

These properties did not generate any revenue in 2018 because they are not leased while no operating expenses were incurred in relation to these properties throughout the year.

18. Holdings in other entities

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 inventories are analysed as follows:

Amounts in Euro	**2018**	**2017**
Raw materials, auxiliaries, spare parts & consumables	17,356,659	15,316,203
Finished goods	2,463,913	1,693,635
Semi-finished goods	2,979,901	4,664,692
Merchandise	2,074,674	1,501,452
By-products & scrap	1,316,440	619,515
	26,191,587	**23,795,497**

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 2018 the Company had raised a provision for inventories write-down equal to EUR 514,160 thousand, respectively, due to the downward trend of copper prices in the LME. In 2017, no provision for inventories write-down had been raised.

The consumption of inventories charged to the operating results of the year (cost of goods sold) :for the Company amounts to EUR 152.9 million (2017: EUR 129.7 million).

20. Trade and other receivables

Amounts in Euro	2018	2017
Trade receivables	19,096,170	2,059,314
Less: Provisions for impairment	(1,196,640)	(1,173,571)
	17,899,530	**885,743**
Receivables from related parties	16,523,068	15,533,235
Other debtors	4,217,024	4,903,650
Less: Provisions for impairment	(120,000)	(120,000)
Other advance payments	2,007,779	180,535
Current tax assets	940,062	1,831,804
Other short-term receivables	1,096,309	625,543
	42,563,771	**23,840,511**

The line «Other debtors» in the table above includes an amount of EUR 4 million for 2018 (2017: EUR 4 million), which concerns a government grant recognised during 2015 that has not been collected yet.

21. Cash and cash equivalents

Amounts in Euro	2018	2017
Cash in hand and in banks	2,773	15,739
Bank deposits	7,225,313	2,613,489
	7,228,086	**2,629,228**

Out of the above sum of EUR 7,225,313 (2017: EUR 2,613,489), the amount of EUR 76,916 (2017: EUR 43,465) is denominated in foreign currency and has been measured according to the Euro/ foreign currency rate as of 31 December 2018. 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 11,373,822 (2017: 40,308,097) and is divided into 3,868,647 (31/12/2017: 13,710,237) shares with a nominal value of EUR 2.94 each.

The share premium of EUR 45,492,801 (31/12/2017: EUR 45,492,801) 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 (premium).

On 8 January 2018, the Extraordinary General Meeting 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, achieve the restructuring of the Company and its Statement of Financial Position. The reduction in the Company's share capital did 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 existed before 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.

23. Reserves

Amounts in Euro	**2018**	**2017**
Statutory reserve	1,052,450	1,052,450
Fair value reserves	(353,037)	1,349
Special reserves	816,803	816,803
Tax-exempt reserves	11,427,378	11,427,378
	12,943,594	**13,297,980**

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.

Fair value reserves: The fair value reserves include the effective portion of changes in the fair value of the financial derivatives qualified as hedging instruments when applying hedge accounting. These reserves are further presented in the statement of profit or loss when the hedging outcome will affect profit or loss.

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.

Tax-exempt 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 2018, the Company had made investments totalling EUR 33 million approximately, falling under incentive Law 3908/2011. Pursuant to this law, the Company has the right to establish an untaxed reserve of up to EUR 1,98 million from accounting profits that it will earn in future years. This entitlement shall expire during the year 2025.

24. Loans and Borrowings

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

Amounts in Euro	**2018**	**2017**
Non-current liabilities		
Bank loans	1,532,624	2,142,624
Bond loans	39,984,569	41,228,763
	41,517,193	**43,371,387**
Current liabilities		
Bank loans	52,632,374	39,286,651
Factoring with recourse	5,475,945	10,363,669
Bond loans	3,681,936	2,842,132
	61,790,254	**52,492,452**
Total loans & borrowings	**103,307,447**	**95,863,839**

Terms and maturity of loans & borrowings repayment:

