



**ANNUAL FINANCIAL REPORT  
AS AT 31 DECEMBER 2017**

**According to the International Financial Reporting Standards**

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

[www.cablel.gr](http://www.cablel.gr)

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**TABLE OF CONTENTS**

<b>A. ANNUAL REPORT BY THE BOARD OF DIRECTORS .....</b>	<b>3</b>
<b>B. ANNUAL FINANCIAL STATEMENTS.....</b>	<b>27</b>
STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME.....	30
STATEMENT OF FINANCIAL POSITION.....	31
STATEMENT OF CHANGES IN EQUITY .....	32
STATEMENT OF CASH FLOWS .....	33
NOTES TO THE FINANCIAL STATEMENTS .....	34
<b>C. INDEPENDENT AUDITOR'S REPORT .....</b>	<b>88</b>

**A. Annual Report by the Board of Directors**

**ANNUAL REPORT**  
**BY THE BOARD OF DIRECTORS OF “HELLENIC CABLES S.A.”**  
**ON COMPANY FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2017**

Dear Shareholders,

In the context of the provisions of Law 2190/1920 and the relevant decisions of the Articles of Association of HELLENIC CABLES S.A. (hereinafter "Hellenic Cables" or the "Company"), we hereby submit this Annual Financial Report of the Board of Directors on 2017, namely the period from 1 January 2017 to 31 December 2017

***1. Development, performance and position of the Company***

***a. General remarks***

2017 was the first year of full operation of the Company, since the completion of the absorption of the industrial sector and part of the commercial sector of "HELLENIC CABLES S.A. HOLDINGS SOCIÉTÉ ANONYME" which took place in 2016, and our company was renamed into "HELLENIC CABLES S.A. HELLENIC CABLES INDUSTRY S.A.",.

In this light, the sales volume was considerably increased in relation to 2016 and amounted to 64k tons in 2017 compared to 27.4k tons in 2016. Accordingly, the turnover amounted to EUR 305 million for 2017 compared to EUR 119 million in 2016.

***b. Progress of operations - financials***

**Market information – Economic environment**

The main trends recorded in the market during 2017 were the following:

- Stronger than expected growth in the European markets for energy projects and telecom cables, which led to positive trends in prices and increased demand.
- Increase in metal prices. Recovery of oil and gas prices toward the end of 2017.
- Slowdown in cable commodities business in Europe, a persistent trend, which also characterised the second half of 2016

The important shrinkage of the sales volume in medium and low voltage power cables in Germany, United Kingdom, Austria, Italy and Romania continued to have an adverse impact on profit or loss and did not allow the Company to record profits.

**Remarks on Results and the progress of operations**

In 2017, the Company's turnover amounted to EUR 304.6 million compared to EUR 119 million in 2016. It is noted that the comparative figures for 2016 refer in substance only to the second half of 2016, as the absorption of the sector by the parent company was completed on 30 June 2016.

In the domestic market, the Company maintained its leading position for one more year. The turnover in the domestic market reached EUR 111.4 compared to EUR 37.2 million in 2016 while exports amounted to EUR 193.1 million compared to EUR 81.8 million in the comparable period.

The Company's gross profit amounted to EUR 7.9 million while earnings before interest, taxes, depreciation and amortisation (EBITDA) were equal to profits of EUR 7.7 million. Accordingly, earnings before interest and taxes (EBIT) amounted to profits of EUR 1.7 million. Company pre-tax results were losses of EUR 8.6 million while net results after tax stood at losses of EUR 6.7 million.

Moreover, the Company continued to undertake initiatives in order to improve its competitiveness and reduce production costs. These initiatives focus on increasing the efficiency of production plants by reducing payroll costs per unit of output and reducing the cost of raw materials used to manufacture the Company's products. Further, it should be noted that the valuation of metal base inventory (non-hedged on the exchange market) had a significant negative effect (approximately EUR 2.1 million) on the Company's performance, due to the change in prices on metal exchanges.

During 2017, several important projects were executed since major cable interconnections were still carried out on behalf of Tennet and Energinet in North Europe. During 2017, a contract was awarded to the Company to supply 220 kV submarine cables and carry out termination works to the Modular Offshore Grid (MOG) in the Belgian part of the North Sea on behalf of Belgian transmission system operator Elia. This award illustrates the Company's capacity to provide cost-effective, reliable and innovative solutions to meet the changing needs of the offshore sector and take advantage of the shift in the market in submarine power transmission requirements from 150kV to 220kV. The production of the submarine cable for this project was awarded to the subsidiary Fulgor S.A.

Hellenic Cables continued land works to the Cyclades electrical interconnection project that was inaugurated in March 2018. The Company constructed the section of the project which include the interconnections between Syros-Tinos, Syros-Paros and Syros-Mykonos.

#### **Remarks on the Statement of Financial Position**

At the end of 2017, an amount of EUR 56 million related to the syndicated bond loan received by the Company in 2013 was transferred to short-term borrowings as based on the repayment schedule is payable during 2018. Due to the above event, on 31 December 2017, the Company's short-term liabilities exceeded current assets by EUR 68 million. Currently, the Company is at the final stage of negotiations with the banks to obtain the conversion of a significant portion of its short-term borrowings into long-term. Management estimates that these negotiations will be successfully completed during 2018. Other short-term borrowings are predominantly revolving credit facilities which aim to finance the needs for working capital and specific ongoing projects. The Company has available adequate credit lines to meet future financing needs, if necessary.

**Investments**

Following absorption of the industrial sector and part of the commercial sector during 2016, the Company runs three plants. The plant manufacturing power cables and fibre-optic telecom cables in Thiva, the enamelled wires plant in Livadia and the compounds plant in Oinofyta.

In 2017, investments amounted to EUR 5.9 million and concerned selective investments made mainly in Thiva plant which primarily aim at improving capacity, productivity and the overall flexibility of the Company so as to enhance its competitiveness in the ever-changing market.

During 2017, the Company took part in the share capital increase of FULGOR S.A. by providing the amount of EUR 1.6 million to support its further development in the submarine cables field, which is a strategic goal.

**Ratios and Alternative Performance Measures**

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

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

Liquidity ratio	2017	2016
Current assets / Current liabilities	0.64	0.98

**Gearing ratio:** This is an indicator of leverage and is represented by the ratio of equity to debt. The amounts are used as presented in the Statement of Financial Position. This ratio is as follows for the ending and the comparable periods:

Gearing ratio	2017	2016
Equity/ Debt	0.60	0.70

**Return on capital employed:** It is a ratio that measures the efficiency with which both debt and equity is employed and is measured by the ratio of operating results to debt and equity.

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

Return on capital employed	2017	2016
Operating results (Equity + Debt)	0.8%	1.5%

**Return on equity:** It measures the efficiency of the Company's equity and is measured by the net profit/(losses), net of tax to total equity. The amounts are used as presented in the Statement of Financial Position and the Statement of Profit or Loss and OCI. This ratio is as follows for the ending and the comparable periods:

Return on equity	2017	2016
Losses after tax / Equity	-8.2%	-3.5%

**Profitability:**

	2017	2016
<b>Gross Profit Margin</b> (Gross profit/ Sales)	2.6%	3.8%
<b>Net Profit Margin</b> (Net profit after tax / Sales)	-2.2%	-2.6%
<b>EBITDA*</b>	7,664,621	5,964,310
<b>EBITDA margin*</b> (EBITDA / Sales)	2.5%	5.0%
<b>a-EBITDA**</b>	10,188,414	8,234,317
<b>a-EBITDA** margin</b> (a-EBITDA / Sales)	3.3%	6.90%

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

	2017	2016
<b>Operating profit</b>	<b>1,723,915</b>	<b>3,195,240</b>
<i>Adjustments for:</i>		
+ Depreciation of tangible assets	5,708,487	2,661,316
+ Amortisation of intangible assets	637,764	297,110
- Amortisation of grants	(405,545)	(189,356)
<b>EBITDA</b>	<b>7,664,621</b>	<b>5,964,310</b>

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

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

	2017	2016
<b>EBITDA</b>	<b>7,664,621</b>	<b>5,964,310</b>
<i>Adjustments for:</i>		
+ / - metal price lag	2,149,218	2,265,366
+ Restructuring expenses	74,000	-
+ Other finance costs	313,353	-
+ (Profit)/losses from the sale of tangible assets	(12,778)	-
+ Fixed assets impairment	-	4,640
<b>a-EBITDA</b>	<b>10,188,414</b>	<b>8,234,317</b>

*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.*

*Hellenic Cables 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.*

## **2. Objectives and Outlook for 2018**

The macroeconomic and financial environment in Greece is showing signs of improvement, however uncertainties still exist. As regards the global economy, based on current data, demand seems slackened in key European markets but a reversal of the situation is expected, driven by the increased demand of European public utilities anticipated for the period to come. Moreover, there are signs of recovery in other segments since liquidity in the market seems to be improving (major projects gradually obtain financing).

In the future, high demand for new offshore projects in Europe and in particular in the North Sea and South Europe is expected to boost the development of the cables segment. This forecast is supported by the aforementioned award of contract to Hellenic Cables regarding the supply of submarine cables for the Modular Offshore Grid (MOG) in the Belgian part of the North Sea.

The award of new projects (for which Hellenic Cables has already entered into negotiations) and the successful completion of ongoing projects (e.g. BR2 & Trianel projects on behalf of Tennet, Oresund project on behalf of Energinet) remain the key pillars on which the cables segment focuses.

In the market of cables products, there are signs of recovery in the markets of low and medium voltage cables in Western Europe which had been adversely affected by competitive challenges during 2017. However, risks to recovery, such as the EU's economic and political environment and potential major changes in trade policies, as well as the broader impact of Brexit, persist.



To counterbalance the challenges in the cables segment's main markets, initiatives have been undertaken in order to enter into new geographical markets and improve the product portfolio through the development of high-added value projects.

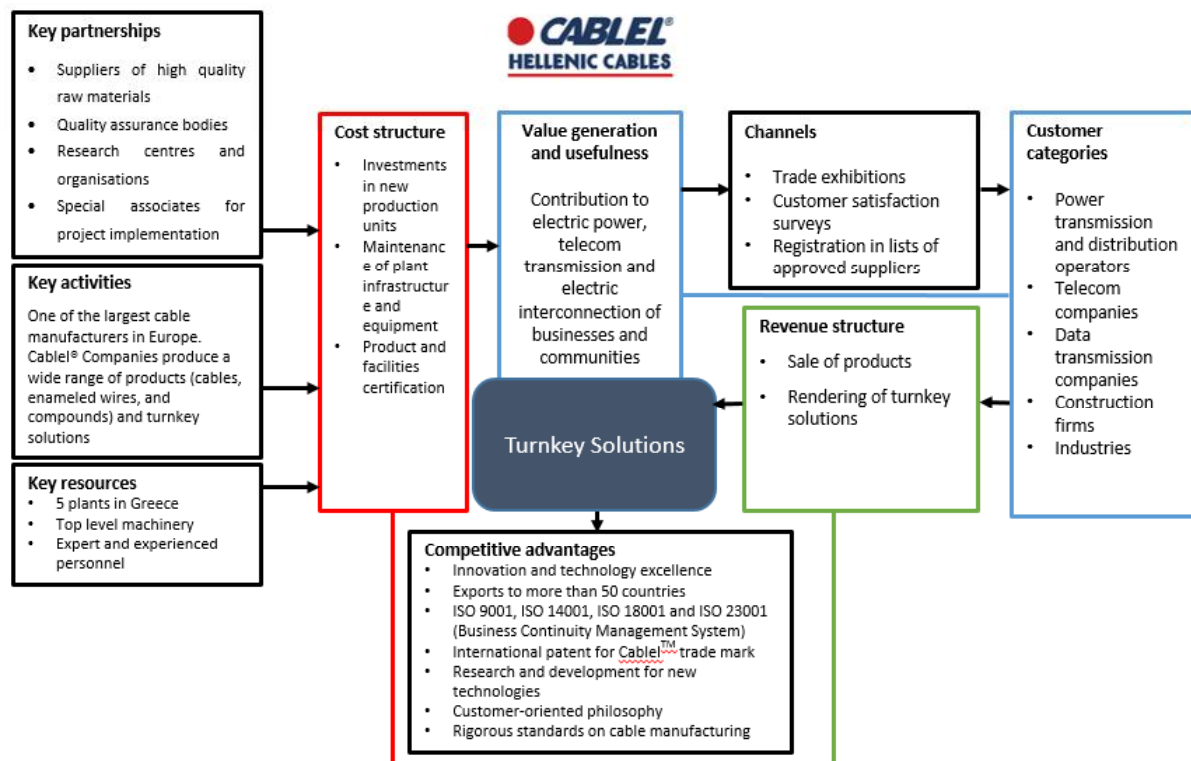
Hellenic Cables remains optimistic regarding 2018 despite the volatile business environment and Management assesses the situation on an ongoing basis in order to secure that all necessary and possible steps and actions are taken to minimise any effect on the Company's operations. The Company has undertaken important projects involving high-voltage submarine cables, which are mainly performed by the subsidiary Fulgor S.A., has been certified by international energy network operators and has successfully taken part in important tenders for underground and submarine cables. The initiatives taken the last few years have focused on developing a competitive sales network and also on increasing productivity and reducing production cost. Therefore, the Company is in a position to seize any opportunities emerging worldwide and rival the top companies of the industry.

