FULGOR
HELLENIC CABLE INDUSTRY S.A.

ANNUAL FINANCIAL REPORT
AS AT 31 DECEMBER 2019

According to the International Financial Reporting Standards

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www.fulgor.com

General Commercial Registry No.: 240101000

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A. Management Report

MANAGEMENT REPORT BY THE BOARD OF DIRECTORS OF "FULGOR S.A." ON THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2019

Dear Shareholders,
Based on the provisions of Article 150 of Law 4548/2018 we hereby submit you the Annual Report of the Board of Directors for the current year 2019.

1. Financial performance overview for 2019

2019 was a milestone year for Fulgor S.A. (hereinafter the "Company" or "Fulgor") as this was the first year upon the completion of the major investments that took place over the last few years, during which the Company utilised its capacity in full. The Company's turnover amounted to EUR 321.3 million for 2019 compared to EUR 191.9 million in 2018. This increase is mainly due to the different mix of submarine cables projects executed during 2019, and overall due to higher sales volumes (total sales in 2019: 73,818 tons compared to 62,935 tons in 2018).

The Company's gross profit amounted to EUR 37.8 million compared to EUR 11.1 million in 2018, while earnings before interest, taxes, depreciation and amortisation (EBITDA) were equal to EUR 35.9 million compared to EUR 9.7 million in 2018. In 2019, the Company managed to return in profitability and in particular recorded the highest pre-tax profits ever achieved in its recent history. More specifically, pre-tax profits amounted to EUR 20.6 million compared to pre-tax losses of EUR 3.8 million in 2018. The high rates of utilisation capacity of the Company's plant coupled with the successful implementation of the projects undertaken since last year were the key drivers that enabled the Company to record such high profits in 2019.

During the year, the Company completed successfully and one time the production of the extra-high voltage submarine cables for the extension of the 400kv power grid system in the Peloponnese and, during August, the installation of the first 400kv submarine cable in Greece was completed in the Rio-Antirio area.

Moreover, the production of submarine cables for the Hollandze Kust Alpha project in the Netherlands on behalf of the parent company Hellenic Cables S.A. (hereinafter "Hellenic Cables") and for the interconnection of Crete – Peloponnese started during the year, while the cable production for the second phase of Cyclades islands' interconnection project and for the Seamade-Mermaid project in Belgium on behalf of the parent company were concluded.

Finally, the installation of the submarine cable interconnection of the Kafireas wind park in Evia, Greece with the national power grid was successfully concluded.

In 2019, the Company continued to undertake initiatives in order to improve its competitiveness and reduce production costs. These initiatives focus on increasing the efficiency of its production plant by reducing payroll costs per unit of output and reducing the cost of raw materials used to manufacture the Company's products. The award and successful performance of major projects illustrate the Company's position as one of the leading manufacturers of submarine cables in the offshore energy industry since the above initiatives have enabled the Company and its parent company to provide leading-edge products for highly demanding energy projects.

During 2019, investments amounting to EUR 28.5 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 in order to meet the expected future levels of demand.

The funding for such investments investments and the required working capital for the ongoing contracts derived from the cash flows generated by the Company. Meanwhile, during the year, the Company managed to reduce its net debt by EUR 3 million.

At 31 December 2019, the Company's current liabilities amounted to EUR 198.6 million while short-term receivables amounted to EUR 148.7 million. However, this fact does not raise any concern because the parent company Hellenic Cables S.A. has provided assurance that it will continue to provide financial support to Fulgor. Moreover, as it also became evident during the year, the Company is now able to generate robust operating cash flows to meet its needs.

2. Ratios and Alternative Performance Measures

The Company's Management has adopted, monitors and reports internally and externally financial ratios and Alternative Performance Measures (APM). 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 figures are drawn from the Statement of Financial Position. Liquidity ratio is as follows for the current and the comparable period:

Liquidity ratio	2019	2018
Current assets / Current liabilities	0.75	0.58

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

Gearing ratio	2019	2018
Equity / Debt	0.28	0.22

Return on capital employed (ROCE): 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 figures used for the calculation derive from the Statement of Financial Position and the Statement of Profit or Loss and Other Comprehensive Income (OCI). ROCE is as follows for the current and the comparable periods:

Return on capital employed	2019	2018
Operating results / (Equity + Debt)	17.1%	2.9%

Return on equity: It measures the efficiency of the use of Company's equity and is measured by the net profit/(losses) net of tax for the period to total equity at the end of each reporting period.

The amounts are drawn from the Statement of Financial Position and the Statement of Profit or Loss and Other Comprehensive Income (OCI). This ratio is as follows for the current and the comparable periods:

Return on equity	**2019**	**2018**
Profits (Losses) after tax / Equity	40.4%	-6.4%

Profitability:

	2019	**2018**
Gross Profit Margin (Gross profit / Sales)	11.8%	5.8%
Net Profit Margin (Net profit after tax / Sales)	4.7%	-0.8%
EBITDA*	35,865,527	9,702,183
EBITDA margin* (EBITDA / Sales)	11.2%	5.1%
a–EBITDA**	37,304,652	10,604,614
a–EBITDA margin** (a-EBITDA / Sales)	11.6%	5.5%

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

	2019	**2018**
Profit/(Loss) before tax	**20,595,618**	**(3,807,062)**
Adjustments for:		
+Depreciation & amortization of property, plant & equipment, right of use assets and intangible assets	7,280,467	6,364,715
- Amortisation of grants	(313,308)	(348,315)
- Interest income	(7,774)	(1,619)
+ Interest expenses and related costs	8,310,524	7,494,464
EBITDA	**35,865,527**	**9,702,183**

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

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

	2019	2018
EBITDA	**35,865,527**	**9,702,183**
Adjustments for:		
+ / - Metal price lag[1]	1,413,061	775,570
+ Restructuring expenses	-	130,482
+ Impairment of investment property	26,220	-
+ (Profit)/losses from the sale of tangible assets	(156)	(3,621)
a–EBITDA	**37,304,652**	**10,604,614**

[1]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 2020

Given the strong forecast of new projects, the considerable backlog of orders from 2019, and the growth potential of the offshore cables business, the outlook for the Company for 2020 remains positive. In 2020, it is expected that the Company will be able again to fully utilise its production capacity, which is expected to drive the profitability of the Company for the forthcoming year. Moreover, in 2020 the main focus will be on successful execution of existing projects.

Therefore, the Company remains optimistic regarding 2020 despite the volatile business environment. Management assesses the prevailing situation in the markets in which the Company operates on an ongoing basis in order to secure that all necessary actions are timely taken to ensure Company’s smooth continuity of operations and profitability.

The initiatives taken during the last few years have focused on developing a competitive sales network and also on increasing productivity and reducing production cost. Furthermore, 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. Finally, as a further proof of the strong commitment of both the Company and its parent company in the developing offshore wind energy market, the Company plans to expand the inter-array cables production capacity in its Corinth-based plant in the following years in order to supply offshore wind developers worldwide with a wide range of cables.

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., which is part of the 2019 Annual Financial Report of the parent company, includes the respective information on Fulgor S.A.

The non-financial ratios for 2019 which are presented in parent company's 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, in accordance with the materiality analysis conducted by both the Company and its parent company.

Details on the performance in terms of sustainable development and the actions of social and operational responsibility of the Company, its parent company Hellenic Cables S.A. and the affiliated Icme Ecab are also set forth in the 2019 Sustainable Development Report of Hellenic Cables Companies. Hellenic Cables 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. Hellenic Cables Companies represent the cable manufacturing segment of Cenergy Holdings S.A., a company listed on Euronext Brussels and the Athens Stock Exchange. 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, 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 credit losses for the Company in case a client or other third party involved in a transaction on 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 2019, the Company's sales were performed mainly towards affiliated companies – and specifically mainly to Hellenic Cables and Icme Ecab (subsidiary of Cenergy Holdings S.A., parent company of Hellenic Cables) – or to public utilities and wind park operators, and thus it is considered that there is no particular risk of default.

The Board of Directors has adopted 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 credit control performed by the Company includes an examination of information from banking sources and other third party credit rating sources, when available. 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 order to monitor customer credit risk, customers are grouped based on their credit characteristics, their receivables' ageing profile 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 are performed with cash advances and approved by the Board of Directors. Depending on the background of the customer and its financial capacity, the Company demands collaterals or other security (e.g. letters of guarantee) in order to secure its receivables, if possible.

The Company records impairment for credit losses, which represent its estimated losses pertaining to customers, contract assets and other receivables based on the expected credit losses from each individual counterparty. The above provision includes mainly impairment losses relating to specific receivables which, based on given conditions, such losses are expected to be incurred, but the outcome is 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 of the Board of Directors. No such guarantees were granted at 31.12.2019.

5.2. Liquidity risk

Liquidity risk is the risk that the Company will fail to fulfil its financial liabilities upon maturity. Company's approach to liquidity management is to secure that it will always have sufficient cash to meet its obligations upon maturity both under normal and adverse circumstances, by holding necessary cash and adequate available credit lines from collaborating banks.