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

				31/12/2018	**31/12/2017**
	Currency	**Average interest rate 2018**	**Maturity year**	**Book value**	**Book value**
Short-term borrowing	Euro	4.34%	2019	51,961,318	37,219,398
Long-term borrowing	Euro	6.57%	2027	41,517,193	43,371,387
Factoring with recourse	Euro	4.50%	2019	5,475,945	10,363,669
Short-term instalment of long-term bank loans	Euro	5.10%	2019	671,055	2,067,253
Current portion of bond loans	Euro	5.93%	2019	3,681,936	2,842,132
				103,307,447	**95,863,839**

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

On 31 December 2018, the Company had assigned invoices worth EUR 13,180,516 (31/12/2017: EUR 14,173,076) with a right of recourse for which financing of EUR 5,475,945 had been obtained (31/12/2017: € 10,363,669).

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 2018, the Company's current liabilities exceeded total current assets by EUR 67 million (31 December 2017: EUR 33 million).

However, Company's financing is considered guaranteed in the near future given that Management of the shareholding company has given assurances that it will support its subsidiary to avoid any liquidity problems. This support is implemented in various forms such as share capital increase, lengthening of payment periods and sales support, as it happened in 2018 too.

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 of movements of liabilities to cash flows arising from financing activities:

Amounts in Euro	**2018**	**2017**
Total balance of loan liabilities on 1 January	**95,863,839**	**83,869,232**
Changes from financing activities:		
Loans obtained	15,080,002	13,782,626
Repayment of loans	(8,723,505)	(2,928,469)
Total changes from financing activities	**6,356,497**	**10,854,158**
Other changes:		
Interest expense	5,393,305	5,383,170
Interest paid	(4,785,420)	(4,242,721)
Interest capitalised	479,227	-
Total balance of loan liabilities on 31 December	**103,307,447**	**95,863,839**

25. Other long-term liabilities

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

26. Trade and other payables

Amounts in Euro	2018	2017
Suppliers	27,543,757	20,613,919
Payables to related parties	10,438,017	8,444,313
Short-term notes payable	11,766,676	20,367,403
Sundry creditors	50,043	355,405
Accrued expenses	1,051,914	789,335
Social security funds	613,796	472,778
Other payables	3,594,725	222,198
	55,058,929	**51,265,352**

The line "Suppliers" includes an amount of EUR 9,982,616 (2017: EUR 18,583,343 thousand) which concerns the payment of documentary credits by Banks.

27. Grants

The movement of grants during the years 2018 and 2017 is as follows:

Amounts in Euro	2018	2017
Balance on 1 January	**10,815,054**	**11,151,511**
Grants amortisation	(348,315)	(336,457)
Balance on 31 December	**10,466,739**	**10,815,054**

Grants concern investments made for the purchase and installation of property, plant and equipment.

During 2015, the Company recognised an amount of EUR 4 million as receivable from grants given that the Company has met all formal and substantial terms pertaining to the specific grants. The above amounts are expected to be received during the 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 one of the above risks, the Company's objectives, the policies and procedures it applies for the measurement 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 aforementioned facts, the Company has evaluated any effects that the management of financial risks may have due to the current macroeconomic situation in Greece.

The Group and the Company follow closely and on a continuous basis the developments in the international and domestic environment and timely adapt their business strategy and risk management policies in order to minimise the impact of the macroeconomic conditions on their operations.

This includes the uncertainty surrounding the effect of the exit of United Kingdom from the European Union (Brexit), including changes to the legal and regulatory framework that apply to the United Kingdom and its relationship with the European Union, as well as new and proposed changes affecting tax laws and trade policy in the USA.

Concerning potential implications from the Brexit, the Group is closely monitoring relevant developments and taking measures to mitigate any adverse effect on its results. The lack of progress in Brexit negotiations raises the risk of a disruptive exit with possible consequences including the imposition of potential trade barriers and custom duties. Thus, the Company does not expect its financial position to be significantly vulnerable with regard to the Brexit. Exports to the United Kingdom in 2018 were made through the parent company and accounted for an insignificant part of turnover for 2018 while most of direct competitors in the cables segment operate within the Eurozone. Thus, it is likely they will react to currency fluctuations accordingly. Based on the analysis performed up to date, Brexit is not expected to have any material adverse effect on the operations of the Company.