### **3. *Non-financial information***

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

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



*We give priority to technological innovation...*

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

## **Management of Sustainable Development issues**

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

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

## **Policies and Systems**

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

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

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

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

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

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

**Labour and social matters**

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

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

**Key elements of Human Resources**

<b>Hellenic Cables</b>	<b>&lt; 30</b>	<b>30-50</b>	<b>51+</b>
Men	27	232	118
Women	5	21	4
<b>Total</b>	<b>32</b>	<b>253</b>	<b>122</b>

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

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

**Training indicators per gender and rank**

Hellenic Cables 2017	Total training hours			Average training hours per category of employees		
	Men	Women	Total	Men	Women	Total
Managers	182	0	182	22.75	0.00	22.75
Senior executives	871	0	871	32.26	0.00	32.26
Employees	486	125	611	11.30	5.00	8.99
Foremen and workers	2,067	298	2,365	6.91	59.60	7.78
<b>Total</b>	<b>3,606</b>	<b>423</b>	<b>4,029</b>	<b>9.56</b>	<b>14.10</b>	<b>9.90</b>

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

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

**Equal opportunities and respect for human rights**

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

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

**Occupational Health and Safety**

Seeking to establish conditions that will protect the health of employees and secure safe operation of their premises, Cablel® Companies have adopted a Health and Safety Policy and

implement an Occupational Health and Safety Management System which is certified as per OHSAS 18001:2007. The ultimate goal of the Companies is to develop a safety culture which encourages all employees to behave responsibly in the workplace.

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

Cablel® Companies have prepared a five-year strategic plan relating to health and safety issues. This strategic planning is based, among others, on the analysis of the broader environment in which the Companies operate, and on monitoring of global trends and markets so as to put into practice the most appropriate investment plan.

Once training needs are recorded and assessed in the context of the health and safety system, an extensive training program is carried out. Specifically, during 2017, the following training courses were carried out:

**Training hours in health and safety matters****Hellenic Cables****2015**

850

**2016**

2,043

**2017**

2,277

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

**2017: Establishment of new performance indicators**

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

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

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

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

**Social issues**

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

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

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

**Anti-corruption and bribery-related issues****Management of transparency and corruption matters**

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

**Risk Management and Internal Audit System**

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

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

**Environmental issues**

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

In the context of environmental responsibility, Cablel® companies have adopted an environmental policy (<http://www.cablel.com/781/el/perivallontiki-euthuni/>) and all production units implement an Integrated Environmental Management System, certified as per ISO 14001:2004. Cablel Companies see to the ongoing training and awareness-raising of their employees so as to ensure sound implementation of their environmental policy.

Cablel® Companies put into practice an integrated environmental approach which is based on environmental policy and aims at the ongoing training and awareness-raising of employees.

Based on the Companies' environmental approach, monitoring of the implementation of environmental plans and continuous improvement of the Environmental Management System are assumed by the environment officer who is appointed in each production unit.

Seeking to reduce their environmental footprint on an ongoing basis with concrete measures, Hellenic Cables and its subsidiaries:



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

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

### **Adoption of circular economy principles**


Cablel® Companies adopt and implement the principles of circular economy since they can help them influence and develop all production stages of a product.

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

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

**Electric energy consumption**

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

 <b>Special electric energy consumption (KWh/ton of product)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Hellenic Cables</b>	701	712	721

**Case study: Distinction won at the Energy Mastering Awards 2017**

The 1st “Gold” award for an energy saving project was awarded to the Oinofyta-based plant during the ceremony of the Energy Mastering Awards 2017 that were held for the second running year. Energy Mastering Awards recognise and reward the best practices of energy efficiency, saving and sustainability in Greece. An electric energy saving study was conducted for the Oinofyta-based production facility in collaboration with Redex, a specialised technical management company.

Such study explored and analysed all electric facilities related to the quality of electric power and proposed certain tailor-made solutions targeting that particular application. The project's goal was to save electric energy by improving the quality of electric energy and reducing losses throughout the plant's distribution network following pilot installation of the equipment of the partner (Redex). The electric energy saved during the first nine months following completion of the project reached 4.7%. At the same time, a reduction of CO<sub>2</sub> indirect emissions by 312 tons per annum is expected.

**Thermal energy consumption**

In 2017 thermal energy consumption amounted to 127.428 GJ, recording a decrease of almost 40% in relation to 2016. Special thermal energy consumption (consumption per product quantity) in 2017 stood at 906.6 KWh per ton of product.

<b>Special thermal energy consumption (KWh/ton of product)</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Hellenic Cables</b>	45.8	46.9	47.5

**Water usage**

Recognising the importance of this natural resource, Cablel® Companies take all necessary steps that will ensure its effective use and limit the quantities used. The water used in the Thiva-based plant comes from a licensed drill and the network of Thiva Water Supply and Sewerage Corporation, while the water used in Livadia and Oinofyta comes from a licensed drill and the network of Water Supply and Sewerage Systems Co. of Athens, respectively.

Special water consumption (m <sup>3</sup> /ton of product)	2015	2016	2017
Hellenic Cables	0.36	0.60	0.60

#### Responsible management of the supply chain

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

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

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

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

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

**Non-financial risks and dealing with such risks**

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

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

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

**NOTE:**

*The non-financial ratios for 2017 which are presented in this report are compliant with the Sustainability Reporting Guidelines of Global Reporting Initiative (GRI-Standards). These ratios were chosen strictly on the basis of their relevance to the Company's business (according to the materiality analysis conducted by the Company). Details on the performance in terms of sustainable development, and the actions of the Company's responsible operation will be set forth in the 2017 Sustainable Development Report of Cablel® Companies (July 2018). The Sustainable Development Report is an important tool as it reflects the way in which the Company responds to major issues and to the expectations of all its stakeholders.*

*All Sustainable Development Reports of the Company (pursuant to GRI guidelines) which have been published from 2010 to date are available on the website (<http://www.cablel.com/>).*

#### **4. *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 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.

##### **4.1 *Credit risk***

Credit risk concerns the risk of incurred losses for the Company in case a client or other third party involved in a transaction including a financial instrument fails to fulfil its obligations according to the terms and conditions laid down in the relevant contract. Credit risk is mainly associated with receivables from customers and investments in securities.

###### **4.1.1 *Trade and other receivables***

Company 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, have a limited effect on credit risk since there is no geographic concentration of credit risk. During the fiscal year, no customer accounted for more than 10% of the sales for the year and thus the trading risk is spread over a large number of customers.

The Board of Directors has laid down a credit policy which requires that all new customers are scrutinised individually as regards their creditworthiness before normal payment terms are proposed to them. The creditworthiness control performed by the Company includes an examination of information from banking sources and other third party credit rating sources, if any. Credit lines are set for every customer, and they are re-examined in the light of current circumstances and, if required, the relevant sales and payment terms are readjusted accordingly. Customer credit lines are normally determined based on the insurance limits obtained for them from insurance companies and then receivables are insured based on such credit lines. Given that a significant number of insurance limits of Greek customers have been discontinued, the credit lines for domestic customers were considerably reduced the last few years while the risk was further diminished through the reduced credit period currently granted to Greek customers.

In monitoring customer credit risk, customers are grouped depending on their credit characteristics, the ageing profile of their receivables and the existence of any possible previous difficulties in collecting receivables. Trade and other receivables include mainly wholesale customers of the Company. Any customers characterised as being of "high risk" are included in a special list of customers and future sales must be received in advance and approved by the Board of Directors. Depending on the background of the customer and its capacity, the Company demands real or other security (e.g. letters of guarantee) in order to secure its receivables, if possible.

The Company records provisions for impairment, which represent its estimated losses pertaining to customers, other receivables and investments in securities. The above provision includes

mainly impairment losses relating to specific receivables which, based on given conditions, are expected to be incurred, but are not finalised yet.

#### **4.1.2 Investments**

Investments are classified by the Company depending on the purpose for which they were acquired. Management decides on the appropriate classification for the investment at the time the investment is acquired and re-examines the classification on each presentation date.

#### **4.1.3 Guarantees**

The Company's policy requires that no financial guarantees are provided. By way of exception, however, such guarantees may be provided solely to subsidiaries and affiliates based on a resolution passed by the Board of Directors.

### ***4.2 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, as much as possible, by holding necessary cash assets and adequate credit lines from collaborating banks, that it will always have sufficient cash to meet its obligations upon maturity both under normal and adverse circumstances without incurring unacceptable losses or jeopardising the Company's reputation.

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

### ***4.3 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.

#### **4.3.1 Metal Raw Material Price Fluctuation Risk (copper, aluminium, other metals)**

The Company bases both its purchases and sales on stock prices/indices linked to the prices of copper, aluminium 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 and options on London Metal Exchange-LME). The Company, however, does not use hedging instruments for the entire basic stock of its operation and, as a result, any drop in metal prices may have a negative effect on its results through inventories depreciation.

#### **4.3.2 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 Euro, the US dollar and the pound.

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

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

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

#### **4.3.3 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, when deemed necessary, either by obtaining loans at fixed interest rates or by using financial instruments.

#### **4.3.4 Capital management**

The Company's 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.

The Company does not have a specific treasury stock purchasing plan.

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

#### **4.3.5 Macroeconomic environment**

In the context of the aforementioned analysis, the Company has assessed any effects on the management of financial risks due to the macroeconomic conditions applicable in the markets in which it operates.

The macroeconomic and financial environment in Greece is showing signs of improvement, however uncertainties still exist. After the completion of the recapitalisation of the Greek banks, at the end of 2015, and following the EUR 86 billion bailout program between the institutions and the Greek government, the Eurogroup and the institutions finalised their discussion on the second and third review of the Greek programme (between June 2017 and March 2018), which paved the way to release the third and fourth tranches of financial assistance to Greece, amounting to EUR 8.5 and 6.7 billion respectively. As a result, Moody's proceeded with the upgrade of the country's credit rating from Caa2 to B3.

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



However, having regard to the nature of the Company's operations and the cables segment of Cenergy Holdings Group to which the Company belongs, which is primarily export-oriented (by way of illustration, at Company level 60% of the turnover for 2017 was channelled into exports and at the cables segment level 67% of the total turnover for 2017 was channelled outside Greece) and the financial situation of the Company and the Group to which it belongs, any adverse developments in the Greek economy are not expected to have a significant impact on its smooth operation. As regards the plants' production capacity, no problems are anticipated given that exports (either directly or through affiliated entities) generate enough cash flows to cover the imports of all raw and other materials required for production. The availability and prices of key raw materials follow and are determined by the international market and, thus, are not affected by the circumstances in Greece.

With respect to the exit of the United Kingdom from the European Union, the Company estimates that the outcome of Brexit will not challenge its position vis-à-vis its competitors. Most of our competitors operate within the Eurozone and will react to the exchange rate fluctuations. Nevertheless, Management continually assesses the situation and its eventual implications to ensure that all necessary and possible measures and actions are taken to minimise any effect on the Company's activities.

#### ***4.4 Environmental / Occupational risk***

The Company has realised the interaction between its operation and the natural and working environment. This is why the Company implements policies and systems and makes continuous investments in research and development of know-how which help it achieve its objective of Sustainable Development.

In addressing the potential impact on the Environment (environmental risk) and on the Health and Safety of its workforce (occupational risk), the Company performs all necessary risk assessment studies and takes preventive measures and initiatives, monitoring the relevant indicators (Quality, Environment, Health and Safety) it has established. These indicators are monitored and evaluated regularly and are communicated to all Group levels. In addition, the Company has obtained certification of the Quality Management System as per ISO 9001:2008, of Environmental Management as per ISO 14001:2004 and of Occupational Health and Safety as per OHSAS 18001:2007 with respect to all Company plants in Greece.

### ***5. Research and Development***

For Cablel® Companies, R&D activities vitally underpin ability to design products that meet customer needs today and in the future.

The total research expenditure for 2017 for the Company amounted to EUR 247,000. The R&D department pursues core research focusing on product development, innovation, redesign-optimisation of existing products and technical support in business units.

In particular:

- Product development responds to new regulations, international standards and specific customers' requirements
- Innovation focuses on the development of new materials, new design and new manufacturing processes
- Redesign and optimisation of products in order to improve competitiveness



- Technical support to manufacturing process that aims to improve productivity and quality.

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

Towards these challenges, Cablel® Companies supported the Research and Development dynamic in 2017 by investing in a new high voltage laboratory, a special laboratory with respect to the new Construction Products Regulation (CPR) and in recruiting the right people.

The introduction of new technologies into the production process to develop innovative, high quality, environmentally friendly products and provide services of high added value, is an integral element of Cablel® Companies' business.

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

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

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

#### **6. *Share capital of Company subsidiaries - Exemption from the preparation of consolidated financial statements***

CORPORATE NAME	Currency	Number of Shares	31/12/2017	Share Capital
			Nominal value of share	
<b><u>Subsidiaries</u></b>				
FULGOR	Euro	13,710,237	2.94	40,308,097
LESCO OOD	Euro	5,850	51.54	301,506

The Company is exempted from preparing consolidated financial statements because its financial statements are included in the consolidated financial statements of the parent companies Cenenergy Holdings S.A. and VIOHALCO SA/NV traded on Euronext Brussels and the Athens Stock Exchange.