In order to mitigate liquidity risk, the Company performs a cash flow provision for the following year when preparing the annual budget and 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 pound sterling.

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

The Company mainly enters into foreign currency futures with its foreign counterparties in order to hedge the risk of exchange rate changes, which primarily mature in less than one year from the Financial Statements date. When necessary, such futures are renewed upon expiry. On a per-case basis, foreign exchange risk may also be hedged by obtaining loans in the respective currencies.

Loan interest is in the same currency as that used in the cash flows arising from the company's operating activities, which is mainly Euro.

5.3.3. Interest rate risk

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

The interest rate risk is mitigated as part of the Company's loans is obtained based on fixed interest rates.

5.3.4. Capital management

The Board of Directors' policy is to maintain a robust capital base, in order to keep the Company trustworthy among investors, creditors and market players, and enable the future development of the Company's operations. The Board of Directors monitors capital performance, which is defined by the Company as the net results divided by the total net worth.

The Board of Directors tries to maintain a balance between the higher performance levels which would have been attained through increased loans and the advantages and security offered by a robust and healthy capital basis.

There have been no changes in the approach adopted by the Company concerning capital management during the fiscal year.

5.3.5. Financial environment

The Company and the Group of which it is part 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 effect of the exit of the 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.

With respect to political implications from the Brexit, the Company is closely monitoring relevant developments and taking measures to mitigate any adverse effect on its results. The Company does not expect its financial position to be significantly affected because of Brexit. Exports to the United Kingdom are made through the parent company and account for an insignificant part of the turnover while most of its 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.

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 deep water and long distances, as well as telecom/data cables. As a result, new products have been successfully developed over the last few years.

During the last few years, the Company and its parent Hellenic Cables have been awarded several important projects as their capability enabled them to offer reliable designs and carry out successfully necessary 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 the strong market position of both the Company and the Group 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 2019, capital expenditure for trademarks and licences amounted to EUR 0.8 million and total research expenses for new products, which were recognised as expenditure for 2019, amounted to EUR 2,002k.

7. Company Branches

The Company has no branches.

8. Subsequent events

As COVID-19 pandemic is still rapidly evolving and it is uncertain how long it will last, it is still hard to make any prediction about the full extent of its business and financial impacts. Fulgor has already set in motion all necessary safeguards for its personnel, in compliance with the guidelines of health authorities, while monitoring closely all developments and assessing any effects on its operations.

However, due to the nature of the projects carried out by the Company and the robust backlog of orders, the effects of the spread of COVID-19 on both the business plans and the financial results of 2020 are expected to be limited, under current circumstances. The key drivers that will determine the duration and size of any effects are related to: (a) the restrictions imposed by the authorities, which supersede any business decisions and actions; and (b) any disruptions that may occur in the supply chain.

In order to mitigate any emerging operational issues that may arise, the Company has secured sufficient raw materials that will ensure its smooth operation within the next months. In addition, the available cash, the operating cash flows and the currently available credit lines ensure the necessary liquidity for the upcoming period.

Up to date, COVID-19 pandemic has not affected materially the Company’s financial position.

Finally, the diversified business model and the steady organisational structure of the Company continue to provide resilience in this challenging environment, providing confidence for long-term sustainable growth.

There are no other significant events in 2020 that could affect the Company's financial position.

9. Conclusion

This report presented Management's view for 2019 performance, the risks and how they are managed, and the prospects and development of the Company for 2020.

Athens, 27 March 2020

The Vice-chairman of the Board of Directors
George Passas

B. Financial Statements

FULGOR

HELLENIC CABLE INDUSTRY S.A.

ANNUAL FINANCIAL STATEMENTS
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FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

Statement of Profit or Loss and Other Comprehensive Income

Amounts in Euro	Note	2019	2018*
Revenue	6	321,283,697	191,889,813
Cost of Sales	7	(283,433,981)	(180,762,411)
Gross Profit		**37,849,717**	**11,127,402**
Other income	8	1,194,320	881,017
Selling and distribution expenses	7	(2,515,205)	(2,414,115)
Administrative expenses	7	(6,294,923)	(5,150,716)
Reversal of / (Impairment loss) on receivables and contract assets	29.1	40,640	38,081
Other expenses	9	(1,376,182)	(796,423)
Operating profit		**28,898,368**	**3,685,245**
Finance income	10	7,774	7,533
Finance costs	11	(8,310,524)	(7,499,840)
Profit/(Loss) before tax		**20,595,618**	**(3,807,062)**
Income tax	12	(5,496,970)	2,365,121
Profit/(Loss) after tax		**15,098,648**	**(1,441,941)**
Other comprehensive income			
<u>Items that will never be reclassified to profit or loss:</u>			
Remeasurements of defined benefit liability	13	(348,302)	27,158
Related tax		82,731	(11,322)
		(265,571)	**15,836**
<u>Items that are or may be reclassified to profit or loss:</u>			
Cash flow hedges – effective portion of changes in fair value		(474,595)	(490,330)
Cash flow hedges – reclassified to profit or loss	29.2	490,330	(1,900)
Related tax		(23,390)	137,843
		(7,655)	**(354,386)**
Other comprehensive income after tax		**(273,226)**	**(338,551)**
Total comprehensive income after tax		**14,825,422**	**(1,780,491)**

**The Company applied IFRS 16 at 1 January 2019. Under the transition method chosen, the comparative information has not been restated (see Note 5).*

The attached notes on pages 22 to 71 are an integral part of the Financial Statements.

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

Statement of Financial Position

Amounts in Euro	**Note**	**31 December 2019**	**31 December 2018***
ASSETS			
Property, plant & equipment	**15**	165,995,414	145,478,117
Right of use assets	**16**	581,831	-
Intangible assets	**17**	3,914,766	3,124,971
Investment property	**18**	609,154	635,374
Contract costs	**14**	55,165	67,736
Restricted cash deposits		-	193,130
Other receivables		330,984	209,469
Non-current assets		**171,487,313**	**149,708,797**
Inventories	**20**	37,074,027	26,191,587
Trade and other receivables	**21**	66,511,113	42,563,771
Contract assets	**14**	5,714,332	14,818,119
Contract costs	**14**	76,916	1,360,858
Cash and cash equivalents	**22**	39,350,506	7,228,086
Total current assets		**148,726,894**	**92,162,422**
Total assets		**320,214,207**	**241,871,219**
EQUITY & LIABILITIES			
EQUITY			
Share capital	**23**	11,373,822	11,373,822
Share premium	**23**	45,492,801	45,492,801
Reserves	**24**	12,935,939	12,943,594
Retained earnings/(losses)		(32,414,468)	(47,247,545)
Total equity		**37,388,094**	**22,562,672**
LIABILITIES			
Loans and borrowings	**25**	61,443,043	41,517,193
Lease liabilities	**16 / 25**	399,268	-
Employee benefits	**13**	1,607,134	1,167,974
Grants	**28**	10,322,722	10,466,739
Deferred tax liabilities	**12**	8,254,176	2,816,547
Other long term liabilities	**26**	2,169,855	4,134,570
Non-current liabilities		**84,196,198**	**60,103,023**
Loans and borrowings	**25**	70,379,253	61,790,254
Lease liabilities	**16 / 25**	191,711	-
Trade and other payables	**27**	99,486,670	55,058,929
Contract liabilities	**14**	28,097,687	41,855,369
Derivatives	**29.2**	474,595	500,971
Current liabilities		**198,629,915**	**159,205,523**
Total liabilities		**282,826,113**	**219,308,547**
Total equity and liabilities		**320,214,207**	**241,871,219**

**The Company applied IFRS 16 at 1 January 2019. Under the transition method chosen, the comparative information has not been restated (see Note 5).*

The attached notes on pages 22 to 71 are an integral part of the Financial Statements.

Statement of Changes in Equity

Amounts in Euro	Share Capital and Share premium	Hedging reserve	Other reserves	Retained earnings/(losses)	Total equity
Balance at 1 January 2018	**85,800,898**	**1,349**	**13,296,631**	**(74,697,396)**	**24,401,482**
Change in accounting policy (IFRS 9)	-	-	-	(58,319)	**(58,319)**
Adjusted balances at 1 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 owners of the company	**(28,934,275)**	**-**	**-**	**28,934,275**	**-**
Balance at 31 December 2018	**56,866,623**	**(353,038)**	**13,296,631**	**(47,247,545)**	**22,562,672**
Balance at 1 January 2019	**56,866,623**	**(353,037)**	**13,296,631**	**(47,247,545)**	**22,562,672**
Profit for the period	-	-	-	15,098,648	**15,098,648**
Other comprehensive income	-	(7,655)	-	(265,571)	**(273,226)**
Total comprehensive income	**-**	**(7,655)**	**-**	**14,833,077**	**14,825,422**
Balance at 31 December 2019	**56,866,623**	**(360,692)**	**13,296,631**	**(32,414,468)**	**37,388,094**

**The Company applied IFRS 16 at 1 January 2019. Under the transition method chosen, the comparative information has not been restated (see Note 5).*

The attached notes on pages 22 to 71 are an integral part of the Financial Statements.