Finally, the macroeconomic and financial environment in Greece, where the Company's plants are located, is showing clear signs of improvement. The capital controls that are in force in Greece since June 2015 have been loosened further, but still remain in place until the date of approval of the financial statements and they have not prevented the Company from pursuing their activities as before. Likewise, cash flows from operating activities have not been disrupted. During 2018, Greece officially exited from the third bailout programme that began in 2015 and its credit rating upgraded by Standard & Poor's during H1 2018 (from 'B' to 'B+'). Nevertheless, management constantly assesses any new development in the Greek economy and its possible implications on the Company's activities in order to ensure that all necessary and effective measures and actions are taken on time in order to minimise any impact. Moreover, the strong customer base of the Group to which the Company belongs outside Greece (by way of example, 29% of the turnover in 2018 was channelled into exports while at the level of cables segment 71% of the total turnover for 2018 was channelled outside Greece) as well as the financial situation of the company, the parent company and its respective Group minimise the liquidity risk which may arise from any remaining uncertainty of the economic environment in Greece

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 & contract assets

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 Romania-based affiliated company Icme Ecab, no customer participates in the Company's income by more than 10%, while no customer has any open balance higher than 10% of all receivables, with the exception of Independent Power Transmission Operator S.A. 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 normal 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 incurred. 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 lines obtained for them from insurance companies and then receivables are insured based on such credit lines.

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 raises a special impairment provision in specific cases of exposure to risk, which reflects their assessment of losses from trade & other receivables and contract assets, and of expected credit losses under IFRS 9.

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 prevent liquidity risks, when preparing its annual budget, the Company estimates its cash flows for one year. The Company also estimates such cash flows every quarter so as to ensure that it holds sufficient cash and cash equivalents to meet its operating needs, including the fulfilment of its financial liabilities. 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 included in its products. The risk from the fluctuation of metal prices is covered by hedging instruments (futures 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.

Exchange rate risk

The Company is exposed to foreign exchange risk in purchases in other currency than the Company's 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 additional borrowing costs will be charged to the Company.

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	2018	2017
Trade and other receivables - Non-current assets	209,469	320,605
Trade and other receivables - Current assets	42,563,771	23,840,511
Contract assets	14,818,119	19,352,716
	57,591,360	**43,513,832**
Less:		
Prepayments	(2,007,779)	(180,535)
Deferred tax assets	(940,062)	(1,831,804)
Other short-term receivables	(1,096,309)	(625,543)
Total	**53,547,210**	**40,875,950**

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

Amounts in Euro	2018	2017
Greece	38,103,181	26,047,418
Other European Union countries	15,444,029	14,686,816
Other countries	-	141,715
Total	**53,547,210**	**40,875,950**

The balance of trade receivables on the reporting date refers to major public and private utilities, major industrial groups and wholesale customers.

Impairment losses

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

Amounts in Euro	2018	2017
Neither past due nor impaired	52,046,168	40,666,834
- Overdue up to 6 months	*372,447*	*572*
- Overdue over 6 months	*1,128,595*	*208,544*
Total	**53,547,210**	**40,875,950**

The movement in impairment of trade and other receivables, as well as of contract assets is as follows:

Amounts in Euro	2018			2017		
	Trade and other receivables	**Contract assets**	**Total**	**Trade and other receivables**	**Contract assets**	**Total**
Balance on 1 January	1,293,571	-	1,293,571	2,593,910	-	2,593,910
Amounts recognised in the income statement						
(Reversal of) provision for impairment	(34,191)	(3,890)	(38,081)	-	-	-
	(34,191)	**(3,890)**	**(38,081)**	**-**	**-**	**-**
Other movements						
Write-off	-	-	-	(1,300,339)	-	(1,300,339)
Change in accounting policy	57,260	24,879	82,139	-	-	-
Balance on 31 December	**1,316,640**	**20,989**	**1,337,629**	**1,293,571**	**-**	**1,293,571**

The greatest part of trade receivables is insured by insurance companies in case collection thereof fails.

The allowance for expected credit losses in relation to trade receivables and contract assets is calculated at customer level when there is an indication of impairment.