## **7. *Company Branches***

The Company keeps:

- I. a branch in Tavros, 252 Peiraios street, where it houses its commercial departments;
- II. a branch at Kalochori, Thessalonica, for the sale of its products in northern Greece;
- III. a branch at Aghios Georgios, Levadia, where its enamelled wire plant is located;
- IV. a branch at Oinofyta, Viotia (53rd km of Athens-Lamia National Highway) where the plant of plastic and rubber compounds is located;
- V. a branch at Thiva, Viotia (69th km of Athens-Thiva Old National Highway) where the cable production plant is located;
- VI. a branch at Marousi (33, Amarousiou Halandriou Avenue) where the Company's principal establishment is located;
- VII. a branch in Cyprus (28 Chytron St., B42, Nicosia) to sell its products.

## **8. *Subsequent events***

There are no significant events in 2018 which could affect the Company's financial position.

## **9. *Conclusions***

Dear Shareholders, we presented an account of the management of 2017, the risks and how these were managed together with the prospects and development of the Company for 2018.

In conclusion, we would like first to express our gratitude for the trust you place in the Company and ask you to approve the Company's Financial Statements, as well as the present Report, for the fiscal year that ended on 31 December 2017.

**Athens, 16 May 2018**

**The Chairman of the Board of Directors  
Ioannis Batsolas**

**B. Annual Financial Statements**



**ANNUAL FINANCIAL STATEMENTS  
AS AT 31 DECEMBER 2017**

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

[www.cablel.gr](http://www.cablel.gr)

General Commercial Registry No. 117706401000

**Table of Contents**

<b>STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME</b>	30
<b>STATEMENT OF FINANCIAL POSITION</b>	31
<b>STATEMENT OF CHANGES IN EQUITY</b>	32
<b>STATEMENT OF CASH FLOWS</b>	33
1. INFORMATION ON THE COMPANY	34
2. PRESENTATION BASIS OF FINANCIAL STATEMENTS	34
3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS OF EXISTING STANDARDS	36
4. SIGNIFICANT ACCOUNTING PRINCIPLES	41
5. CHANGE IN ACCOUNTING POLICY	51
6. REVENUE	55
7. OTHER INCOME	58
8. OTHER EXPENSES	58
9. EXPENSES BY NATURE	58
10. PERSONNEL EXPENSES	59
11. FINANCE INCOME	59
12. FINANCE COSTS	59
13. CONTRACT ASSETS AND LIABILITIES	60
14. PROPERTY, PLANT AND EQUIPMENT	61
15. INTANGIBLE ASSETS	62
16. INVESTMENT PROPERTY	63
17. INVESTMENT IN SUBSIDIARIES	63
18. OTHER INVESTMENTS	64
19. INCOME TAX EXPENSE	65
20. INVENTORIES	67
21. TRADE AND OTHER RECEIVABLES	68
22. CASH AND CASH EQUIVALENTS	68
23. SHARE CAPITAL	69
24. RESERVES	69
25. LOANS AND BORROWINGS	70
26. EMPLOYEE BENEFITS	72
27. GRANTS	74
28. TRADE AND OTHER PAYABLES	74
29. FINANCIAL INSTRUMENTS	75
30. COMMITMENTS AND CONTINGENT LIABILITIES	83
31. TRANSACTIONS WITH RELATED PARTIES	85
32. PRIOR YEAR'S COMPARABLE DATA DUE TO SECTOR'S ABSORPTION	86
33. SUBSEQUENT EVENTS	87

**Statement of Profit or Loss and Other Comprehensive Income**

(Amounts in Euro)

	Note	2017	2016*
Revenue	6	304,611,945	119,008,109
Cost of Sales	9	(296,759,017)	(114,471,952)
<b>Gross Profit</b>		<b>7,852,928</b>	<b>4,536,158</b>
Other income	7	1,734,848	2,641,845
Selling and distribution expenses	9	(3,565,479)	(1,796,286)
Administrative expenses	9	(3,495,863)	(1,577,677)
Other expenses	8	(802,519)	(608,799)
<b>Operating profit/(loss)</b>		<b>1,723,915</b>	<b>3,195,240</b>
Finance income	11	1,384,464	1,603,501
Finance costs	12	(12,243,416)	(7,225,815)
Dividends income		500,000	-
<b>Profit/(Loss) before tax</b>		<b>(8,635,038)</b>	<b>(2,427,074)</b>
Income tax expense	19	1,894,862	(637,372)
<b>Profit/(Loss) after tax</b>		<b>(6,740,176)</b>	<b>(3,064,446)</b>
<b>Other comprehensive income</b>			
<u>Items that will never be reclassified to profit or loss:</u>			
Remeasurements of defined benefit liability		(31,660)	(103,394)
Related tax		9,181	29,984
		<b>(22,479)</b>	<b>(73,410)</b>
<u>Items that are or may be reclassified to profit or loss:</u>			
Cash flow hedges – effective portion of changes in fair value		674,053	(78,335)
Cash flow hedges – reclassified to profit or loss		394,859	-
Related tax		(309,984)	22,717
		<b>758,927</b>	<b>(55,618)</b>
<b>Other comprehensive income after tax</b>		<b>736,449</b>	<b>(129,028)</b>
<b>Total comprehensive income after tax</b>		<b>(6,003,727)</b>	<b>(3,193,474)</b>

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

The attached notes on pages 34 to 87 are an integral part of the Financial Statements.

**Statement of Financial Position**

(Amounts in Euro)

	Note	2017	2016*
<b>ASSETS</b>			
Property, plant & equipment	14	68,308,108	68,923,533
Intangible assets	15	3,515,155	3,397,658
Investment property	16	204,105	204,105
Investment in subsidiaries	17	90,930,230	89,330,230
Other investments	18	218,136	218,136
Trade and other receivables	21	664,453	748,209
<b>Non-current assets</b>		<b>163,840,186</b>	<b>162,821,871</b>
Inventories	20	46,045,689	55,435,829
Trade and other receivables	21	55,145,246	68,564,386
Contract assets	13	14,318,144	-
Derivatives	29	674,053	-
Cash and cash equivalents	22	6,465,967	4,555,735
<b>Current assets</b>		<b>122,649,098</b>	<b>128,555,950</b>
<b>Total Assets</b>		<b>286,489,285</b>	<b>291,377,821</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>EQUITY</b>			
Share Capital	23	65,704,215	65,704,215
Reserves	24	35,810,739	35,051,811
Profits/(losses) carried forward		(19,228,363)	(12,265,125)
<b>Total equity</b>		<b>82,286,590</b>	<b>88,490,901</b>
<b>LIABILITIES</b>			
Loans & Borrowings	25	5,402,123	61,560,951
Employee benefits	26	1,424,572	1,373,427
Grants	27	4,494,657	4,900,202
Deferred tax liabilities	19	2,553,525	4,229,513
<b>Non-current liabilities</b>		<b>13,874,877</b>	<b>72,064,093</b>
Loans & Borrowings	25	130,626,691	65,155,092
Trade and other payables	28	58,193,168	64,971,331
Contract liabilities	13	1,455,032	-
Derivatives	29	52,928	696,404
<b>Current liabilities</b>		<b>190,327,818</b>	<b>130,822,827</b>
<b>Total liabilities</b>		<b>204,202,695</b>	<b>202,886,920</b>
<b>Total equity and liabilities</b>		<b>286,489,285</b>	<b>291,377,821</b>

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

The attached notes on pages 34 to 87 are an integral part of the Financial Statements.

**Statement of Changes in Equity**

(Amounts in Euro)	Share Capital and Share premium	Fair value reserves	Other reserves	Cumulative profits/ (losses)	Total equity
<b>Balance at 1 January 2016</b>	<b>60,000</b>	<b>-</b>	<b>-</b>	<b>(4,907)</b>	<b>55,093</b>
Loss for the year	-	-	-	(3,064,446)	<b>(3,064,446)</b>
Other comprehensive income	-	(55,618)	-	(73,410)	<b>(129,028)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>(55,618)</b>	<b>-</b>	<b>(3,137,856)</b>	<b>(3,193,474)</b>
<b>Transactions with shareholders directly posted to equity</b>					
Sector's absorption	65,644,215	(224,732)	35,332,161	(8,371,947)	<b>92,379,697</b>
Tax on share capital increase	-	-	-	(750,414)	<b>(750,414)</b>
<b>Total transactions with shareholders</b>	<b>65,644,215</b>	<b>(224,732)</b>	<b>35,332,161</b>	<b>(9,122,362)</b>	<b>91,629,282</b>
<b>Balance at 31 December 2016</b>	<b>65,704,215</b>	<b>(280,350)</b>	<b>35,332,161</b>	<b>(12,265,125)</b>	<b>88,490,901</b>
<b>Balance at 1 January 2017</b>	<b>65,704,215</b>	<b>(280,350)</b>	<b>35,332,161</b>	<b>(12,265,125)</b>	<b>88,490,901</b>
Change in accounting policy				(200,584)	<b>(200,584)</b>
<b>Adjusted balances on 01 January 2017</b>	<b>65,704,215</b>	<b>(280,350)</b>	<b>35,332,161</b>	<b>(12,465,709)</b>	<b>88,290,317</b>
Loss for the year	-	-	-	(6,740,176)	<b>(6,740,176)</b>
Other comprehensive income	-	758,927	-	(22,479)	<b>736,449</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>758,927</b>	<b>-</b>	<b>(6,762,654)</b>	<b>(6,003,727)</b>
<b>Balance on 31 December 2017</b>	<b>65,704,215</b>	<b>478,577</b>	<b>35,332,161</b>	<b>(19,228,363)</b>	<b>82,286,590</b>

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

The attached notes on pages 34 to 87 are an integral part of the Financial Statements.



**Statement of Cash Flows**

(Amounts in Euro)	Note	2017	2016*
<b><u>Cash flows from operating activities:</u></b>			
Loss before tax		(8,635,038)	(2,427,074)
<i>Plus / less adjustments for:</i>			
Depreciation & amortisation	14, 15	6,346,251	2,958,426
Amortisation of grants	27	(405,545)	(189,356)
Provisions (mainly for receivables and stocks)		-	(476,525)
(Gains)/ loss of derivatives valuation		(248,617)	412,180
Interest income	12	(3,097)	(1,735)
Dividends income		(500,000)	-
Interest expense and related costs	12	10,760,885	5,235,003
(Profit)/loss from the sale of tangible assets		(12,778)	-
Fixed assets impairment	16	-	4,640
Decrease/(increase) in inventories		9,390,140	3,416,892
Decrease/(increase) in receivables		2,421,769	35,733,939
Decrease/(increase) in contract assets		(3,237,016)	-
(Decrease)/ increase in payables (except loans & borrowings)		(5,834,490)	(26,388,135)
Decrease/(increase) in contract liabilities		228,846	-
(Decrease)/Increase in employee benefits		19,485	51,389
Interest expense and related costs paid		(10,704,507)	(5,336,965)
Taxes paid		-	-
<b>Total inflow/ (outflow) from operating activities</b>		<b>(413,713)</b>	<b>12,992,679</b>
<b><u>Cash flows from investing activities:</u></b>			
Purchases of Property, Plant & Equipment	14, 16	(5,232,851)	(2,418,068)
Purchases of intangible assets	15	(622,593)	(181,997)
Income from disposal of Property, Plant & Equipment		19,900	-
Dividend received		500,000	-
Interest received		3,097	1,735
Investments in subsidiaries	17	(1,600,000)	-
<b>Total inflow/ outflow from investing activities</b>		<b>(6,932,447)</b>	<b>(2,598,330)</b>
<b><u>Cash flows from financing activities:</u></b>			
Share capital increase expenses		-	(750,414)
Loans obtained	25	24,064,412	-
Repayment of loans	25	(14,808,020)	(9,955,363)
<b>Total inflow/ outflow from financing activities</b>		<b>9,256,392</b>	<b>(10,705,777)</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>		<b>1,910,232</b>	<b>(311,428)</b>
Cash and cash equivalents at year beginning		4,555,735	53,863
Cash from sector's absorption		-	4,813,300
<b>Cash and cash equivalents at year end</b>	22	<b>6,465,967</b>	<b>4,555,735</b>

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

The attached notes on pages 34 to 87 are an integral part of the Financial Statements.

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

**1. Information on the Company**

HELLENIC CABLES S.A., HELLENIC CABLE INDUSTRY S.A. (hereinafter "Hellenic Cables" or "Company") has its registered office in Greece, Athens Tower, Building B, 2-4, Mesogheion Avenue, Athens.

Hellenic Cables is a wholly-owned subsidiary of the Belgian holding company "Cenergy Holdings" which is listed on Euronext Brussels and the Athens Stock Exchange. The ultimate parent company "VIOHALCO SA/NV" is also listed on Euronext Brussels and the Athens Stock Exchange.