FINANCIAL STATEMENTS AS AT 31 DECEMBER 2019

Statement of Cash Flows

Amounts in Euro	Note	2019	2018
Cash flows from operating activities:			
Profit/ (loss) before tax		20,595,618	(3,807,062)
Adjustments for:			
Depreciation & amortisation	**15, 16**	7,286,125	6,516,786
Grants amortisation	**8**	(313,308)	(348,315)
Unrealized (Gains)/ loss from valuation of derivatives		(10,641)	9,352
Interest income	**10**	(7,774)	(1,619)
Interest charges and related expenses	**11**	8,310,524	7,499,840
(Profit)/loss from sale of property, plant & equipment	**8, 9**	(156)	(3,621)
Investment property impairment	**9**	26,220	-
(Reversal of) / Impairment loss on receivables and contract assets	**29.1**	(40,640)	(38,081)
		35,845,968	**9,827,280**
Changes in:			
- Inventories		(10,882,440)	(2,396,090)
- Trade and other receivables		(23,835,086)	(11,722,016)
- Contract assets		9,103,788	(2,399,569)
- Trade and other payables		44,546,880	1,923,722
- Contract liabilities		(13,757,682)	41,700,138
- Contract costs		1,296,513	(218,070)
- Employee benefits		90,858	83,786
Cash flows from operating activities		***6,562,831***	***26,971,901***
Interest expense and related costs paid		(6,975,275)	(6,412,728)
Taxes paid		-	-
Net Cash flows from operating activities		**35,433,524**	**30,386,451**
Cash flows from investing activities:			
Acquisition of property, plant & equipment	**15**	(29,592,643)	(31,598,196)
Acquisition of intangible assets	**16**	(946,388)	(855,200)
Proceeds from disposal of property, plant & equipment		45,000	307,685
Interest received	**10**	7,774	1,619
Net Cash flows used in investing activities		**(30,486,257)**	**(32,144,091)**
Cash flows from financing activities:			
Loans obtained	**25**	35,314,951	15,080,002
Repayment of loans	**25**	(8,135,352)	(8,723,505)
Principal elements of lease payments	**25**	(173,737)	-
Grants received	**28**	169,291	-
Net Cash flows from financing activities		**27,175,154**	**6,356,497**
Net increase in cash and cash equivalents		**32,122,420**	**4,598,857**
Cash and cash equivalents at the beginning of the year		7,228,085	2,629,228
Cash and cash equivalents at year's end	**22**	**39,350,505**	**7,228,085**

The attached notes on pages 22 to 71 are an integral part of the Financial Statements.

Notes to the Financial Statements

1. Information on the Company

Fulgor S.A. (hereafter, the "Company") is located in Greece and its registered office is located at 2-4 Mesogheion Ave., Athens Tower, B' Building, Athens.

The Company's Financial Statements are included in the consolidated financial statements of the direct parent company Hellenic Cables S.A. (hereinafter "Hellenic Cables"), 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.

At 31 December 2019, the direct holding of Hellenic Cables 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 Stand-alone 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 27 March 2020 and have been uploaded on the website at www.cablel.gr. The Company's General Commercial Registry No. is 240101000.

2.2 Basis of measurement

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

At 31 December 2019, the Company's current liabilities exceeded total current assets by EUR 50 million (31 December 2018: EUR 67 million).

However, Company financing is considered guaranteed in the near future through:

- the Company's operating profitability and robust backlog of orders;
- the use of credit lines made available by financial institutions;
- the support provided by the parent company, whenever necessary. This support acquires various forms such as, among others, share capital increase and sales support, as it also happened in 2019.

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 use of estimates 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 defined employee benefits obligation;
- the impairment loss on receivables and contract assets;
- 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 30.3).

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 20)

The Company makes estimates about the calculation of the realisable value, based on data arising from internal and external information sources such as LME prices for copper and aluminium, which are the key raw materials used in the Company's products.

(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, when there is evidence of impairment of such assets. 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) Impairment loss on receivables and contract assets (note 21 and note 29.1).

The impairment losses on receivables and contract assets 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 defined employee benefits obligation (note 13)

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

(f) Fair value measurement

A number of accounting policies and disclosures requires the measurement of fair value for both financial and non-financial instruments and liabilities. When the fair value of an instrument or liability is measured, the Company uses mostly active market prices. Fair value is classified in hierarchy levels as follows:

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

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

Level 3: Unobservable inputs for assets and liabilities.

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

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

The Company recognises transfers between fair value levels at the end of the reporting period in which a change took place. Further information on the assumptions of measurement at fair value is included in note 29.

(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

Specific new standards, standard amendments and interpretations have been issued, which are mandatory for accounting periods beginning on or after 1 January 2019. The Company's estimate about the effect of the application of such new standards, amendments and interpretations is described below.
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 at 31 December 2018, 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 1 January 2019.

Standards and Interpretations mandatory for the current financial year

IFRS 16 “Leases”

IFRS 16 was issued in January 2016 and replaces IAS 17. The standard aims to ensure that both lessees and lessors provide useful information giving a fair view of the substance of leasing-related transactions. IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees according to which a lessee is required to recognise assets and liabilities for all lease contracts with a term of more than 12 months, unless the underlying asset is of low value. As regards the accounting treatment on the part of the lessor, IFRS substantially carries forward the requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The effect of the standard on the Company's financials is described in detail in note 5.

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:

IFRS 9 (Amendments) “Prepayment Features with Negative Compensation”

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”

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.

IFRIC 23 "Uncertainty over Income Tax Treatments"

This Interpretation clarifies application of recognition and measurement of both current and deferred income tax when uncertainty over tax treatment 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.

IAS 19 (Amendments) “Plan amendment, curtailment or settlement”

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)

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.

Mandatory standards and Interpretations for subsequent periods

The following new standards and the following amendments and interpretations are expected to have nil or minimum and insignificant effect on the Company's Financial Statements, in accordance with the initial assessment based on current circumstances, the Company's operations and the nature of these new standards, amendments and interpretations.

IFRS 17 "Insurance contracts" (effective for annual periods beginning on or after 1 January 2021)

IFRS 17 was issued in January 2017 and replaces IFRS 4. IFRS 17 establishes principles for recognition, measurement and presentation of those insurance contracts falling under the scope of the standard, and the relevant disclosures. The standard aims to ensure that an entity provides relevant information which gives a fair view of these contracts. The new standard resolves the problems of comparability created by IFRS 4 as it requires entities to account for all insurance contracts consistently. Insurance liabilities will be measured at present value instead of historical cost. This standard has not been adopted yet by the European Union.

IFRS 3 (Amendments) "Definition of business combination" (effective for annual periods beginning on or after 1 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 1 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.

IFRS 9, IAS 39 and IFRS 7 (Amendments) "Interest Rate Benchmark Reform" (effective for annual periods beginning on or after 1 January 2020)

The amendments modify specific hedge accounting requirements to provide relief from any other consequences arising from the uncertainties of the interest rate benchmark reform. Moreover, the amendments require entities to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

IAS 1 (Amendment) "**Classification of Liabilities as Current or Non-Current**" (effective for annual periods beginning on or after 1 January 2022):

The amendment clarifies that the classification of liabilities as current or non-current should be based on rights that are in existence at the end of the reporting period. The classification is not affected by the entity's expectations or any events after the reporting date. Moreover, the amendment makes clear the meaning of the term "settlement" of a liability under IAS 1. The amendment has 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 FVTPL (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

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

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 at 31 December 2019.

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 initial 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 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 expenditure

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 non-financial assets

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

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

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

4.10 Employee benefits

A. Short-term employee benefits

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

B. Defined-contribution plans

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

C. Defined-benefit plans

The obligation for defined-benefit plans is calculated as the present value of the future benefit of the employee for his services provided in the current or previous periods less the fair value of 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 are based on the production time elapsed, i.e. the ratio between the actual time spent on the production and the total number of scheduled production time. This method is used for submarine cables produced in long continuous lengths, since the production of such products normally lasts for a significant period of time and as a result the related performance obligations are satisfied as production time elapses.
- For installation phases of 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.

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

The policies applicable in 2018 are described in the 2018 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, 2019. The changes in the accounting policy due to application of IFRS 16 are described in Note 5.

Since 1 January 2019, at inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a specific period of time in exchange for consideration.

Lease accounting policy when the Company is a lessee

Since 1 January 2019, the Company recognises a right to use an asset and a lease liability on the commencement date of the lease.

Right of use assets

The Company recognises the right-of-use assets on the commencement date of the lease term (namely the date on which the underlying asset is available for use). The right-of-use assets are measured at cost less any accumulated depreciation and accumulated impairment losses and are adjusted based on any remeasurement of lease liability. The initial cost of the right-of-use assets consists of the amount of lease liability recognised at inception of the contract, initial direct costs and any lease payments made on the commencement date of the lease term or earlier, less any lease incentives that have been collected. The right-of-use assets are depreciated on a straight-line basis to the earlier of the end of the lease term or the end of the useful life of the asset.