For receivables and contract assets without any indication of impairment the expected credit losses are based on the historical credit loss experience combined with forward-looking information on macroeconomic factors affecting the credit risk, such as country risk and customers' industry related risks.

The expected loss rates are updated at every reporting date.

Management believes that the provision raised as at 31.12.2018 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:

Amounts in Euro	2018				
	Up to 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total 31/12/2018**
Bank loans & factoring without recourse	58,704,529	681,559	970,485	-	**60,356,573**
Bond loans	4,004,204	6,246,712	12,733,814	38,840,249	**61,824,978**
Derivatives	500,971	-	-	-	**500,971**
Contract liabilities	41,855,369	-	-	-	**41,855,369**
Trade and other payables	55,214,323	2,148,098	2,265,043	-	**59,627,464**
Total	**160,279,395**	**9,076,370**	**15,969,342**	**38,840,249**	**224,165,355**

Amounts in Euro	2017				
	Up to 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total 31/12/2017**
Bank loans & factoring without recourse	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**
Derivatives	1,289	-	-	-	**1,289**
Contract liabilities	155,231	-	-	-	**155,231**
Trade and other payables	52,245,431	2,264,891	4,440,743	-	**58,951,065**
Total	**105,898,003**	**6,976,867**	**19,444,816**	**44,468,016**	**176,787,704**

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 foreign exchange risk

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

31/12/2018

Amounts in Euro	USD	GBP	OTHER	TOTAL
Trade and other receivables	13,969	-	-	**13,969**
Contract assets	-	-	-	**-**
Cash	75,805	1,111	-	**76,916**
Loans	-	-	-	**-**
Trade and other payables	(568,518)	1,472	90,896	**(476,151)**
Contract liabilities	-	-	-	**-**
	(478,744)	**2,582**	**90,896**	**(385,266)**
Derivatives for hedging the above risks (Nominal value)	1,987,907	-	-	**1,987,907**
	1,509,163	**2,582**	**90,896**	**1,602,642**

31/12/2017

Amounts in Euro	USD	GBP	OTHER	TOTAL
Trade and other receivables	12,925	-	-	**12,925**
Contract assets	-	-	-	**-**
Cash	42,332	1,133	-	**43,465**
Loans	-	-	-	**-**
Trade and other payables	(628,157)	(510,034)	-	**(1,138,191)**
Contract liabilities	-	-	-	**-**
	(572,900)	**(508,901)**	**-**	**(1,081,801)**
Derivatives for hedging the above risks (Nominal value)	-	(859,690)	-	**(859,690)**
	(572,900)	**(1,368,591)**	**-**	**(1,941,491)**

The exchange rates used per fiscal year are as follows:

Euro	**Average rate**		**Spot rate at year-end**	
	2018	**2017**	**2018**	**2017**
USD	1.1810	1.1297	1.1450	1.1993
GBP	0.8847	0.8767	0.8945	0.8872

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**
2018				
USD (10% change)	167,685	(137,197)	167,685	(137,197)
GBP (10% change)	287	(235)	287	(235)
2017				
USD (10% change)	(63,656)	52,082	(63,656)	52,082
GBP (10% change)	(152,066)	124,417	(152,066)	124,417

28.4 Interest rate fluctuation risk

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

Amounts in Euro	**2018**	**2017**
Fixed rate		
Liabilities	35,215,963	34,151,200
Floating rate		
Liabilities	68,091,484	61,712,639
	103,307,447	**95,863,839**

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.

	31/12/2018		**31/12/2017**	
Effect on Euro in operating results and Equity	**Increase by 0.25%**	**Decrease by 0.25%**	**Increase by 0.25%**	**Decrease by 0.25%**
Floating rate financial instruments	(145,817)	145,817	(215,550)	215,550

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 and borrowings
- Trade and other payables
- Contract liabilities

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

A considerable portion of the Company's loans and borrowings has 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 9 upon initial recognition. On 31 December 2017, Management estimated that the fair value of this loan approximates its book value, which amounted to EUR 36.4 million.