The Company is exempted from preparing consolidated financial statements because its financial statements are included in the consolidated financial statements of the parent companies Cenergy Holdings S.A. and VIOHALCO SA/NV traded on Euronext Brussels and the Athens Stock Exchange.

**2. Presentation basis of financial statements**

**2.1 Statement of Compliance**

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

The financial statements were approved by the Board of Directors on 16 May 2018 and have been uploaded on the website at [www.cablel.gr](http://www.cablel.gr). The Company's General Commercial Registry No. is 117706401000.

**2.2 Basis of measurement**

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

**2.3 Functional currency**

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

**2.4 Use of estimates and assumptions**

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

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

The accounting decisions made by Management when applying the accounting policies and expected to affect mostly the Financial Statements of the Company are as follows:

- the useful life and residual value of depreciable tangible and intangible assets;
- the recoverable value of holdings in subsidiaries, associates and other companies;
- the amount of provisions for employee benefits;
- the amount of provisions for doubtful debts;
- the amount of provisions for income tax of unaudited fiscal years;
- the amount of provisions for obsolete or slow-moving inventories;

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

- the amount of provisions for disputed cases;
- the recoverability of the deferred tax asset.

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

(a) Income tax expense (note 19)

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 the provisions for deferred tax at the period in which tax differences were assessed, mainly in relation to the recovery of the tax asset.

(b) Inventories (note 20)

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

(c) Impairment

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

(d) Provisions

Provisions are calculated at the present value of expenses which, based on Management's best possible estimate, are required to cover the present liability on the date the Statement of Financial Position was prepared. The discount interest rate used for the determination of current value reflects current market assessments of the time value of money and the increases specific to the obligation.

(e) Measurement of liabilities for employee benefits (note 26)

This liability is based on key actuarial assumptions.

(f) Fair value measurement

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

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

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

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

Level 3: Unobservable inputs for assets and liabilities.

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

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

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

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 14, 15).

(h) Estimates about the recoverability of deferred tax assets (Note 19).

**3. New standards, interpretations and amendments of existing standards**

The accounting principles used in the preparation and presentation of these Financial Statements are consistent with those used in the preparation of the Company's financial statements for the year ended on 31 December 2016, with the exception of the accounting policies referred to in note 5 and the implementation of the new standards and interpretations set out below which must be applied to the annual financial statements beginning on or after 01 January 2017 and had minor or nil impact on the Company's financial statements.

The Company has early adopted IFRS 15 "Revenue from Contracts with Customers" with the 1st of January as date of initial application. Therefore, the Company has changed its accounting policy for revenue recognition, as described in Note 5.

**Standards and Interpretations effective for the current financial year**

**IAS 7 (Amendments) "Disclosure initiative"**

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

**IAS 12 (Amendment) "Recognition of Deferred Tax Assets for Unrealised Losses"**

This amendment clarifies the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The adoption of this amendment did not have significant impact on the Financial Statements of the Company.

**Annual Improvements to IFRSs 2014-2016 Cycle:**

The improvements include the following amendment:

IFRS 12 "Disclosure of Interests in Other Entities". Clarification of the scope of the disclosure requirements in IFRS 12.

The adoption of this amendment did not have significant impact on the Financial Statements of the Company.

**Standards and Interpretations effective for subsequent periods**

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

In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. The Company will apply IFRS 9 initially on 1 January 2018.

**I. Classification – Financial assets:**

IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.

Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.

Based on its assessment, the Company does not expect the new classification requirements to have material impact on its accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis.

**II. Impairment – Financial assets and contract assets:**

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

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

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

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

**III. Classification – Financial liabilities:**

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

**IV. Hedge accounting:**

IFRS 9 will require the Company to ensure that hedge accounting relationships are aligned with the Company’s risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

IFRS 9 also introduces new requirements regarding rebalancing of hedge relationships and prohibiting voluntary discontinuation of hedge accounting. Under the new model, it is possible that more risk management strategies, particularly those involving hedging a risk component (other than foreign currency risk) of a non-financial item, will be likely to qualify for hedge accounting.

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

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

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

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

V. Disclosures:

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

VI. Transition:

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

- The Company is considering to use the exemption allowing not to restate comparative information for prior periods with respect to classification and measurement (including impairment) changes. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 generally will be recognised in retained earnings and reserves as at 1 January 2018.
- The following assessments have to be made on the basis of the facts and circumstances that exist at the date of initial application.
  - The determination of the business model within which a financial asset is held.
  - The designation and revocation of previous designations of certain financial assets and financial liabilities as measured at FVTPL.
  - The designation of certain investments in equity instruments not held for trading as at FVOCI.

Estimated impact of the adoption of IFRS 9:

The Company evaluated the effects of IFRS 9, determining that these would not be material. In particular, in 2018, the Company will have to adjust the opening equity upon adopting IFRS 9, as the amount of retained earnings at 1 January 2018 will be decreased by EUR 764 thousand, mainly due to the impact of application of the 'expected credit loss' (ECL) model for the calculation of impairment for financial assets and contract assets.

There will be no effects on either debt or cash flow provided by operating activities.

The estimated impact of the adoption of these standards on the Company' equity as at 1 January 2018 is based on the assessment undertaken to date and is summarised above.

The actual impacts of adopting the standards at 1 January 2018 may change because:

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

**IFRS 16 "Leases".**

(Effective for annual periods beginning on or after 1st January 2019)

IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.

The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.

IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.

The Company is currently assessing the potential impact on its Financial Statements. The actual impact of applying IFRS 16 on the financial statements in the period of initial application will depend on future economic conditions, including the Company's borrowing rate at 1 January 2019, the

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

composition of the lease portfolio at that date, the Company's latest assessment of whether it will exercise any lease renewal options and the extent to which the Company will choose to use practical expedients and recognition exemptions.

So far the most significant impact identified is that the Company will recognise new assets and liabilities (currently operating leases). In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities.

The Company is evaluating the implementation and impact of adopting this new standard. No significant impact is expected for the Company's finance leases. For an overview of the operating leases, see Note 29.1.

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

**IFRS 2 (Amendments) “Classification and measurement of Shared-based Payment transactions”**  
(Effective for annual periods beginning on or after 1st January 2018)

The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

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

The improvements include the following amendments:

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

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

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

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

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

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

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

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



*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

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

**IAS 28 (Amendments) "Long-term Interests in Associates and Joint Ventures"**

(Effective for annual periods beginning on or after 1st January 2019)

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

**IAS 19 (Amendment) "Plan Amendment, Curtailment or Settlement"**

(Effective for annual periods beginning on or after 1st January 2019)

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

**IFRS 10 (Amendment) "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"**

(In December 2015 the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting)

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

**Annual Improvements to IFRS Standards 2015-2017 Cycle**

(Effective for annual periods beginning on or after 1st January 2019)

These improvements have not been yet endorsed by the EU.

**IFRS 3 "Business Combinations and IFRS 11 Joint Arrangements":**

The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

**IAS 12 "Income tax"**

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

**IAS 23 "Borrowing Costs":**



*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

The amendments clarify paragraph 14 of the standard that, when a qualifying asset is ready for its intended use or sale, and some of the specific borrowing related to that qualifying asset remains outstanding at that point, that borrowing is to be included in the funds that an entity borrows generally.

The IASB has issued Amendments to References to the Conceptual Framework in IFRS Standards on 29 March 2018. These amendments are still to be addressed.

#### **4. Significant accounting principles**

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

##### **4.1 Subsidiary companies**

Subsidiaries are enterprises controlled by the Company. The Company exercises control over a subsidiary when the Company is exposed or has rights to variable returns from its holding in the entity and is able to affect such returns through the influence exercised over the entity. Subsidiaries are fully consolidated by the listed companies "Cenergy Holdings S.A." (parent) and Viohalco SA/NV (ultimate parent) from the date when control over them is acquired and are no longer consolidated from the date when such control no longer exists.

In its Financial Statements, the Company measures holdings in subsidiaries at their acquisition cost less any impairment of their value.

##### **4.2 Foreign currency**

###### **Transactions and balances**

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates applicable at the date of each transaction. Gains and losses from foreign exchange differences that arise from the settlement of such transactions and from conversion of monetary asset and liability items denominated in a foreign currency at the foreign exchange rates that apply on the balance sheet date are recorded in the Income Statement.

Overall, exchange rate differences arising from the application of the above shall be recognised in the Statement of Profit or Loss and OCI:

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

##### **4.3 Financial assets**

###### **(a) Non-derivatives**

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

###### **(b) Trade and other receivables**

Trade and other receivables are initially booked at their fair value and are subsequently measured at their non-depreciated cost less impairment losses. Impairment losses are recognised when there are objective indications that the Company is not in a position to collect all or part of the amounts due based on contractual terms. The

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

amount of impairment loss is the difference between the book value of receivables and the present value of the estimated future cash flows. The amount of provision is recognised in the income statement as an expense.

**(c) Cash and cash equivalents**

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

**(d) Financial assets available for sale**

This category includes non-derivative financial assets that are either designated in this sub-category or cannot be classified as “held to maturity” or as “fair value item through profit or loss”. The purchase and sale of an investment is recognised on the date that the transaction is carried out, which is also the date on which the Company is committed to purchase or sell the asset. Investments are initially recorded at their fair value plus any expense associated with the transaction. Available-for-sale financial assets are subsequently carried at fair value and the relevant gains or losses are recognised in Fair Value reserves in shareholder's equity until they are sold or impaired. The fair value of those items traded on a regulated market corresponds to the closing price. As for the other items for which fair value cannot be reliably determined, fair value corresponds to acquisition cost. Impairment loss is recognised through transfer of accumulated loss from reserves to operating results. The accumulated loss that is transferred is the difference between the acquisition cost after depreciation through the effective interest rate and the current fair value less the impairment already posted to results during prior periods. Impairment losses that have been recognised through profit or loss cannot be reversed through profit or loss for equity financial assets. The Company carries out tests for impairment; in the case of listed shares, impairment consists in mandatory or prolonged reduction of fair value in relation to the acquisition cost which, in such case, is posted through profit or loss in the period it is incurred.

**(e) Fair value**

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

**(f) Loans & Borrowings**

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

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

**4.4 Derivatives and hedge accounting**

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

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

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

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

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

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

**(a) Fair value hedging**

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

**(b) Cash Flow hedges**

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

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

**4.5 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.

**4.6 Property, plant and equipment**

**(a) Recognition and measurement**

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

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

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

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

**(b) Subsequent investment expenditures**

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

**(c) Amortisation and depreciation**

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

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

**4.7 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.

**4.8 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.

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

**4.9 Inventory**

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.

**4.10 Impairment**

**(a) Non-derivatives**

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

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

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

**Financial assets measured at non-amortised cost**

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

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

**Financial assets available for sale**

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

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

**(b) Non financial assets**

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

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

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

Impairment is recognised in the Income Statement.

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

**4.11 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 European bonds of low credit risk "Iboxx AA-rated Euro corporate bond 10+ year". Interest charges and other expenses related to defined-benefit plans are recognised through profit or loss.

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

**(d) Termination benefits**

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

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

**(e) Profit-sharing and benefit schemes**

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

**4.12 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.

**4.13 Revenue**

The Company recognises revenue from the following major sources:

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

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

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

**Sale of products**

The Company sells power cables, telecom cables, enamelled cables & 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.



*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

**Energy projects**

The Company produces and sells customised products to customers for energy projects.

In addition, the Company produces and sells "turnkey" cable systems, i.e. supplies and installs complete cable systems.

Under the terms of the contracts and due to the high degree of customisation, these products have no alternative use, since they are produced according to customers' specifications, while there is an enforceable right to payment for performance completed to date if the contract is terminated by the customer or another party for reasons other than the Company's failure to perform as promised.

For the above reasons, revenue from such projects is recognised over time.

For distinct performance obligations identified, the most appropriate method to measure progress is used. The methods used are the following:

For performance obligations related to production of customised products, the methods to measure progress is estimated based on:

- 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 last for significant period of time and as a result the related performance obligations are satisfied as production time elapses.
- The quantity of manufactured and tested cables compared with the total quantity to be produced according to the contract. This method is used for customised land cables, since the production of such products is performed in batches and as a result the performance obligations related are satisfied as certain batches of agreed quantities have been produced.

For installation phases of cables sector's turnkey projects, the method to measure progress is based on appraisal of results achieved or milestones reached, based on clearly defined technical milestones, such as transport or meters of cables installed. When milestones are being used as a method to measure progress, these milestones faithfully depict the performance.

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

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances (contract liabilities). These contract assets and contract liabilities are presented on the Statement of Financial Position in the lines "Contract assets" and "Contract liabilities" respectively. For products and services for which revenue is recognised over time, amounts are billed as work progresses in accordance with agreed-upon contractual terms, either upon achievement of contractual milestones, or at the final delivery and acceptance of the manufactured items.

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

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

**Rendering of services**

The Company recognises revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

Services provided by the Company are mainly related with the products sold by its subsidiaries.

If payment for services is not due from the customer until the services are complete, a contract asset is recognised over the period in which the services are performed representing the right to consideration for the



*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

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.