If the ownership of the leased asset is transferred to the Company at the end of the lease term or if its cost reflects the exercise of a purchase option, depreciation is calculated on the basis of the useful life of such asset.

The Company has concluded mainly lease contracts involving transport means used in its operations. Lease contracts may contain lease and non-lease components. The Company has chosen to not separate non-lease components from lease components and instead will account for all lease and non-lease components as a single lease.

The right-of-use assets are subject to a test for impairment as described in accounting policy "4.9 Impairment of non-financial assets".

Lease liabilities

At the commencement date of the lease, the Company measures the lease liability at the present value of the rents which are payable over the lease term. Rents consist of fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an associated index or a rate, and the amounts expected to be payable under residual value guarantees. Lease payments also include the exercise price of a purchase option if it is reasonably certain that the Company will exercise that option, and payments of penalties for terminating the lease, if the lease term reflects the exercise of an option to terminate the lease.

To discount lease payments, the Company uses the interest rate implicit in the lease and when this cannot be readily determined, the incremental borrowing rate of the Company is used. This incremental borrowing rate is defined as the rate of interest that the Company would have to pay, at the inception date of the lease, to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment. In general, the Company uses the incremental borrowing rate as discount rate.

Following the inception date of the lease, the amount of lease liability is increased based on the liability-related interest and is reduced by the respective lease payments. Moreover, the carrying amount of the lease liability is remeasured if the lease contract is reassessed or amended.

Expenses from short-term leases and leases of low-value assets

Lease payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense through profit or loss. Short-term leases are leases with a term of 12 months or less. Low-value assets include electronic equipment, office furniture and other fixtures.

The Company leases administration offices and warehouses from other affiliated entities. None of these contracts for administration offices and warehouses includes any penalties for early termination; all such contracts are cancellable at any time. For this reason, all intragroup contracts for administration offices and warehouses are considered short-term and the Company recognises the associated lease payments as an expense on a straight-line basis over the lease term.

Presentation in Financial Statements

Lease liabilities and right-of-use assets are presented separately in the Statement of Financial Position. The Company presents the interest paid on the lease liabilities in the Statement of Cash Flows in the account "Interest charges and related expenses paid" within operating activities.

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.

5. Change in accounting policy

IFRS 16 "Leases".

IFRS 16 was issued in January 2016 and replaces IAS 17. The standard aims to ensure that both lessees and lessors provide useful information in such a manner as to give a fair view of the substance of leasing-related transactions. IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees according to which a lessee is required to recognise assets and liabilities for all lease contracts with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

This note explains the effect of the adoption of IFRS 16 "Leases" on Company's financial statements. The new accounting policies that have been put into effect as of 1 January 2019 are presented in note 4.14 Leases.

The Company adopted retrospectively IFRS 16 as of 1 January 2019 but has not restated the comparative information regarding the reporting period of 2018, as permitted by the transitional provisions of the new standard. Therefore, the reclassifications and adjustments arising from the new rules on leases were recognised in the opening balances at 1 January 2019.

Company leases and relevant accounting treatment

The Company leases various offices, warehouses, machinery and vehicles. Lease contracts are usually concluded for fixed periods of 1-5 years. The term of each lease is subject to negotiation on a separate basis and each contract may contain different terms and conditions. Lease contracts do not contain any penalties to maintain particular financial ratios and leased assets cannot be used as security for borrowing purposes.

Up to financial year 2018, the leases of property, plant and equipment were classified as finance or operating leases. Payments made under operating leases were posted through profit or loss on a straight-line basis over the lease term.

As of 1 January 2019, the Company recognises a right to use an asset and a lease liability on the commencement date of the lease, as described in note 4.14 Leases.

The Company exercises its judgment to determine the lease term for certain lease contracts in which the Company is the lessee and which include renewal options. Assessing whether the Company is likely to exercise such options affects the lease term which, in turn, affects to a large extent the amount of lease liabilities and the right-of-use assets that are recognised.

Adjustments recognised upon adoption of IFRS 16

When IFRS 16 was adopted, the Company recognised lease liabilities in relation to leases that had been classified in the past as operating leases in accordance with the principles of IAS 17. Such liabilities are measured at the present value of the remaining lease payments, which are discounted using Company's incremental borrowing rate on the date of initial application.

The Company's incremental borrowing rate is determined by using risk-free rates for the period specified in the lease contract, which are increased in line with the Company's credit risk characteristics and are adjusted by a liquidity risk premium. At 1 January 2019, the applicable weighted average discount rate ranged between 4% and 4.2%, mainly dependent on the term and specific characteristics of each lease contract.

Before 1 January 2019, the Company had no leases classified in the past as finance leases.

Amounts in Euro	
Operating lease commitments disclosed at 31 December 2018	*564,182*
Discounted amount based on the incremental borrowing rate on the date of initial application	535,138
Lease liabilities recognised at 1 January 2019	**535,138**
of which:	
Short-term lease liabilities	175,561
Long-term lease liabilities	359,577

The right-of-use assets were measured at an amount equal to lease liabilities, following adjustment based on the amounts of any prepaid or accrued lease payments relating to the original lease, which had been recognised in the Statement of Financial Position as at 31 December 2018. There were no onerous lease contracts that would have required the adjustment of the right-of-use assets at the date of initial application.

The recognised right-of-use assets are linked to the following types of fixed assets:

Amounts in Euro	**31 December 2019**	**1 January 2019**
Means of transport	581,831	535,138
Total right-of-use assets	**581,831**	**535,138**

Overall, the change in accounting policy affected the following items in the Statement of Financial Position at 1 January 2019:

- Right-of-use assets – increase by EUR 535,138
- Lease liabilities – increase by EUR 535,138
- The net effect on equity at 1 January 2019 was nil.

Effect on profit before tax and on earnings before interest, taxes, depreciation and amortisation (EBITDA)

The depreciation of the right-of-use assets for lease contracts treated in the past as an operating lease amounted to EUR 183 thousand for 2019 while interest expenses on lease liabilities arising from lease contracts treated in the past as operating leases amounted to EUR 23 thousand.
Overall, pre-tax profits were reduced by EUR 9 thousand for 2019, as a result of the adoption of IFRS 16, while the Company's EBITDA appear increased by EUR 197 thousand.

Applicable practical expedients

Upon initial application of IFRS 16, the Company applied the following practical expedients that are permitted by the standard:

- application of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- use of past assessments as to whether lease contracts are onerous;
- accounting treatment of operating leases with a residual lease term less than 12 months at 1 January 2019 as short-term leases;
- exclusion of initial direct costs in the measurement of the right-of-use assets at the date of initial application, and
- use of hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

Moreover, the Company chose not to reassess whether the contract is, or contains, a lease at the date of initial application. With respect to the contracts concluded prior to the transition date, the Company was based on the assessment made pursuant to IAS 17 and IFRIC 4 “Determining whether an Arrangement contains a Lease”.

6. Revenue

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 until the reporting 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	**2019**	**2018**
Greece	270,862,255	136,975,057
Other European Union countries	49,606,345	54,853,160
Other non-European countries	815,097	61,596
	321,283,697	**191,889,813**

Major products and service lines

Amounts in Euro	**2019**	**2018**
Energy projects	162,430,975	68,042,646
Power & telecom cables	13,456,823	17,322,624
Sales of wires, raw materials and other products	145,395,900	106,524,544
	321,283,697	**191,889,813**

Timing of revenue recognition

Amounts in Euro	**2019**	**2018**
Revenue recognised at a point in time	158,852,723	123,847,167
Revenue recognised over time	162,430,975	68,042,646
	321,283,697	**191,889,813**

In 2019, the turnover amounted to EUR 321 million, increased by 67% compared to 2018. This increase is mainly due to the fact that during 2019 the Company used its utilisation capacity in full to produce submarine cables as opposed to 2018, to the different submarine cables contracts that were executed during the two periods and to higher sales volumes of wires.

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 107 million. An amount of EUR 100.3 million and another amount of EUR 6.7 million are expected to be recognised during 2020 and 2021 respectively based on the time schedules of the ongoing energy projects, both of which are included in the open contracts at 31 December 2019 which had original contractual expected duration 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	**2019**	**2018**
Cost of inventories recognised as an expense	205,256,583	152,869,130
Employee benefits	15,504,168	10,582,953
Energy	3,660,612	2,598,458
Depreciation and amortisation of tangible, intangible and right-of-use assets	7,280,467	6,364,715
Amortisation of contract costs	1,380,790	-
Taxes & duties	373,349	271,156
Insurance fees	4,680,261	880,478
Rental fees	274,613	229,861
Transportation expenses	754,131	537,587
Third party fees and benefits	46,928,253	8,083,094
Commissions	1,095,045	1,896,287
Maintenance	2,868,026	1,847,290
Losses from derivatives	619,628	702,571
Foreign exchange differences	(55,334)	(65,065)
Other	1,623,517	1,528,727
Total cost of sales, selling & distribution and administrative expenses	**292,244,108**	**188,327,242**

The Company invests in research and development in order to develop value added products and services on an ongoing basis, and to optimise its production processes. Total research and development expenses that were recognised as an expense for 2019 amount to EUR 2,002 thousand (2018: EUR 1,003 thousand) and have been included in the line "Cost of sales".