The Company has assumed liabilities embedded in credit instruments (notes payable) with carrying amount EUR 5.9 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 2018 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.

Amounts in Euro	2018			2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative financial assets	-	-	-	1,900	-	-
Derivative financial liabilities	-	(500,971)	-	-	(1,289)	-
Total	**-**	**(500,971)**	**-**	**1,900**	**(1,289)**	**-**

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 vehicles under operating lease agreements. The future lease payments, according to the operating lease agreements, are as follows:

Amounts in Euro	**2018**	**2017**
Up to 1 year	168,925	114,960
Between 1 and 5 years	395,257	271,334
	564,182	**386,294**

The amount recognised as an expense of operating leases during the year was EUR 245,492 (2017: € 110,060).

29.2 Contingent liabilities

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

Amounts in Euro	**2018**	**2017**
Guarantees given for securing payables to suppliers	596,974	588,800
Mortgages and statutory notices of mortgage on fixed assets (nominal value)	49,000,000	49,000,000
Guarantees given for securing the performance of contracts with customers	20,327,104	13,702,208
Guarantees for subsidies	8,712,000	8,712,000
Other payables	2,820,700	24,200
	81,456,778	**72,027,208**

Capital commitments:

Amounts in Euro	**2018**	**2017**
Property, plant and equipment	4,659,390	6,735,000
	4,659,390	**6,735,000**

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 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 changes 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, 1.1.2017-31.12.2017 and 1.1.2018-31.12.2018 and the issue of a tax compliance certificate is no longer required by the Company's statutory auditor.

The relevant tax compliance certificate was issued "without qualifications regarding matter of emphasis" for 2017.

As for 2018, 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 ongoing and the relevant tax compliance report is expected to be granted after the financial statements on the year ended 31 December 2018 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 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, having regard to the work for the issue of such tax compliance certificate. The Company has not received any order for audit of unaudited years by the tax authorities. 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 these transactions are as follows:

I. Transactions with the parent company*	**2018**	**2017**
Receivables	-	-
Liabilities	4,160,909	2,750,785
Sales of products and other income	94,677,972	73,629,824
Purchases of products and other expenses	24,725,572	31,018,110

*: 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	**2018**	**2017**
Receivables	16,523,068	15,533,235
Liabilities	6,277,108	5,693,528
Sales of products and other income	54,168,979	55,576,565
Purchases of products and other expenses	26,084,097	17,809,789

III. BoD members	**2018**	**2017**
Fees	281,301	193,642

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

31. Subsequent events

In June 2019, the Company obtained a new five-year corporate bond of EUR 10 million from a major Greek bank in order to refinance existing debt and finance part of the permanent working capital. The bond was issued at improved pricing terms while the liabilities arising from the loan agreement are not substantially different from the terms of the loans taken out in the past by the Company.

Other than the above, there are no significant events in 2019 that could affect the Company's financial position.

* *

Athens, 28 June 2019

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** **LICENCE No, CLASS A: 0040083**

C. Audit Report by Independent Chartered Accountant

KPMG

Independent Auditors' Report
(Translated from the original in Greek)

To the Shareholders of
FULGOR SA

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Financial Statements of FULGOR SA (the "Company") which comprise the Statement of Financial Position as at 31 December 2018, 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 accompanying Financial Statements present fairly, in all material respects, the financial position of FULFOR SA as at 31 December 2018 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.

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 the audit of the financial statements in Greece and we have fulfilled our 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.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Board of Directors' Report, which is further referred to in the "Report on Other Legal and Regulatory Requirements", but does not include the Financial Statements and our auditors' report thereon.

Our opinion on the Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this respect.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as Management determines is necessary to enable the preparation of the 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

Board of Directors' Report

Taking into consideration that Management is responsible for the preparation of the Board of Directors' Report, 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 legal requirements of Articles 43a and 107A of L. 2190/1920 and its contents correspond with the accompanying Financial Statements for the year ended 31 December 2018.

(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, 22 July 2019

KPMG Certified Auditors S.A.
AM SOEL 114

Nikolaos Vouniseas, Certified Auditor Accountant
AM SOEL18701