**Rental income**

Rental income is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

**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.

**4.14 Government 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.

**4.15 Leases**

Asset leases where the Company substantially retains all risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the fixed asset and the present value of the minimum lease payments, reduced by accumulated depreciation and any obsolescence

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

losses. The corresponding liabilities from lease payments net of financial charges are presented as liabilities. That part of financial expenses relating to finance leases is recognised in the income statement over the term of the lease.

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

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

**4.16 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 until the time it is substantially ready for its intended use or sale. Any income on the temporary investment of borrowings for financing the above qualifying asset and the collection of grants reduce the borrowing costs eligible for capitalisation. In other events, borrowing costs are charged through profit or loss in the year in which they are incurred.

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

**4.18 Finance income / costs**

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

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

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

**5. Change in accounting policy**

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

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

**A. Production of customised products**

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

Therefore, for such contracts revenue is now recognised progressively (over time) based either on the quantity of manufactured and tested products compared to the total quantity to be produced according to the contract or based on appraisal of results achieved.

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

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

The change described above did not give rise to any substantial impact on the operating results.

**B. Contract costs**

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

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

would be one year or less.

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

**C. Effects on the Financial Statements**

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

**a. Statement of Profit or Loss and OCI**

(Amounts in Euro)	Balances reported in accordance with IFRS 15	Adjustments	Balances without adoption of IFRS 15
Revenue	304,611,945	-	304,611,945
Cost of Sales	(296,903,106)	(282,512)	(297,185,618)
<b>Gross Profit</b>	<b>7,708,839</b>	<b>(282,512)</b>	<b>7,426,327</b>
Other income	(16,343,878)	-	(16,343,878)
<b>Profit/(loss) before income tax</b>	<b>(8,635,038)</b>	<b>(282,512)</b>	<b>(8,917,550)</b>
Income tax expense	1,894,862	81,929	1,976,791
<b>Profit/(loss) after tax</b>	<b>(6,740,176)</b>	<b>(200,584)</b>	<b>(6,940,760)</b>
<b>Other comprehensive income after tax</b>	<b>736,449</b>	-	<b>736,449</b>
<b>Total comprehensive income after tax</b>	<b>(6,003,727)</b>	<b>(200,584)</b>	<b>(6,204,311)</b>

NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

**b. Statement of Financial Position**

(Amounts in Euro)	Balances reported in accordance with IFRS 15	Adjustments	Balances without adoption of IFRS 15
<b>ASSETS</b>			
<b>Non-current assets</b>	<b>163,840,186</b>	<b>-</b>	<b>163,840,186</b>
Trade and other receivables	55,145,246	14,318,144	69,463,390
Contract assets	14,318,144	(14,318,144)	-
Other current assets	53,185,708	-	53,185,708
<b>Current assets</b>	<b>122,649,098</b>	<b>-</b>	<b>122,649,098</b>
<b>Total Assets</b>	<b>286,489,285</b>	<b>-</b>	<b>286,489,285</b>
<b>EQUITY &amp; LIABILITIES</b>			
<b>EQUITY</b>			
<b>Total equity</b>	<b>82,286,590</b>	<b>-</b>	<b>82,286,590</b>
<b>Non-current liabilities</b>	<b>13,874,877</b>	<b>-</b>	<b>13,874,877</b>
Trade and other payables	58,193,168	1,455,032	59,648,200
Contract liabilities	1,455,032	(1,455,032)	-
Other current liabilities	130,679,618	-	130,679,618
<b>Current liabilities</b>	<b>190,327,818</b>	<b>-</b>	<b>190,327,818</b>
<b>Total liabilities</b>	<b>204,202,695</b>	<b>-</b>	<b>204,202,695</b>
<b>Total equity and liabilities</b>	<b>286,489,285</b>	<b>-</b>	<b>286,489,285</b>

NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

**c. Statement of Cash Flows**

	<b>Balances reported in accordance with IFRS 15</b>	<b>Adjustments</b>	<b>Balances without adoption of IFRS 15</b>
<b>Cash flows from operating activities</b>			
Loss before tax	(8,635,038)	(282,512)	(8,917,550)
Other cash flows from operating activities	5,252,077	-	5,252,077
<b>Plus / (less) adjustments for changes in working capital:</b>			
Decrease/(increase) in inventories	9,390,140	-	9,390,140
Decrease/(increase) in receivables	2,421,769	(3,237,016)	(815,248)
Decrease/(increase) in contract assets	(3,237,016)	3,237,016	-
(Decrease)/ increase in payables (except loans & borrowings)	(5,834,490)	511,358	(5,323,132)
Decrease/(increase) in contract liabilities	228,846	(228,846)	-
<b>Net cash flows from operating activities</b>	<b>(413,713)</b>	<b>-</b>	<b>(413,713)</b>
<b>Net cash flows from investing activities</b>	<b>(6,932,447)</b>	<b>-</b>	<b>(6,932,447)</b>
<b>Net cash flows from financing activities</b>	<b>9,256,392</b>	<b>-</b>	<b>9,256,392</b>
<b>Net (decrease) / increase in cash and cash equivalents</b>	<b>1,910,232</b>	<b>-</b>	<b>1,910,232</b>
Cash and cash equivalents at the beginning of the year	4,555,735	-	4,555,735
<b>Cash and cash equivalents at the end of the year</b>	<b>6,465,967</b>	<b>-</b>	<b>6,465,967</b>

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

**6. Revenue**

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

**A. Significant accounting policy**

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

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

For the detailed accounting policy, see Note 4.13.

**B. Nature of goods and services**

**Energy cables projects**

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

**Power & telecom cables**

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

**Enamelled cables & wires**

The key products in this category are enamelled wires for electric motors and transformers, copper wires for grounding and can manufacture. 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.

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

**C. Disaggregation of income**

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

(Amounts in Euro)	2017	2016
<b>Primary geographical markets</b>		
Greece	111,440,305	37,242,862
Other European Union countries	179,620,910	76,206,639
Other European countries	4,723,185	1,054,701
Asia	4,200,937	1,990,742
America	2,964,262	1,689,911
Africa	1,635,521	760,183
Oceania	26,827	63,071
	<b>304,611,945</b>	<b>119,008,109</b>

(Amounts in Euro)	2017	2016
<b>Major products and service lines</b>		
Energy projects	39,310,126	12,577,261
Power & telecom cables	179,487,919	83,601,954
Enamelled cables & wires	34,645,432	11,270,479
Sales of raw materials and other products & services	51,168,469	11,558,415
	<b>304,611,945</b>	<b>119,008,109</b>

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

(Amounts in Euro)	2017
Revenue recognised at a point in time	265,301,819
Revenue recognised over time	39,310,126
	<b>304,611,945</b>

2017 was the first year of full operation of the Company, once the absorption of the industrial sector and part of the commercial sector of "HELLENIC CABLES S.A. HOLDINGS SOCIÉTÉ ANONYME" was completed and our company was renamed into "HELLENIC CABLES S.A. HELLENIC CABLES INDUSTRY S.A.", which took place in 2016. In this light, the turnover stood at EUR 305 million compared to EUR 119 million in 2016.

Revenue expected to be recognised in the future related to performance obligations that are unsatisfied (or partially unsatisfied) at the reporting date amounts to EUR 23.5 million. This amount is expected to be recognised during 2018 based on the time schedules included in the open contracts as of 31 December 2017, which have original expected durations of more than one year.



*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

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

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

***D. Significant judgments in revenue recognition***

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

The most significant of these estimates are described below:

- Contracts involving the supply of a product through the performance of a single task or a set of significant integrated tasks are viewed as being a single performance obligation.
- Contracts including multiple performance obligations are mainly identified in turnkey contracts and for customised products, as described in Note 6B and Note 4.13.  
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.

NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

**7. Other income**

(Amounts in Euro)	Note	2017	2016
Rental income		149,053	72,546
Amortisation of grants	27	405,545	189,356
Reversal of provisions		74,139	489,415
Income from expenses recharged to third parties		676,515	1,213,424
Prior period income		96,612	58,772
Collection of indemnities		290,007	570,035
Other income		42,977	48,297
<b>Total</b>		<b>1,734,848</b>	<b>2,641,845</b>

**8. Other expenses**

(Amounts in Euro)	Note	2017	2016
Prior period expenses		204,609	70,885
Fixed assets impairment		-	4,640
Taxes - duties		126,873	1,917
Penalty clauses		85,822	65,693
Personnel remuneration	10	19,485	51,389
Restoration of civil-liability damage		347,488	368,068
Other expenses		18,242	46,207
<b>Total</b>		<b>802,519</b>	<b>608,799</b>

**9. Expenses by nature**

(Amounts in Euro)	Note	2017	2016
Cost of inventories recognised as an expense		246,485,465	91,332,868
Personnel expenses	10	14,720,343	7,668,796
Energy		2,291,935	1,616,309
Depreciation and amortisation		6,346,251	2,957,928
Taxes		316,803	150,429
Insurance		673,771	170,940
Rent		1,117,174	448,591
Transportation		6,281,970	2,723,820
Losses from derivatives		1,626,445	1,818,344
Commissions		1,109,255	468,008
Third party fees and benefits		17,955,797	6,421,123
Other		4,895,151	2,068,758
<b>Total cost of sales, selling and distribution and administrative expenses</b>		<b>303,820,359</b>	<b>117,845,915</b>

The Company significantly invests in research and development in order to continuously bring value-added products and services to the market and improve production processes, as well as to promote materials recycling and the proper use of natural resources. The aggregate amount of research and development expenditure recognised as an expense for 2017 amounts to EUR 247 thousand.

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

The “third party fees and benefits” in the table above includes fees of EUR 81,600 paid to the auditors of the Company for 2017.

**10. Personnel expenses**

(Amounts in Euro)	2017	2016
Salaries and wages	11,631,226	5,843,981
Contributions to social security funds	2,876,585	1,448,225
Other employee benefits	909,370	359,520
Provisions for termination benefits	195,216	68,460
<b>Total</b>	<b>15,612,396</b>	<b>7,720,186</b>

The personnel employed on 31 December 2017 numbered 407 persons (2016: 405).

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

	2017	2016
Cost of goods sold	12,002,966	6,266,436
Selling and distribution expenses	1,492,761	814,751
Administrative expenses	1,224,616	587,609
Other expenses	19,485	51,389
Capitalised in assets under construction	872,568	-
<b>Total</b>	<b>15,612,396</b>	<b>7,720,186</b>

Employee benefits were capitalised due to the development projects for compliance with the new European Construction Products Regulation (CPR) which entered into full force in 2017, as well as for obtaining new certifications and licenses in the context of ongoing new products development.

**11. Finance income**

(Amounts in Euro)	2017	2016
Interest income	3,097	1,735
Foreign exchange differences	958,826	1,204,258
Gains from foreign exchange swaps	422,541	397,509
<b>Total</b>	<b>1,384,464</b>	<b>1,603,501</b>

**12. Finance costs**

(Amounts in Euro)	2017	2016
Interest expenses and related costs	10,629,585	5,305,551
Foreign exchange differences	827,377	1,466,804
Losses from foreign exchange swaps	786,455	453,460
<b>Total</b>	<b>12,243,416</b>	<b>7,225,815</b>

NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

**13. Contract assets and liabilities**

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

(Amounts in Euro)	31 December 2017	1 January 2017 Revised
<i>Assets included in trade and other receivables</i>	51,949,877	56,820,819
Contract assets	14,318,144	11,081,127
Contract liabilities	1,455,032	1,226,186

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)	2017*	
	Contract assets	Contract liabilities
Revenue recognised and included in the balance of contract liabilities at year beginning	-	(1,226,186)
Increases due to advances, save the amounts recognised as revenues during the period	-	1,455,032
Amounts billed during the year and transferred to receivables	(8,270,554)	-
Increases due to change in progress measurement	11,507,571	-

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

NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

**14. Property, plant and equipment**

(Amounts in Euro)	Land & buildings	Machinery and mechanical equipment	Furniture and other equipment	Fixed assets under construction	Total
<b>Acquisition cost</b>					
<b>Balance at 1/1/2016</b>	-	-	-	-	-
Additions	507,644	164,098	402,025	1,336,957	2,410,724
Sector's absorption	26,623,680	48,967,923	5,594,799	3,135,437	84,321,839
Reclassifications*	483,727	2,083,087	40,026	(2,736,975)	(130,135)
<b>Balance at 31/12/2016</b>	<b>27,615,052</b>	<b>51,215,108</b>	<b>6,036,850</b>	<b>1,735,419</b>	<b>86,602,428</b>
<b>Balance at 1/1/2017</b>	<b>27,615,052</b>	<b>51,215,108</b>	<b>6,036,850</b>	<b>1,735,419</b>	<b>86,602,428</b>
Additions	1,800	720,148	251,552	4,259,353	5,232,852
Disposals	-	-	(12,754)	-	(12,754)
Reclassifications*	180,407	926,263	194,468	(1,433,806)	(132,667)
<b>Balance at 31/12/2017</b>	<b>27,797,259</b>	<b>52,861,519</b>	<b>6,470,116</b>	<b>4,560,965</b>	<b>91,689,859</b>
<b>Depreciation/ Impairment</b>					
<b>Balance at 1/1/2016</b>	-	-	-	-	-
Depreciation for the year	(567,182)	(1,936,743)	(157,392)	-	(2,661,317)
Sector's absorption	(728,853)	(9,884,505)	(4,404,224)	-	(15,017,582)
<b>Balance at 31/12/2016</b>	<b>(1,296,035)</b>	<b>(11,821,249)</b>	<b>(4,561,616)</b>	<b>-</b>	<b>(17,678,900)</b>
<b>Balance at 1/1/2017</b>	<b>(1,296,035)</b>	<b>(11,821,249)</b>	<b>(4,561,616)</b>	<b>-</b>	<b>(17,678,900)</b>
Depreciation for the year	(1,242,697)	(4,069,505)	(396,281)	-	(5,708,483)
Revenue	-	-	5,632	-	5,632
<b>Balance at 31/12/2017</b>	<b>(2,538,732)</b>	<b>(15,890,755)</b>	<b>(4,952,265)</b>	<b>-</b>	<b>(23,381,752)</b>
<b>Net book value</b>					
<b>At 31/12/2016</b>	<b>26,319,017</b>	<b>39,393,859</b>	<b>1,475,234</b>	<b>1,735,419</b>	<b>68,923,529</b>
<b>At 31/12/2017</b>	<b>25,258,527</b>	<b>36,970,765</b>	<b>1,517,851</b>	<b>4,560,965</b>	<b>68,308,108</b>

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

**a. Sector's absorption**

The cost of property, plant and equipment of the industrial sector and part of the commercial sector of cables absorbed by the Company in 2016 was fixed based on the market values on the date the transformation balance sheet was prepared and in accordance with the provisions of Law 4172/2013 and the spin-off agreement. The market values which are now the historical acquisition cost were fixed according to the estimates of an independent valuer.

**NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017**
**b. Mortgages on fixed assets**

Statutory notices of mortgage have been raised on the Company's fixed assets to secure loans the Company has obtained (see note 30.2).

**c. Fixed assets under construction**

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

**15. Intangible assets**

(Amounts in Euro)	Trademarks & licenses	Software	Other	Total
<b>Acquisition cost</b>				
<b>Balance at 1/1/2016</b>	-	-	<b>3,006</b>	<b>3,006</b>
Additions	79,068	102,929	-	181,997
Sector's absorption	5,811,391	3,700,106	14,600	9,526,097
Reclassifications	13,495	116,640	-	130,135
<b>Balance at 31/12/2016</b>	<b>5,903,954</b>	<b>3,919,675</b>	<b>17,606</b>	<b>9,841,235</b>
Additions	488,262	134,331	-	622,593
Reclassifications	-	-	132,667	132,667
<b>Balance at 31/12/2017</b>	<b>6,392,216</b>	<b>4,054,006</b>	<b>150,273</b>	<b>10,596,495</b>
<b>Depreciation/ Impairment</b>				
<b>Balance at 1/1/2016</b>	-	-	<b>(2,104)</b>	<b>(2,104)</b>
Sector's absorption	(2,968,458)	(3,161,305)	(14,600)	(6,144,363)
Depreciation for the year	(207,837)	(88,972)	(301)	(297,110)
<b>Balance at 31/12/2016</b>	<b>(3,176,295)</b>	<b>(3,250,277)</b>	<b>(17,005)</b>	<b>(6,443,577)</b>
Depreciation for the year	(418,618)	(218,845)	(301)	(637,764)
<b>Balance at 31/12/2017</b>	<b>(3,594,913)</b>	<b>(3,469,122)</b>	<b>(17,305)</b>	<b>(7,081,341)</b>
<b>Net book value</b>				
<b>As at 31/12/2016</b>	<b>2,727,659</b>	<b>669,398</b>	<b>601</b>	<b>3,397,658</b>
<b>As at 31/12/2017</b>	<b>2,797,303</b>	<b>584,884</b>	<b>132,968</b>	<b>3,515,154</b>

NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

**16. Investment property**

(Amounts in Euro)	2017	2016
<b>Opening balance</b>	<b>204,105</b>	-
Additions	-	7,753
Sector's absorption	-	200,992
Adjustment	-	(4,640)
	<b>204,105</b>	<b>204,105</b>

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

The fair value of these real estate properties, as at 31 December 2017, does not differ significantly from the value posted in the balance sheet based on Management estimates. On 31 December 2017, investment property was measured at fair value using the comparables or real estate method. The fair value measurement of investment property is classified in Level 2 according to the assumptions used in the application of the valuation techniques that were implemented.

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

**17. Investment in subsidiaries**

(Amounts in Euro)	2017	2016
<b>Balance at 1 January</b>	<b>89,330,230</b>	-
Sector's absorption	-	89,330,230
Purchase of participating interests	<b>1,600,000</b>	-
<b>Balance at December 31</b>	<b>90,930,230</b>	<b>89,330,230</b>

Investments in subsidiaries are carried at their acquisition cost and are broken down as follows:

(Amounts in Euro)	2017					
Name of Company	Participation percentage	Acquisition cost	Total Assets	Total liabilities	Turnover	Profit/ (loss)
FULGOR S.A. (Greece)	100.00%	88,347,654	194,893,374	170,491,892	174,261,526	2,570,010
LESCO OOD (Bulgaria)	100.00%	2,582,576	3,591,466	1,360,785	4,618,979	(59,568)
<b>Total</b>		<b>90,930,230</b>				

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

(Amounts in Euro)		2016				
Name of Company	Participation percentage	Acquisition cost	Total Assets	Total liabilities	Turnover	Profit/ (loss)
FULGOR S.A. (Greece)	100.00%	86,747,654	181,004,714	164,214,886	136,444,014	(5,615,786)
LESCO OOD (Bulgaria)	100.00%	2,582,576	3,620,003	829,755	5,224,888	207,672
<b>Total</b>		<b>89,330,230</b>				

In 2017, the Ordinary General Meeting of the subsidiary Fulgor S.A. decided to increase its share capital by a total amount of EUR 1,600,000.00 through the issue of 100,000 new shares with a nominal value of EUR 2.94 and a selling price of EUR 16.00 each. That increase was fully covered by the Company which is the unique shareholder.

The acquisition cost of holdings in subsidiaries was fixed by the independent valuer "RSM Greece S.A." as part of the valuation of the industrial sector and part of the commercial sector of cables that were absorbed during 2016.

**18. Other investments**

Other investments concern holdings in domestic and foreign companies with holding interests less than 20%. These investments have been qualified as available-for-sale financial assets.

This category includes the following investment:

(Amounts in Euro)	2017	Participation percentage	2016	Participation percentage
DIA.VI.PE.THIV	218,136	4.44%	218,136	4.44%
	<b>218,136</b>		<b>218,136</b>	



NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

**19. Income tax expense**

(Amounts in Euro)	2017	2016
Income tax expense	-	-
Deferred tax	1,894,862	(637,372)
	<b>1,894,862</b>	<b>(637,372)</b>

**Current tax**

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

Reconciliation of applicable tax rate:

(Amounts in Euro)	2017	2016
<b>Loss before tax</b>	<b>(8,635,038)</b>	<b>(2,427,074)</b>
Tax calculated by using the applicable tax rates 29% (2016: 29%)	2,504,161	703,851
Non-deductible tax expenses	(170,944)	(173,520)
Permanent tax differences	257,472	354,780
Derecognition of tax losses	(695,826)	(1,522,484)
<b>Total income tax for the period</b>	<b>1,894,862</b>	<b>(637,372)</b>
<b><u>Applicable tax rate</u></b>	<b>21.94%</b>	<b>(26.26%)</b>

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

**Deferred tax**

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

(Amounts in Euro)	Balance 1/1/2017	Recognised in profit or loss	Recognised in OCI	Change in accounting policy	Balance 31/12/2017
Property, plant and equipment	(9,908,479)	233,426	-	-	(9,675,053)
Intangible assets	41,108	(9,977)	-	-	31,131
Tax losses	2,092,125	1,415,570	-	-	3,507,695
Thin capitalisation interest	4,046,256	2,350,306	-	-	6,396,562
Construction contracts	(364,220)	-	-	364,220	-
Contracts with customers	-	(1,938,567)	-	(282,291)	(2,220,859)
Employee benefits	398,293	5,651	9,181	-	413,125
Other provisions	(306,450)	306,450	-	-	-
Derivatives	201,957	(72,099)	(309,984)	-	(180,126)
Other	(430,102)	(395,898)	-	-	(826,000)
<b>Total</b>	<b>(4,229,513)</b>	<b>1,894,862</b>	<b>(300,803)</b>	<b>81,929</b>	<b>(2,553,525)</b>

(Amounts in Euro)	Balance 1/1/2016	Recognised in profit or loss	Recognised in OCI	Sector's absorption	Balance 31/12/2016
Property, plant and equipment	-	134,503	-	(10,042,982)	(9,908,479)
Intangible assets	-	699	-	40,409	41,108
Tax losses	-	(1,570,869)	-	3,662,994	2,092,125
Thin capitalisation interest	-	680,047	-	3,366,209	4,046,256
Construction contracts	-	957,811	-	(1,322,031)	(364,220)
Employee benefits	-	8,114	29,984	360,195	398,293
Other provisions	-	(469,864)	-	163,413	(306,450)
Derivatives	-	119,532	22,717	59,708	201,957
Other	-	(497,345)	-	67,243	(430,102)
<b>Total</b>	<b>-</b>	<b>(637,372)</b>	<b>52,701</b>	<b>(3,644,842)</b>	<b>(4,229,513)</b>

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

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

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

**Tax losses carried forward**

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

Company/ Year	2013	2014	2015	2016	2017	Total
HELLENIC CABLES S.A.	12,119,709	2,834,626	440,290	-	7,280,678	<b>22,675,302</b>

On 31 December 2017, the Group has recognised a deferred tax asset through the account of the above tax losses carried forward and specifically by the amount of EUR 12.1 million because Management estimates that the tax is certainly recoverable in the future. The Company has not recognised any deferred tax asset for the amount of EUR 10.6 million.

**20. Inventories**

Company's inventories are analysed as follows:

(Amounts in Euro)	2017	2016
Raw materials, auxiliaries, spare parts & consumables	18,904,246	16,583,334
Finished products	13,224,016	18,238,860
Semi-finished products	10,560,442	8,126,808
Merchandise	640,494	1,621,027
Work in progress	-	-
Down payments for stocks	1,758,107	10,265,980
By-products & scrap	958,383	599,819
	<b>46,045,689</b>	<b>55,435,829</b>

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

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

The consumption of inventories charged to the Company's operating results of the year (cost of sales) amounts to EUR 246.5 million.

NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

**21. Trade and other receivables**

(Amounts in Euro)

	2017	2016
Trade receivables	39,055,987	42,951,439
Receivables from construction contracts	-	5,102,563
Less: Provisions for impairment	(2,031,690)	(2,031,690)
Cheques and notes receivable	19,114	93,390
Receivables from related parties	13,132,776	13,869,380
Other debtors	4,804,715	8,444,094
Other advance payments	126,658	135,211
Guarantees	199,608	202,767
Other receivables	502,531	545,442
	<b>55,809,699</b>	<b>69,312,595</b>
Current assets - Trade and other receivables	55,145,246	68,564,386
Non-current assets - Trade and other receivables	664,453	748,209
	<b>55,809,699</b>	<b>69,312,595</b>

The Company has entered into accounts receivable factoring agreements with financial institutions without right of recourse which, on 31 December 2017, amounted to EUR 6,095 thousand (2016: EUR 7,592 thousand).

It has also entered into credit insurance agreements so as to minimise the risk from the non-collection of receivables (Note 29.1).

The item "Receivables from construction contracts" has been reclassified for year 2017 in the line "Contract assets" in the statement of financial position due to the change in accounting policy and early adoption of IFRS 15. (Note 5).

**22. Cash and cash equivalents**

(Amounts in Euro)

	2017	2016
Cash in hand and in banks	32,013	18,980
Bank deposits	6,433,954	4,536,755
	<b>6,465,967</b>	<b>4,555,735</b>

Out of the above amount of EUR 6,465,967, the amount of EUR 545,075 is denominated in foreign currency and has been valued according to the Euro/ foreign currency rate as of 31 December 2017. Any foreign exchange differences are posted to operating results.

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

The foreign currency accounts are broken down as follows:

(Amounts in Euro)

USD	335,692
GBP	209,240
Other	144
	<b>545,075</b>

### 23. Share Capital

On 31 December 2017, the share capital of the Company amounted to EUR 65,704,215 divided into 21,901,405 shares with a nominal value of EUR 3.00 each. The company's share capital remained unchanged throughout the year.

### 24. Reserves

(Amounts in Euro)

	2017	2016
Statutory Reserve	-	-
Reserve from derivatives valuation	478,577	(280,350)
Special reserves	8,295,404	8,295,404
Untaxed reserves	14,088,740	14,088,740
Reserves from fixed assets valuation at market value based on the provisions of Law 4172/2013	12,948,017	12,948,017
	<b>35,810,739</b>	<b>35,051,811</b>

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

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

**Untaxed reserves:** The tax-free reserves have been set aside during previous years in accordance with special provisions of incentive laws. In case these reserves are distributed, they will be taxed using the tax rate applying at such time.