The line “Third party fees and benefits” in the table above includes fees of EUR 55,000 paid to the auditors of the Company for the fiscal year 2019.

Personnel expenses are analysed as follows:

Amounts in Euro	**2019**	**2018**
Salaries and wages	12,469,705	8,937,964
Contributions to social security funds	3,037,943	2,334,702
Staff retirement indemnities	1,238,703	830,922

Amounts in Euro	2019	2018
Other personnel expenses	134,081	100,148
	16,880,431	**12,203,735**

The personnel employed at 31 December 2019 amounted to 464 persons (2018: 410). The increase in the number of personnel is the key reason explaining the increase in the relevant expenses.

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

	2019	2018
Cost of sales	14,372,878	9,522,508
Selling and distribution expenses	639,967	673,747
Administrative expenses	491,323	386,699
Other expenses	792,269	508,712
Capitalised in assets under construction	583,994	1,112,070
	16,880,431	**12,203,735**

Personnel expenses were capitalised due to the continuing investments in improvement of the production capacity of the submarine cables production unit in the Company's plant, and in development projects for certification, licences and new products development.

8. Other income

Amounts in Euro	Note	2019	2018
Grants amortisation	**27**	313,308	348,315
Gains on sale of fixed assets		156	4,395
Income from expenses recharged		749,656	450,868
Indemnities		957	-
Other income		130,243	77,439
Total		**1,194,320**	**881,017**

9. Other expenses

Amounts in Euro	2019	2018
Expenses recharged	756,542	463,937
Taxes - duties	239,716	110,018
Penalty clauses/Fines	158,111	41,887
Employee benefits	90,858	83,786

Amounts in Euro	2019	2018
Loss from sale of fixed assets	-	774
Impairment of investment property	26,220	-
Other expenses	104,735	96,020
Total	**1,376,182**	**796,423**

10. Finance income

Amounts in Euro	2019	2018
Interest income	7,774	1,619
Foreign exchange differences	-	5,914
	7,774	**7,533**

11. Finance costs

Amounts in Euro	2019	2018
Interest expenses and related costs	8,310,524	7,494,464
Foreign exchange differences	-	5,376
	8,310,524	**7,499,840**

12. Income tax

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

Amounts in Euro	2019	2018
Deferred tax	(5,496,970)	2,365,121
	(5,496,970)	**2,365,121**

B. Reconciliation of applicable tax rate

Amounts in Euro	2019	2018
Profit/ (loss) before tax	**20,595,618**	**(3,807,062)**
Tax calculated by using the applicable tax rates 24% (2018: 29%)	*(4,942,948)*	*1,104,048*
Non-deductible tax expenses	(95,121)	(100,856)
Permanent tax differences	84,947	101,011
Recognition of previously non-recognised losses	49,973	-
Change in prior year income tax	(19,666)	(52,722)

Amounts in Euro	2019	2018
Change in tax rate	(574,154)	1,313,640
Total income tax for the period	**(5,496,970)**	**2,365,121**
Effective tax rate	**(26.69%)**	**(62.12%)**

According to law 4646/2019, the corporate income tax rate for legal entities in Greece was reduced to 24% for fiscal year 2019 onwards.

The effective tax rate of the Company is mainly affected by the decrease in the income tax rate and the recalculation of deferred tax, which resulted in a deferred tax charge of EUR 574,000 since deferred tax assets that had arisen from the revenue recognition as per IFRS 15 and were expected to be recovered during 2019 were finally recovered at a rate of 24% instead of 28%, as it had been calculated at 31 December 2018.

C. Deferred tax

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

2019

Amounts in Euro	Balance at 1 January 2019	Recognised in profit or loss	Recognised in OCI	Change in tax rate		Change in accounting policy	Net balance at 31 December 2019
				Recognised in profit or loss	Recognised in OCI		
Tangible fixed assets	(6,841,804)	(996,405)	-	99,394	-	-	(7,738,815)
Right-of-use assets	-	2,195	-	-	-	-	2,195
Intangible assets	(13,147)	(2,704)	-	102	-	-	(15,749)
Investment property	35,521	6,293	-	(1,421)	-	-	40,393
Derivatives	140,272	(2,554)	(3,776)	(426)	(19,613)	-	113,903
Inventories	143,965	(123,398)	-	(20,566)	-	-	(0)
Loans and borrowings	(2,197,919)	251,500	-	149,765	-	-	(1,796,654)
Employee benefits	291,994	21,806	83,592	(10,818)	(862)	-	385,713
Provisions	20,535	0	-	(821)	-	-	19,713
Contracts with customers	5,234,987	(4,809,327)	-	(743,039)	-	-	(317,379)
Other	15,801	48,516	-	(7,073)	-	-	57,244
Thin capitalisation interest	-	599,159	-	-	-	-	599,159
Tax losses	353,248	82,103	-	(39,250)	-	-	396,102
Total	**(2,816,547)**	**(4,922,816)**	**79,816**	**(574,154)**	**(20,475)**	**-**	**(8,254,176)**

2018

Amounts in Euro	Balance at 1 January 2018	Recognised in profit or loss	Recognised in OCI	Change in tax rate		Change in accounting policy	Net balance at 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)**

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 the tax balance from Contracts with customers in the tables above is mainly related to the decrease in contract liabilities, i.e. primarily to the performance of contracts for which advance payment invoices had been collected and issued, and which had been included in last year’s taxable income, while revenue according to IFRS 15 was recognised during the execution of such contracts.

At 31 December 2019, the accumulated tax losses carried forward available for future use amounted to EUR 1.65 million. In detail:

Financial year	**2015**	**2016**	**2017**	**2018**	**2019**	**Total**
Tax losses	-	208,220	1,226,377	-	215,826	**1,650,423**

At 31 December 2019, 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 of orders, which secures a steady high utilisation of the Company's plant;
- the achievement of tax profitability in the past; 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

The obligation 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 retired, 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 2019 and 2018 respectively.

A. Changes in the present value of the liability

Amounts in Euro	2019	2018
Changes in net liability recognised in the Statement of financial position		
Net liability at the beginning of the year	1,167,974	1,111,346
Benefits paid	(43,223)	(16,362)
Total expenditure recognised in the income statement	134,081	100,148
Total expenditure recognised in the statement of profit or loss and OCI	348,302	(27,158)
Net liability at year's end	**1,607,134**	**1,167,974**
Amounts recognised in the Statement of profit or loss		
Current service cost	100,206	72,989
Past service cost during the period	-	767
Interest cost	18,341	16,402
Curtailment / settlement / termination cost	15,534	9,990
Total expenditure recognised in the Statement of profit or loss	**134,081**	**100,148**
Amounts recognised in Other comprehensive income (OCI)		
Actuarial loss / (gain) - demographic assumptions	-	(85,627)
Actuarial loss / (gain) - financial assumptions	261,189	(19,815)
Actuarial loss – experience in the period	87,113	78,284
Total expenditure recognised in Other comprehensive income (OCI)	**348,302**	**(27,158)**

During 2019, the Company paid a total amount equal to EUR 43,223 (2018: EUR 16,362) for compensation to employees who were either dismissed or departed on a voluntary basis. These particular payments generated an additional cost of EUR 15,534 (2018: EUR 9,990) 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:

	2019	**2018**
Discount rate	0.77%	1.61%
Inflation	1.30%	1.50%
Future wage increase	2.00%	1.75%
Plan duration (in years)	12.74	15.04

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)	(128,571)	143,035
Future salary growth (0.5% movement)	141,428	(126,964)

If zero withdrawal rates were used when determining the defined benefit liability as of 31 December 2019, the liability would have been increased by EUR 226,606 for the Company.

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. Expected maturity analysis

Amounts in Euro	**2019**	**2018**
Up to 1 year	52,459	57,558
Between 1 and 2 years	31,134	10,307
Between 2 and 5 years	10,223	29,603
Over 5 years	1,742,044	1,478,555
Total	**1,835,860**	**1,576,022**

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 2019**	**31 December 2018**
Contract assets	5,714,332	14,818,119
Contract liabilities	28,097,687	41,855,369

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 at 1 January 2019	**14,818,119**	**41,855,369**
Revenue recognised and included in the balance of contract liabilities at year beginning	-	(19,446,092)
Increases due to advances, save the amounts recognised as revenues during the period	-	5,688,410
Amounts invoiced during the year and transferred to receivables	(10,949,265)	-
Increases due to change in progress measurement	1,824,489	-
Reversal of loss of period impairment	20,989	-
Balance at 31 December 2019	**5,714,332**	**28,097,687**

B. Contract costs

The Company expects that fees and commissions associated with contracts for energy projects are recoverable (costs for contract award). Moreover, 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, at 31 December 2019 the Company had recorded amount of EUR 132 thousand as contract costs (31 December 2018: EUR 1.43 million).

Contract costs are recognised as expenses in the cost of sales sold when the relevant revenue is recognised. In 2019, there was no impairment loss related to contract cost, while the amortisation of contract costs recorded during the year amounted to EUR 1.38 million.

15. Property, plant and equipment

Amounts in Euro	**Land & buildings**	**Machinery and mechanical equipment**	**Furniture and other fixtures**	**Fixed assets under construction**	**Total**
Acquisition cost					
Balance at 1.1.2018	**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 at 31.12.2018	**47,392,361**	**113,576,369**	**3,879,714**	**22,050,507**	**186,898,950**
Balance at 1.1.2019	**47,392,361**	**113,576,369**	**3,879,714**	**22,050,507**	**186,898,950**
Additions	65,186	2,377,054	442,306	24,624,244	27,508,789
Disposals	-	(76,875)	-	-	(76,875)
Reclassifications*	1,011,041	32,716,352	55,496	(34,108,877)	(325,987)
Balance at 31.12.2019	**48,468,588**	**148,592,900**	**4,377,515**	**12,565,875**	**214,004,878**
Depreciation/ Impairment					
Balance at 1.1.2018	**(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 at 31.12.2018	**(9,370,043)**	**(29,527,798)**	**(2,522,992)**	**-**	**(41,420,833)**
Balance at 1.1.2019	**(9,370,043)**	**(29,527,798)**	**(2,522,992)**	**-**	**(41,420,833)**
Depreciation for the year	(1,142,890)	(5,111,034)	(366,737)	-	(6,620,662)
Disposals	-	32,031	-	-	32,031
Balance at 31.12.2019	**(10,512,933)**	**(34,606,801)**	**(2,889,730)**	**-**	**(48,009,464)**
Net book value					
31.12.2018	**38,022,318**	**84,048,571**	**1,356,721**	**22,050,507**	**145,478,117**
31.12.2019	**37,955,655**	**113,986,099**	**1,487,785**	**12,565,875**	**165,995,414**

**: 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

Fixed assets under construction concern mainly machinery the installation of which had not been completed by 31 December 2019.

The amount of EUR 34.1 million which was reclassified from the property, plant and equipment under construction in 2019 mostly relates to the conclusion of investments in the upgrade of Soussaki-based plant's production capacity.

The borrowing costs capitalised during 2019 and related to the Company's property, plant and equipment under construction amounted to EUR 785 thousand and concerned the acquisition of new machinery. The discount rate used was 5.08%.

16. Leases

This note includes information about leases in which the Company is lessee.

A. Amounts recognised in the Statement of Financial Position

Rights to use leased assets:

Amounts in Euro	**Transportation means**	**Total**
Acquisition cost		
Balance at 1.1.2019	**-**	**-**
Change in accounting policy	535,138	535,138
Additions	242,647	242,647
Maturity	(19,485)	(19,485)
Adjustments	932	932
Reclassifications	-	-
Balance at 31.12.2019	**759,232**	**759,232**
Depreciation/ Impairment		
Balance at 1.1.2019	**-**	**-**
Depreciation for the year	(182,884)	(182,884)
Maturity	5,483	5,483
Balance at 31.12.2019	**(177,401)**	**(177,401)**
Net book value		
Balance at 31.12.2019	**581,831**	**581,831**

Lease liabilities:

Carrying amount	**31.12.2019**	**1.1.2019**
Long-term liabilities	399,268	359,577
Current liabilities	191,711	175,561
	590,979	**535,138**

Total cash outflow for lease payments in 2019 amounted to EUR 197 thousand.

A. Amounts recognised in the Statement of profit or loss

	2019
Depreciation of right-to-use assets	182,884
Interest on leases	23,230
Variable rental expenses	14,523
Rental expenses of low-value contracts	23,884
Short-term rental expenses	228,058
Profit due to difference between value of asset/liability at the time of early termination	-106
Other expenses of lease contracts	8,254

For more information about the accounting policy for leases and the effect due to the adoption of IFRS 16, please refer to notes 5 and 4.14.

17. Intangible assets

Amounts in Euro	Trademarks and licenses	Software	Other	Total
Acquisition cost				
Balance at 1.1.2018	**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 at 31.12.2018	**3,433,746**	**594,864**	**283,975**	**4,312,585**
Balance at 1.1.2019	**3,433,746**	**594,864**	**283,975**	**4,312,585**
Additions	808,415	137,973	-	946,388
Reclassifications	65,699	260,288	-	325,987
Balance at 31.12.2019	**4,307,860**	**993,125**	**283,975**	**5,584,960**
Depreciation/ Impairment				
Balance at 1.1.2018	**(495,733)**	**(200,535)**	**(169,168)**	**(865,436)**
Depreciation for the year	(254,022)	(55,736)	(12,420)	(322,179)
Balance at 31.12.2018	**(749,755)**	**(256,271)**	**(181,588)**	**(1,187,615)**
Balance at 1.1.2019	**(749,755)**	**(256,271)**	**(181,588)**	**(1,187,615)**
Depreciation for the year	(347,164)	(122,994)	(12,419)	(482,578)
Balance at 31.12.2019	**(1,096,920)**	**(379,267)**	**(194,007)**	**(1,670,193)**
Net book value				
31.12.2018	**2,683,991**	**338,592**	**102,387**	**3,124,970**
31.12.2019	**3,210,941**	**613,858**	**89,968**	**3.914.766**

18. Investment property

Amounts in Euro	2019	2018
Opening balance	**635,374**	**635,374**
Impairment	(26,220)	-
Closing balance	**609,154**	**635,374**

Investment property includes two 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 its investment property for impairment on an annual basis.

In the context of the annual impairment test, indications of impairment for the investment property were identified and an impairment of EUR 26,220 was recorded. The fair value of properties was determined by external, independent property valuators, who have adequate professional qualifications and recent experience in the location and the category of the properties appraised. To determine the fair value of these properties, the market approach was applied for. Fair value measurement based on the methods used was classified as Level 2 fair value according to the input of the valuation technique that was used. The input used to determine the fair value of lots was based on observable prices of similar properties. Such observable input was adjusted having regard to the condition of the properties and the volume of transactions, after exploring the prices in the real estate market for similar properties.

The fair value of properties at 31 December 2019 is equal to their book value while cumulative impairment losses amounts to EUR 168 thousand.

These properties did not generate any revenue in 2019 because they are not leased while no operating expenses were incurred in relation to these properties throughout the year.

19. 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.

20. Inventories

Company inventories are analysed as follows:

Amounts in Euro	2019	2018
Raw materials, auxiliaries, spare parts & consumables	22,999,526	17,356,659
Finished goods	2,354,108	2,463,913
Semi-finished goods	6,002,357	2,979,901
Merchandise	2,492,173	2,074,674
By-products & scrap	3,225,863	1,316,440
	37,074,027	**26,191,587**

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.

At 31 December 2019, the Company did not record write-down for inventories (2018: EUR 514,160) since the prices of copper, aluminium and other metals traded in the LME were at the same or even higher levels compared to the average valuation price of such metals in the Company's inventories.

The consumption of inventories charged to the operating results of the year (Cost of sales) for the Company amounts to EUR 205.3 million (2018: EUR 152.9 million).

21. Trade and other receivables

Current liabilities:

Amounts in Euro	**2019**	**2018**
Trade receivables	6,009,783	19,096,170
Less: Impairment losses	*(1,106,389)*	*(1,196,640)*
	4,903,395	**17,899,530**
Receivables from related parties	49,562,450	16,523,068
Other debtors	4,738,818	4,217,024
Less: Impairment losses	*(172,232)*	*(120,000)*
Other advance payments	185,292	2,007,779
Current tax assets	2,953,868	940,062
Other short-term receivables	4,339,523	1,096,309
	66,511,113	**42,563,771**

The line «Other debtors» in the table above includes an amount of EUR 4 million for 2019 (2018: EUR 4 million), which concerns a government grant recognised during 2015 that has not been collected yet.

Long term receivables:

Amounts in Euro	**2019**	**2018**
Receivables from related parties	87,106	-
Other short-term receivables	243,878	209,469
	330,984	**209,469**

22. Cash and cash equivalents

Amounts in Euro	**2019**	**2018**
Cash in hand	3,350	2,773
Bank deposits	39,347,156	7,225,313
	39,350,506	**7,228,086**

Out of the above amount of EUR 39,347,156 (2018: EUR 7,225,313), an amount of EUR 30,415 (2018: EUR 76,916) is denominated in foreign currency and has been measured according to the Euro / foreign currency rate at 31 December 2019. Foreign exchange differences were posted in the Statement of Profit or Loss and Other Comprehensive Income for the year.

23. Share capital

The Company's share capital amounts to EUR 11,373,822 (31.12.2018: EUR 11,373,822) and is divided into 3,868,647 (2015: 3,868,647) shares with a nominal value of EUR 2.94 each.

The share premium of EUR 45,492,801 (31.12.2018: 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).