On 31 December 2017, the Company had made investments totalling EUR 1.8 million approximately, falling under incentive Law 3299/2004. Based on such law, the Company is entitled to set up tax-free reserves equal to 100% of the above investments out of the book earnings of the following financial years. This right shall expire during 2018.

**Reserves from fixed assets valuation at market value based on the provisions of Law 4172/2013:** This reserve concerns the goodwill that arose from the valuation of property, plant and equipment at their market value upon absorption of the industrial sector and part of the commercial sector of cables during 2016.

NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

**25. Loans and Borrowings**

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

(Amounts in Euro)	2017	2016
<b>Non-current liabilities</b>		
- Bond loans	5,402,123	61,560,951
	<b>5,402,123</b>	<b>61,560,951</b>
<b>Current liabilities</b>		
- Bank loans	74,213,412	50,215,570
- Bond loans	56,413,279	14,939,522
	<b>130,626,691</b>	<b>65,155,092</b>
<b>Total loans &amp; borrowings</b>	<b>136,028,814</b>	<b>126,716,043</b>

**Terms and maturity of loans & borrowings repayment:**

				31/12/2017	31/12/2016
	Currency	Average interest rate 2017	Maturity year	Nominal value	Nominal value
- Short-term borrowing	Euro	5.85%	2018	74,213,412	50,215,570
- Long-term borrowing	Euro	5.60%	2020	5,402,123	61,560,951
- Short term instalment	Euro	4.56%	2018	56,413,279	14,939,522
				<b>136,028,814</b>	<b>126,716,043</b>

At the end of 2017, an amount of EUR 56 million related to the syndicated bond loan received by the Company in 2013 was transferred to short-term borrowings as based on the repayment plan is payable during 2018. Owing to the above event, on 31 December 2017, the Company's short-term liabilities exceeded current assets by EUR 68 million. Currently, the Company is at the final stage of negotiations with the banks to obtain the conversion of a significant portion of its short-term borrowings into long-term. Management estimates that these negotiations will be successfully completed during 2018. The repayment of loan and other liabilities scheduled within 2018 will be covered either by cash flows from operating activities or through unused available credit lines. With respect to the financing of the projects the Company will take over, it has secured credit lines directly linked to such projects.

Short-term borrowings are predominantly revolving credit facilities which aim to finance the needs for working capital and specific ongoing projects. The Company has available adequate credit lines to meet future financing needs, if necessary.

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

Mortgages and pledges in favour of banks have been raised on the company's property, plant and equipment. The book value of the assets on which mortgages or pledges have been raised amounts to EUR 91.6 million (see note 30.2).

As for the syndicated collateralised bond loan of EUR 76,539,000, the Company must abide by specific financial ratios throughout the loan effective term. Such ratios are calculated in relation to the annual financial statements of the Company.

During the year no event took place that could lead to a default of the terms of the Company's loans.

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

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

	2017
<b>Total balance of loan liabilities on 1 January</b>	<b>126,716,043</b>
<b><u>Changes from financing activities:</u></b>	
Loans obtained	24,064,412
Repayment of loans	(14,808,020)
<b>Total changes from financing activities:</b>	<b>10,695,135</b>
<b><u>Other changes:</u></b>	
Interest expenses	8,515,676
Interest paid	(8,459,297)
<b>Total balance of loan liabilities on 31 December</b>	<b>136,028,813</b>

NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

**26. Employee benefits**

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

According to the Greek Labour Law employees are entitled to compensation when dismissed or retiring, the level of which is related to employee salary, length of service and the mode of departure (dismissal or retirement). Employees who resign or are dismissed on specific grounds are not entitled to compensation. The compensation payable in the case of retirement is 40% of the amount which would have been paid for unjustified dismissal. The level of compensation finally paid by the Company is determined by taking into account the employee's length of service and salary.

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

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

The staff leaving indemnities were computed in an actuarial study. The following tables set out the composition of net expenditure for the relevant provision posted through profit or loss and equity of years 2016 and 2015 respectively.

**a. Changes in the present value of the liability for the Company**

(Amounts in Euro)

**Changes in net liability recognised in the Statement of Financial Position**

	2017	2016
Balance at 1 January	1,373,427	-
Sector's absorption	-	1,242,054
Benefits paid	(175,731)	(40,481)
Total expenditure recognised in the <b>income statement</b>	195,216	68,460
Total expenditure recognised in the statement of profit or loss and OCI	31,660	103,394
<b>Balance at 31 December</b>	<b>1,424,572</b>	<b>1,373,427</b>

**Breakdown of amounts recognised in the income statement as expenses**

Current service cost	64,307	17,039
Past service cost	-	3,186
Interest cost	21,537	25,558
Curtailment/settlement/termination cost	109,372	22,677
<b>Total expenditure recognised in the statement of profit or loss</b>	<b>195,216</b>	<b>68,460</b>



*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

**Expenses recognised in OCI**

Actuarial loss / (gain) - financial assumptions	21,554	81,196
Actuarial loss / (gain) – experience in the period	10,106	22,198
<b>Total</b>	<b>31,660</b>	<b>103,394</b>

The cost of curtailment/settlement/termination of service amounting to EUR 109,372 (2016: EUR 22,677) arises from the fact that in 2017 the Company paid a total amount of EUR 175,731 (2016: EUR 40,481) for compensation to employees who were dismissed, retired or departed on a voluntary basis. Therefore, these particular payments generated an additional cost of EUR 109,372 which is equal to the surplus of the paid benefit from the corresponding expected liability.

**b. Actuarial assumptions**

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

	<b>2017</b>	<b>2016</b>
Discount rate	1.50%	1.60%
Inflation	1.50%	1.50%
Future wage increase	1.75%	1.75%
Plan duration	15.14	15.24

**c. Sensitivity analysis**

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

- If a lower discount rate by 0.5% had been used (namely 1.0% instead of 1.5%), the DBO would have been higher by approximately 7.3%.
- If a higher discount rate by 0.5% had been used (namely 2.0% instead of 1.5%), the DBO would have been lower by approximately 8.0%.
- If a higher increase in pay by 0.5% had been used (namely 2.25% instead of 1.75%), the DBO would have been higher by approximately 7.4%.
- If a lower increase in pay by 0.5% had been used (namely 1.25% instead of 1.75%), the DBO would have been lower by approximately 6.9%.
- If an assumption of nil voluntary retirement had been used, the DBO would have been higher by approximately 1.5%.

**d. Analysis of expected ageing**

	<b>2017</b>	<b>2016</b>
Up to 1 year	-	49,571
Between 1 and 2 years	-	-
Between 2 and 5 years	119,130	47,526
Over 5 years	1,761,456	1,676,896
<b>Total</b>	<b>1,880,586</b>	<b>1,773,994</b>

NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

**27. Grants**

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

	2017	2016
<b>Balance at 1 January</b>	<b>4,900,202</b>	-
Sector's absorption	-	5,089,558
Grants amortisation	(405,545)	(189,356)
<b>Balance at December 31</b>	<b>4,494,657</b>	<b>4,900,202</b>

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

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

The Company fully abides by all terms relating to the receipt of grants.

**28. Trade and other payables**

(Amounts in Euro)	2017	2016
Suppliers	38,946,804	32,906,273
Payables to related parties	15,309,531	27,817,593
Sundry creditors	448,701	609,300
Accrued expenses	993,286	1,152,174
Advance payments from customers	-	1,226,186
Social security funds	644,571	647,330
Other payables	1,850,274	612,475
	<b>58,193,168</b>	<b>64,971,331</b>

The line "Suppliers" includes an amount of EUR 18,701,892 (2016: EUR 8,847,131 thousand) which concerns the payment of documentary credits by Banks.

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017***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 of the above risks, the Company's objectives, the policies and procedures it applies for the calculation and management of risks, as well as the management of the Company's capital. Additional quantitative information on such disclosures is included throughout the financial statements.

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

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

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

The macroeconomic and financial environment in Greece is showing signs of improvement, however uncertainties still exist. After the completion of the recapitalisation of the Greek banks, at the end of 2015, and following the EUR 86 billion bailout program between the institutions and the Greek government, the Eurogroup and the institutions finalised their discussion on the second and third review of the Greek programme (between June 2017 and March 2018), which paved the way to release the third and fourth tranches of financial assistance to Greece, amounting to EUR 8.5 and 6.7 billion respectively. As a result, Moody's proceeded with the upgrade of the country's credit rating from Caa2 to B3.

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

However, having regard to the nature of the Company's operations and the cables segment of Cenergy Holdings Group to which the Company belongs, which is primarily export-oriented (by way of illustration, at Company level 60% of the turnover for 2017 was channelled into exports and at the cables segment level 67% of the total turnover for 2017 was channelled outside Greece) and the financial situation of the Company and the Group to which it belongs, any adverse developments in the Greek economy are not expected to have a significant impact on its smooth operation. As regards the plants' production capacity, no problems are anticipated given that exports (either directly or through affiliated entities) generate enough cash flows to cover the imports of all raw and other materials required for production. The availability and prices of key raw materials follow and are determined by the international market and, thus, are not affected by the circumstances in Greece.

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

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

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017***Credit Risk**

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

**Trade and other receivables**

Company's exposure to credit risk is affected mainly by the specific characteristics of each individual customer. The statistics associated with the Company's customer base, including the default risk that exists in a specific market and country where customers are in operation, have a limited effect on credit risk since there is no geographic concentration of credit risk. There is no customer accounting for more than 10% in Group income 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 standard payment and delivery terms and conditions are proposed to them. The creditworthiness test performed by the Company includes the examination of bank sources regarding customers.

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

Most of the Company's customers hold long-lasting transactions with the Company and no incidents of default have been recorded. When monitoring the credit risk of customers, the latter are grouped according to their credit characteristics, the maturity characteristics of their receivables and any past problems of receivability they have shown. Any customers characterised as being of "high risk" are included in a special list of customers and future sales must be received in advance and approved by the Board of Directors.

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

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

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

**Investments**

Investments are classified by the Company depending on the purpose for which they were acquired. Management decides on the appropriate classification for the investment at the time the investment is acquired and re-examines the classification on each presentation date.

Management estimates that there will be no default in connection with such investments.

**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, by holding necessary cash assets and adequate credit lines from collaborating banks, that it will always have sufficient cash to meet its obligations upon maturity both under normal and adverse circumstances without incurring unacceptable losses or jeopardising the Company's reputation.

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

**NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017**

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.

**Market risk**

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

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

**Foreign exchange risk**

The Company is exposed to exchange rate risk from sales and purchases and from loans taken out in a currency other than its functional currency which is Euro.

The Company's main bank loans are denominated in Euro. Borrowing interest is also in Euro, namely in a currency identical to that of the cash flows arising from the Company's operating activities.

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.

**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 its operations. The Board of Directors monitors return on equity, which is defined as the net profits divided by the total equity. The Board of Directors also monitors the level of dividends distributed to holders of ordinary shares.

The Company does not have a specific treasury stock purchasing plan.

No changes were made to the approach adopted by the Company concerning capital management during the fiscal year.

The Company is not subject to external capital obligations.

Total borrowing of the Company in relation to its equity on the reporting date is as follows:

(Amounts in € ,000)	2017	2016
Total loans & borrowings	136,029	126,716
Less: Cash	-6,466	-4,556
Net Debt	<b>129,563</b>	<b>122,160</b>
Total equity	82,287	88,491
<b>Debt to equity ratio</b>	<b>1.57</b>	<b>1.38</b>

NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

**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)	2017	2016
Trade and other receivables - Non-current assets	664,453	748,209
Trade and other receivables - Current assets	55,145,246	68,564,386
Contract assets	14,318,144	-
	<b>70,127,843</b>	<b>69,312,595</b>
Derivatives	674,053	-
Cash and cash equivalents	6,465,967	4,555,735
<b>Total</b>	<b>7,140,019</b>	<b>4,555,735</b>

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

(Amounts in Euro)	2017	2016
Greece	36,571,267	34,719,325
Other European Union countries	31,772,590	31,552,651
Other European countries	324,186	624,543
Americas	784,891	1,402,547
Other countries	674,909	1,013,529
<b>Total</b>	<b>70,127,843</b>	<b>69,312,595</b>

The balance of trade receivables on the reporting date refers solely to wholesale customers.

***Impairment losses***

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

(Amounts in Euro)	2017	2016
Neither past due nor impaired	64,844,308	65,058,020
- Overdue up to 6 months	5,070,843	3,619,876
- Overdue over 6 months	212,693	634,699
<b>Total</b>	<b>70,127,843</b>	<b>69,312,595</b>

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

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

(Amounts in Euro)	2017	2016
<b>Balance at December 1</b>	<b>2,031,690</b>	<b>-</b>
Reversal of provision	-	(350,000)
Sector's absorption	-	2,381,690
<b>Balance at December 31</b>	<b>2,031,690</b>	<b>2,031,690</b>

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

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

## 29.2 Liquidity risk

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

2017					
(Amounts in Euro)	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total 31/12/2017
Bank loans	65,849,638	-	-	-	65,849,638
Bond loans	59,484,532	1,620,199	4,237,219	-	65,341,951
Derivatives	52,928	-	-	-	52,928
Trade and other payables	58,193,168	-	-	-	58,193,168
Contract liabilities	1,455,032	-	-	-	1,455,032
<b>Total</b>	<b>185,035,297</b>	<b>1,620,199</b>	<b>4,237,219</b>	<b>-</b>	<b>190,892,716</b>

2016					
(Amounts in Euro)	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total 31/12/2016
Bank open accounts	50,347,072	-	-	-	50,347,072
Bond loans	18,597,470	61,489,222	5,857,419	-	85,944,111
Derivatives	-	-	-	-	-
Trade and other payables	73,289,317	-	-	-	73,289,317
<b>Total</b>	<b>142,930,263</b>	<b>20,329,632</b>	<b>47,017,009</b>	<b>-</b>	<b>210,276,904</b>

The Company has approved credit lines with collaborating banks and is not expected to face liquidity problems to meet its short-term liabilities.