24. Reserves

Amounts in Euro	**2019**	**2018**
Statutory reserve	1,052,450	1,052,450
Hedging reserve	(360,692)	(353,037)
Special reserves	816,803	816,803
Tax-exempt reserves	11,427,378	11,427,378
	12,935,939	**12,943,594**

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.

Hedging reserve: The hedging 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.

During the previous years, 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 right shall expire during 2025.

25. Loans and Borrowings

Long-term and short-term loans and Borrowings are analysed as follows:

Amounts in Euro	**2019**	**2018**
Non-current liabilities		
Bank loans	5,327,783	1,532,624
Bond loans	56,115,260	39,984,569
	61,443,043	**41,517,193**
Current liabilities		
Bank loans	60,083,763	52,632,374
Factoring with recourse	7,476,048	5,475,945
Bond loans	2,819,443	3,681,936
	70,379,253	**61,790,254**
Total loans & borrowings	**131,822,296**	**103,307,447**

<u>Terms and maturity of loans & borrowings:</u>

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

				31.12.2019	**31.12.2018**
	Currency	**Average interest rate 2019**	**Maturity year**	**Book value**	**Book value**
Short-term borrowings	Euro	3.48%	2020	59,428,627	51,961,318
Long-term borrowings	Euro	5.28%	2027	61,443,043	41,517,193
Factoring with recourse	Euro	4.35%	2020	7,476,048	5,475,945
Current portion of long-term bank loans	Euro	5.10%	2020	655,135	671,055
Current portion of bond loans	Euro	4.60%	2020	2,819,443	3,681,936
				131,822,296	**103,307,447**

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

During 2019, the Company obtained new bank and bond loans in Euro, which amounted to EUR 35.2 million, and settled bank loans and debentures of EUR 8.1 million. The new loans and debentures concerned the following:

- A new five-year bond loan of EUR 10 million obtained from a major Greek bank for financing its constant working capital needs.
- A new seven-year bond loan of EUR 11.4 million from a major Greek bank for financing the purchase of machinery in order to increase the production capacity of the Company’s submarine cables production unit.
- A seven-year sale & leaseback financing agreement of EUR 5.3 million from a major Greek bank to finance purchase of machinery.
- Withdrawals of short-term loans from existing and new revolving credit facilities of short-term bank loans under similar terms and conditions for project financing.

At 31 December 2019, the Company had assigned invoices of EUR 8,808,214 (31.12.2018: EUR 13,180,516) with recourse for which financing of EUR 7,476,048 had been obtained (31.12.2018: EUR 5,475,945).

The Company's bank loans 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 facilities.

Mortgages in favour of banks have been raised on the company's property, plant and equipment (see note 30.2).

Contractual maturity of loan liabilities including the proportionate interest is analysed in note 29.2.

Reconciliation of movements of loans & borrowings and lease liabilities to cash flows arising from financing activities:

Amounts in Euro	2019			2018		
	Loans & Borrowings	**Lease liabilities**	**Total**	**Loans & Borrowings**	**Lease liabilities**	**Total**
Total balance of loan & borrowings and lease liabilities at 1 January	**103,307,447**	**-**	**103,307,447**	**95,863,839**	**-**	**95,863,839**
Changes from financing activities:						
Loans obtained	30,021,768	-	30,021,768	15,080,002	-	15,080,002
Repayment of loans	(8,135,352)	-	(8,135,352)	(8,723,505)	-	(8,723,505)
Proceeds from sale & leaseback financing agreement	5,293,183	-	5,293,183	-	-	-
Repayment of lease principals	-	(173,737)	(173,737)	-	-	-
Total changes from financing activities	**27,179,599**	**(173,737)**	**27,005,863**	**6,356,497**	**-**	**6,356,497**
Other changes:						
Interest expense	5,288,577	23,230	5,311,807	5,393,305	-	5,393,305
Interest paid	(4,738,249)	(23,230)	(4,761,479)	(4,785,420)	-	(4,785,420)
Interest capitalised	784,921	-	784,921	479,227	-	479,227
Change in accounting policy	-	535,138	535,138	-	-	-
New leases	-	242,647	242,647	-	-	-
Lease payment adjustments	-	932	932	-	-	-
Lease expiry	-	(14,002)	(14,002)	-	-	-
Total balance of loan & borrowings and lease liabilities at 31 December	**131,822,296**	**590,979**	**132,413,275**	**103,307,447**	**-**	**103,307,447**

26. Other long-term liabilities

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

27. Trade and other payables

Amounts in Euro	**2019**	**2018**
Suppliers	47,795,305	27,543,757
Payables to related parties	8,734,483	10,438,017
Notes payable	36,518,856	15,901,246
Sundry creditors	241,821	50,043
Accrued expenses	6,743,249	1,051,914
Social security funds	738,045	613,796
Other payables	884,767	3,594,725
	101,656,525	**59,193,499**
Out of which:		
Current liabilities	99,486,670	55,058,929
Non-current liabilities	2,169,855	4,134,570

The line "Notes payable” includes an amount of EUR 32,455,590 (2018: EUR 9,982,616 thousand) which concerns the payment of documentary credits by Banks.

28. Grants

The movement of grants during the years 2019 and 2018 is as follows:

Amounts in Euro	**2019**	**2018**
Balance at 1 January	**10,466,739**	**10,815,054**
Grants amortisation	(313,308)	(348,315)
Grants received	169,291	-
Balance at 31 December	**10,322,722**	**10,466,739**

Grants concern capital expenditure 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 Statement of Profit or loss.

During 2019, the Company received a subsidy of EUR 169 thousand related to research and development of new innovative products.

29. 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.

The Company and the Group of which it is part 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.

These circumstances include the uncertainty surrounding the effect of the exit of the 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 the changes affecting tax laws and trade policy in the USA.

With respect to political implications from the Brexit, the Company is closely monitoring relevant developments and taking measures to mitigate any adverse effect on its results. The Company does not expect its financial position to be significantly affected because of Brexit. Exports to the United Kingdom are made through the parent company and account for an insignificant part of the turnover while most of its 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.

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, its Romania-based affiliated company Icme Ecab, and Independent Power Transmission Operator S.A. - on whose behalf construction contract work is performed and Management believes that there is no credit risk- no customer participates in the Company's revenues by more than 10%, while no customer has any open balance higher than 10% of all receivables.

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, their geographical location, the market in which they operate, 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 its 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 metal price fluctuation 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 the Company will bear additional borrowing costs.

29.1 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	**2019**	**2018**
Trade and other receivables - Non-current assets	330,984	209,469
Trade and other receivables - Current assets	66,511,113	42,563,771
Contract assets	5,714,332	14,818,119
	72,556,428	**57,591,360**
Less:		
Prepayments	(185,292)	(2,007,779)
Deferred tax assets	(2,953,868)	(940,062)
Other short-term receivables	(4,339,523)	(1,096,309)
Total	**65,077,745**	**53,547,210**

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

Amounts in Euro	**2019**	**2018**
Greece	48,154,407	38,103,181
Other European Union countries	16,921,133	15,444,029
Other countries	2,205	-
Total	**65,077,745**	**53,547,210**

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

Impairment losses

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

Amounts in Euro	**2019**	**2018**
Neither past due nor impaired	63,906,000	52,046,168
- Overdue up to 6 months	*37,319*	*372,447*
- Overdue over 6 months	*1,134,427*	*1,128,595*
Total	**65,077,745**	**53,547,210**

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

Amounts in Euro	**2019**			**2018**		
	Trade and other receivables	**Contract assets**	**Total**	**Trade and other receivables**	**Contract assets**	**Total**
Balance at 1 January	1,316,640	20,989	1,337,629	1,293,571	-	1,293,571
Amounts recognised in the Statement of profit or loss						
Impairment loss	52,232	-	52,232	-	-	-
(Reversal of) provision for impairment	(71,884)	(20,989)	(92,873)	(34,191)	(3,890)	(38,081)
	(19,651)	**(20,989)**	**(40,640)**	**(34,191)**	**(3,890)**	**(38,081)**
Other movements						
Write-off	(18,368)	-	(18,368)	-	-	-
Change in accounting policy	-	-	-	57,260	24,879	82,139
Balance at 31 December	**1,278,621**	**-**	**1,278,621**	**1,316,640**	**20,989**	**1,337,629**

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 at 31 December 2019 reflects the best possible estimate and the accounting balance of trade and other receivables approaches their fair value.

29.2 Liquidity risk

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

Amounts in Euro	2019				
	Up to 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total 31.12.2019**
Bank loans & factoring without recourse	67,821,501	2,111,345	2,999,217	1,334,593	**74,266,656**
Lease liabilities	211,726	185,335	235,147	-	**632,208**
Bond loans	13,151,436	3,263,990	26,083,667	33,346,870	**75,845,964**
Derivatives	474,595	-	-	-	**474,595**
Contract liabilities	28,097,687	-	-	-	**28,097,687**
Trade and other payables	100,076,572	1,952,976	216,879	-	**102,246,427**
Total	**209,833,517**	**7,513,646**	**29,534,910**	**34,681,463**	**281,563,537**

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**

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.

29.3 Exchange rate risk

Exposure to foreign exchange risk

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

31.12.2019

Amounts in Euro	USD	GBP	OTHER	TOTAL
Trade and other receivables	13,819	-	-	**13,819**
Cash	18,030	12,385	-	**30,415**
Trade and other payables	(1,065,986)	(9,435)	(47,463)	**(1,122,884)**
	(1,034,137)	**2,951**	**(47,463)**	**(1,078,650)**
Derivatives for hedging of the above risks (Nominal value)	-	-	-	-
	(1,034,137)	**2,951**	**(47,463)**	**(1,078,650)**

31.12.2018

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

The exchange rates used per fiscal year are as follows:

Euro	**Average rate**		**Spot rate at year-end**	
	2019	**2018**	**2019**	**2018**
USD	1.1195	1.1810	1.1234	1.1450
GBP	0.8778	0.8847	0.8508	0.8945

Sensitivity analysis

A 10% decrease/increase of Euro in relation to the following currencies at 31 December would increase/decrease shareholder's 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**
2019				
USD (10% change)	(114,904)	94,012	(114,904)	94,012
GBP (10% change)	328	(268)	328	(268)
2018				
USD (10% change)	167,685	(137,197)	167,685	(137,197)
GBP (10% change)	287	(235)	287	(235)

29.4 Interest rate 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	**2019**	**2018**
Fixed rate		
Liabilities	37,560,839	35,215,963
Floating rate		
Liabilities	94,852,436	68,091,484
	132,413,275	**103,307,447**

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.

	31.12.2019		31.12.2018	
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	(186,716)	186,716	(145,817)	145,817

29.5 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 IFRS 9 upon initial recognition. At 31 December 2019, Management estimated that the fair value of this loan approximates its book value, which amounted to EUR 37.6 million.

The Company has assumed liabilities embedded in credit instruments (notes payable) with carrying amount EUR 4.1 million at 31 December. Given that these liabilities have been initially recognised at fair value, Company's Management estimates that the accounting balance thereof at 31 December 2019 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	**2019**			**2018**		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Derivative financial assets	-	-	-	-	-	-
Derivative financial liabilities	(474,595)	-	-	(490,330)	(10,641)	-
Total	**(474,595)**	**-**	**-**	**(490,330)**	**(10,641)**	**-**

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

30. Commitments and contingent liabilities

30.1 Commitments

Capital commitments:

Amounts in Euro	2019	2018
Property, plant and equipment	8,146,473	4,659,390

30.2 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	2019	2018
Guarantees given for securing payables to suppliers	184,974	596,974
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	23,410,291	20,327,104
Guarantees for subsidies	8,712,000	8,712,000
Other liabilities	6,040,000	2,820,700
	87,347,265	**81,456,778**

30.3 Unaudited tax years

Greek tax laws and the relevant provisions are subject to interpretations by tax authorities and administrative courts. Income tax returns are submitted each year. The profits and losses declared for taxation purposes remain temporarily open until tax authorities audit the tax returns and books of the taxpayer at which time the relevant taxation obligations will be finalised.
According to applicable tax laws (article 36 of law 4174/2013), Greek tax authorities may impose additional taxes and fines following their audit, within the prescribed statute-barring period which, in principle, is set at five years from the end of the following year which sees the expiration of the deadline for submitting the income tax return. Based on the above, in principle and based on the general rule, the years up to 2013 are considered as prescribed.

Annual tax certificate

As of 2011 onwards, all entities whose annual financial statements must be mandatorily audited shall obtain an Annual Tax Certificate, as provided for in article 82 of Law 2238/1994 and article 65A of Law 4174/2013. The Annual Tax Certificate is issued by the same statutory auditor or audit firm which audits the Company's annual financial statements. Following completion of the tax audit, the statutory auditor or the audit firm issues a Tax Compliance Report to the Company and, subsequently, the statutory auditor or the audit firm submits it online to the Ministry of Finance.

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

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

The relevant tax compliance certificates for 2017 and 2018 were issued "without qualifications regarding matter of emphasis" by "KPMG Certified Auditors SA", i.e. the Company's statutory auditor, for these years.

As for 2019, the Company has elected to be tax audited by Chartered Accountants, as 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 2019 are published. It is estimated 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 accountant. 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 by Greek tax authorities.

31. Related parties transactions

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:

A. Transactions with the parent company*

	2019	2018
Receivables	26,940,722	-
Liabilities	998,827	4,160,909
Sales of products and other income	147,519,959	94,677,972
Purchases of products and other expenses	39,099,675	24,725,572

*: *The intermediate parent companies Hellenic Cables, Cenergy Holdings SA and the ultimate parent Viohalco SA/NV are included.*

B. Transactions with subsidiaries of VIOHALCO SA/NV Group

	2019	2018
Receivables	22,708,833	16,523,068
Liabilities	7,735,655	6,277,108
Sales of products and other income	60,703,128	54,168,979
Purchases of products and other expenses	32,861,371	26,084,097

C. BoD members

	2019	2018
Fees	242,963	281,301

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.

32. Subsequent events

As COVID-19 pandemic is still rapidly evolving and it is uncertain how long it will last, it is still hard to make any prediction about the full extent of its business and financial impacts. Fulgor has already set in motion all necessary safeguards for its personnel, in compliance with the guidelines of health authorities, while monitoring closely all developments and assessing any effects on its operations.

However, due to the nature of the projects carried out by the Company and the robust backlog of orders, the effects of the spread of COVID-19 on both the business plans and the financial results of 2020 are expected to be limited, under current circumstances. The key drivers that will determine the duration and size of any effects are related to: (a) the restrictions imposed by the authorities, which supersede any business decisions and actions; and (b) any disruptions that may occur in the supply chain.

In order to mitigate any emerging operational issues that may arise, the Company has secured sufficient raw materials that will ensure its smooth operation within the next months. In addition, the available cash, the operating cash flows and the currently available credit lines ensure the necessary liquidity for the upcoming period.

Up to date, COVID-19 pandemic has not affected materially the Company’s financial position.

Finally, the diversified business model and the steady organisational structure of the Company continue to provide resilience in this challenging environment, providing confidence for long-term sustainable growth.

There are no other significant events in 2020 that could affect the Company's financial position.

* *

Athens, 27 March 2020

THE VICE-CHAIRMAN OF THE BOARD OF DIRECTORS	A MEMBER OF THE BOARD OF DIRECTORS	THE HEAD OF THE ACCOUNTING DEPARTMENT
GEORGE PASSAS **AN 094051**	**IOANNIS THEONAS** **AE 035000**	**KONSTANTINOS STAMOULOS** **AI 521647** **LICENCE No, CLASS A: 0040083**

C. Audit Report by Independent Chartered Auditor

Translation from the original text in Greek report

Independent auditor's report

To the Shareholders of "Fulgor S.A."

Report on the audit of the financial statements

Our opinion

We have audited the accompanying financial statements of Fulgor S.A. (Company) which comprise the statement of financial position as of 31 December 2019, the statements of profit or loss, comprehensive income, changes in equity and cash flow statements for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects the financial position of the Company as at 31 December 2019, the financial performance and the cash flows for the year then ended in accordance with International Financial Reporting Standards, as adopted by the European Union and comply with the statutory requirements of Law 4548/2018.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs), as they have been transposed into Greek Law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

During our audit we remained independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) that has been transposed into Greek Law, and the ethical requirements of Law 4449/2017, that are relevant to the audit of the financial statements in Greece. We have fulfilled our other ethical responsibilities in accordance with Law 4449/2017, and the requirements of the IESBA Code.

Other Matter

The financial statements of Fulgor S.A. for the year ended 31st of December 2018, has been audited by the predecessor auditor, who provided an unmodified opinion at 22 July 2019

Other Information

The members of the Board of Directors are responsible for the Other Information. The Other Information is the Board of Directors Report (but does not include the financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report.

Our opinion on the financial statements does not cover the Other Information and except to the extent otherwise explicitly stated in this section of our Report, we do not express an audit opinion or other form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the Other Information identified above 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.

With respect to the Board of Directors Report, we considered whether the Board of Directors Report includes the disclosures required by Law 4548/2018.

Based on the work undertaken in the course of our audit, in our opinion:

The information given in the the Board of Directors' Report for the year ended at 31 December 2019 is consistent with the financial statements,

The Board of Directors' Report has been prepared in accordance with the legal requirements of article 150 of Law 4548/2018.

In addition, in light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the Board of Directors' Report. We have nothing to report in this respect.

Responsibilities of Board of Directors and those charged with governance for the financial statements

The Board of Directors 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 comply with the requirements of Law 4548/2018, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors 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 Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's 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 auditor's 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 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, we exercise professional judgment and maintain professional scepticism 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 the Board of Directors.
- Conclude on the appropriateness of Board of Directors' 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 auditor's 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 auditor's 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 those charged with governance 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

With respect to the Board of Directors Report, the procedures we performed are described in the "Other Information" section of our report.

Athens, 2 April 2020
The Certified Auditor Accountant

PricewaterhouseCoopers
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152 32 Chalandri
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