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

**29.3 Foreign exchange risk**

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

<b>31/12/2017</b>	<b>EURO</b>	<b>USD</b>	<b>GBP</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>(Amounts in Euro)</b>					
Trade and other receivables	56,767,640	1,341,584	11,428,401	590,218	<b>70,127,843</b>
Loans	133,400,024	-	2,628,790	-	<b>136,028,814</b>
Trade and other payables	58,555,818	764,816	327,566	-	<b>59,648,200</b>
Cash	5,920,892	335,692	209,240	144	<b>6,465,967</b>
	<b>(129,267,310)</b>	<b>912,461</b>	<b>8,681,284</b>	<b>590,362</b>	<b>(119,083,203)</b>
Derivatives for hedging	-	(696,808)	(7,997,551)	-	<b>(8,694,359)</b>
(Nominal value)					
	<b>(129,267,310)</b>	<b>215,653</b>	<b>683,733</b>	<b>590,362</b>	<b>(127,777,562)</b>

<b>31/12/2016</b>	<b>EURO</b>	<b>USD</b>	<b>GBP</b>	<b>OTHER</b>	<b>TOTAL</b>
<b>(Amounts in Euro)</b>					
Trade and other receivables	54,297,722	181,257	13,692,898	392,509	<b>68,564,386</b>
Loans	(122,893,984)	-	(3,822,060)	-	<b>(126,716,043)</b>
Trade and other payables	(63,237,918)	(807,038)	(313,900)	-	<b>(64,358,856)</b>
Cash	2,616,309	23,794	1,915,507	125	<b>4,555,735</b>
	<b>(129,217,871)</b>	<b>(601,987)</b>	<b>11,472,446</b>	<b>392,634</b>	<b>(117,954,778)</b>
Derivatives for hedging	-	(74,170)	(19,495,743)	-	<b>(19,569,913)</b>
(Nominal value)					
	<b>(129,217,871)</b>	<b>(676,157)</b>	<b>(8,023,297)</b>	<b>392,634</b>	<b>(137,524,691)</b>

The exchange rates used per fiscal year are as follows:

	<b>Euro rate on</b>	
	<b>31/12/2017</b>	<b>31/12/2016</b>
USD	1.1993	1.0541
GBP	0.8872	0.85618



NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

Sensitivity analysis:

	Profit or loss		Equity	
	Improvement	Weakening	Improvement	Weakening
<b>2017</b>				
USD (10% change)	23,961	(19,605)	23,961	(19,605)
GBP (10% change)	75,970	(62,158)	75,970	(62,158)
<b>2016</b>				
USD (10% change)	(66,887)	54,726	(72,739)	59,513
GBP (10% change)	532,028	(435,295)	(478,661)	391,632

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

**29.4 Interest rate fluctuation risk**

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

(Amounts in Euro)

	2017	2016
<b><u>Fixed rate</u></b>		
Liabilities	-	-
<b><u>Floating rate</u></b>		
Liabilities	136,028,814	126,716,043
	<b>136,028,814</b>	<b>126,716,043</b>

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

	Profit or loss	
	Increase by	Decrease by
<b>Effect on Euro on 31.12.2016</b>	<b>0.25%</b>	<b>0.25%</b>
Floating rate financial instruments	(348,511)	348,511

	Profit or loss	
	Increase by	Decrease by
<b>Effect on Euro on 31.12.2016</b>	<b>0.25%</b>	<b>0.25%</b>
Floating rate financial instruments	(224,921)	224,921

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

**29.5 Fair value**

*Fair value compared to book value*

The fair value of the financial assets and financial liabilities shown in the balance sheet is the same with their book value.

The major part of the balance of the items "Trade 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.

"Available-for-sale financial assets" refer to investments of the Company in shares of other companies whose shares are not traded in any regulated stock market and, therefore, their fair value cannot be determined. These investments are tested annually in terms of impairment.

All Company loans are taken out at a floating rate.

**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)	2017			2016		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Other investments	-	-	218,136	-	-	218,136
Derivative financial assets	674,053	-	-	81,667	614,737	-
Derivative financial liabilities	-	52,928	-	-	-	-
<b>Total</b>	<b>674,053</b>	<b>52,928</b>	<b>218,136</b>	<b>81,667</b>	<b>614,737</b>	<b>218,136</b>

NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

**30. Commitments and contingent liabilities**

**30.1 Payables from operating and finance leases**

a) The Company leases passenger cars using operating leases. The future payable total rental fees are as follows:

(Amounts in Euro)	2017	2016
Up to 1 year	290,117	292,553
Between 1 and 5 years	338,852	484,685
	<b>628,969</b>	<b>777,238</b>

b) The Company leases a property accommodating its principal establishment. The future payable rental fees, according to the lease agreement, are as follows:

(Amounts in Euro)	2017	2016
Up to 1 year	142,416	142,416
Between 1 and 5 years	356,040	498,456
Over 5 years	-	-
	<b>498,456</b>	<b>640,872</b>

**30.2 Contingent liabilities**

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

**Liabilities:**

(Amounts in Euro)	2017	2016
Guarantees given for securing payables to suppliers	12,818,695	18,548,445
Mortgages and statutory notices of mortgage on fixed assets	91,846,800	91,846,800
Guarantees given for securing the performance of contracts with customers	47,641,430	46,217,894
Guarantees for subsidies	5,217,024	5,217,024
Other payables	696,984	2,708,122
	<b>158,220,933</b>	<b>164,538,285</b>

**Capital commitments:**

(Amounts in Euro)	2017	2016
Property, plant and equipment	1,318,058	113,298
	<b>1,318,058</b>	<b>113,298</b>

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017***30.3 Unaudited tax years**

Fiscal years 2011 to 2016 have not been audited in tax terms by Greek tax authorities. No tax compliance certificates have been issued for that period by the statutory auditor who was elected as per Codified Law 2190/1920 because the Company did not qualify for audit during 2011-2015, while for 2016, pursuant to circular No.1034/2016, major changes were brought to the annual tax certificate issued by statutory auditors and audit firms. As a result, the provisions of article 65a of Law 4174/2013 were amended in regard to fiscal years 1.1.2016 - 31.12.2016 and 1.1.2017 - 31.12.2017 and the issue of a tax compliance certificate is no longer required by the Company's statutory auditor.

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

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

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017*

**31. Transactions with related parties**

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

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

	2017	2016
<b>I. Transactions with subsidiary companies</b>		
Receivables	8,316,495	4,699,545
Liabilities	6,913,177	7,347,380
Down payments for stocks	-	7,668,722
Sales of products and other income	31,018,110	6,045,883
Purchases of products and other expenses	73,629,824	33,819,359

	2017	2016
<b>II. Transactions with the parent company*</b>		
Receivables	12,096	1,670,677
Liabilities	893,967	6,720,556
Sales of products and other income	14,755	1,347,755
Purchases of products and other expenses	238,199	1,082,022

\*: The intermediate parent company CENERGY S.A. and the ultimate parent company VIOHALCO SA/NV are included.

	2017	2016
<b>III. Transactions with subsidiaries of VIOHALCO SA/NV Group</b>		
Receivables	4,804,185	7,499,158
Liabilities	7,502,387	13,749,656
Sales of products and other income	71,333,937	12,501,531
Purchases of products and other expenses	29,662,930	12,606,050

	2017	2016
<b>V. BoD members</b>		
Fees	564,837	309,096

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

NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017

**32. Prior year's comparable data due to sector's absorption**

On 30 June 2016, the absorption of the industrial sector and part of the commercial sector of "HELLENIC CABLES S.A., HOLDINGS SOCIETE ANONYME" was completed in accordance with the provisions of Law 4172/2013, based on the transformation balance sheet as at 31/12/2015. Based on the provisions of Law 4172/2013, the results of the sector by the date the sector's absorption was completed as well as all sector-related acts and transactions of the contributor are considered in accounting terms as taking place on behalf of the contributor while the financial results generated during that period benefited the contributor.

The Extraordinary General Meeting held on 8 June 2016, which approved the absorption of the industrial sector and part of the commercial sector of cables, amended the name of the company to "HELLENIC CABLES S.A. HELLENIC CABLES INDUSTRY S.A." (article 1 of the Articles of Association), article 15 on the number of Board of Directors members and article 5 on the amount of share capital and the number of the Company's shares.

In order to compare the financials of 2017, which was the first full operational year of the Company following absorption of the industrial sector and part of the commercial sector with those of 2016, and past reported items of HELLENIC CABLES S.A., HOLDINGS SOCIETE ANONYME (General Commercial Registry No.: 281701000) which contributed the sector during the previous year, the results of both companies are set forth together with the necessary adjustments made to the respective items of 2016:

	HELLENIC CABLES S.A., HELLENIC CABLE INDUSTRY S.A.	HELLENIC CABLES S.A. - HOLDINGS SOCIETE ANONYME	INTER-COMPANY TRANSACTION ADJUSTMENTS FOR THE PERIOD	TOTAL	
(Amounts in Euro)				1/1 - 31/12/2016	1/1 - 31/12/2017
Revenue	119,008,109	181,295,780	-847,595	299,456,294	304,611,945
Cost of Sales	-114,471,952	-167,738,635	1,791,297	-280,419,289	-296,759,017
<b>Gross Profit</b>	<b>4,536,157</b>	<b>13,557,146</b>	<b>943,702</b>	<b>19,037,005</b>	<b>7,852,928</b>
Other income	2,641,845	1,451,921	-1,582,182	2,511,584	1,734,848
Selling and distribution expenses	-1,796,286	-1,892,300	298,674	-3,389,912	-3,565,479
Administrative expenses	-1,577,677	-2,241,680	197,854	-3,621,503	-3,495,863
Other expenses	-608,799	-1,110,352	-	-1,719,151	-802,519
<b>Operating profit/(loss)</b>	<b>3,195,240</b>	<b>9,764,735</b>	<b>-141,952</b>	<b>12,818,023</b>	<b>1,723,915</b>
Finance income	1,603,501	2,354,320	-	3,957,821	1,384,464
Finance costs	-7,225,815	-6,761,816	141,952	-13,845,679	-12,243,416
Dividends income	-	37,600	-	37,600	500,000
<b>Profit/(Loss) before tax</b>	<b>-2,427,074</b>	<b>5,394,839</b>	<b>-</b>	<b>2,967,765</b>	<b>-8,635,038</b>
Income tax expense	-637,372	-1,992,746	-	-2,630,118	1,894,862
<b>Profit/(Loss) after tax</b>	<b>-3,064,446</b>	<b>3,402,094</b>	<b>-</b>	<b>337,647</b>	<b>-6,740,176</b>

Following the sector's spin-off, the parent company was absorbed by Cenergy Holdings SA in the context of the cross-border merger through absorption of Corinth Pipeworks Holdings S.A. and Hellenic Cables S.A. Holdings Société Anonyme by Cenergy Holdings SA. The merger was completed in legal terms on 14 December 2016.

*NOTES ON THE FINANCIAL STATEMENTS AS AT 31 DECEMBER 2017***33. Subsequent events**

No important events took place after the end of 2017.

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Athens, 16 May 2018

**THE CHAIRMAN OF  
THE  
BOARD OF DIRECTORS**

**A MEMBER OF THE  
BOARD OF DIRECTORS**

**THE GENERAL  
MANAGER**

**THE CHIEF  
FINANCIAL  
OFFICER**

**IOANNIS BATSOLOS  
AK 034042**

**IOANNIS STAVROPOULOS  
AN 087212**

**ALEXIOS ALEXIOU  
X 126605**

**IOANNIS THEONAS  
AE 035000**

**C. Independent Auditor's Report**



## **Independent Auditor's Report**

### **(Translated from the original in Greek)**

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

#### **Report on the Audit of the Financial Statements**

##### **Opinion**

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

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

##### **Basis for Opinion**

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

##### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union and the relative regulatory requirements of C.L. 2190/1920, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

## Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

### **Report on Other Legal and Regulatory Requirements**

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

- (a) In our opinion, the Board of Directors' Report has been prepared in accordance with the applicable requirements of Article 43a of C.L. 2190/1920 and its contents correspond with the Financial Statements for the year ended 31 December 2017.
- (b) Based on the knowledge acquired during our audit, relating to the Company and its environment, we have not identified any material misstatements in the Board of Directors' Report.

Athens, 17 May 2018

KPMG Certified Auditors AE  
AM SOEL 114

Nick Vouniseas, Certified Auditor Accountant  
AM SOEL 18701