ANNUAL FINANCIAL REPORT
AS AT 31 DECEMBER 2018

According to the International Financial Reporting Standards

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TABLE OF CONTENTS

A. Management Report by the Board of Directors

MANAGEMENT REPORT BY THE BOARD OF DIRECTORS OF "HELLENIC CABLES S.A." ON SEPARATE AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2018

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. HELLENIC CABLES INDUSTRY SINGLE MEMBER S.A. (hereinafter "Hellenic Cables" or the "Company"), we hereby submit this Annual Financial Report of the Board of Directors for 2018, i.e. the period from 1 January 2018 to 31 December 2018.

This Report includes an overview of the financial results and developments of the period, an overview of the important events that took place in 2018, an analysis of the prospects and risks expected during 2019, as well as a presentation of non-financial information. The above information refers both to the Group and the Company.

The Company is excluded from the preparation of consolidated financial statements because its financial statements are included in the consolidated financial statements of its parent companies Cenergy Holdings S.A. and VIOHALCO SA / NV. Management has decided to prepare consolidated financial statements in order to inform more effectively the users of the financial statements. The preparation of consolidated financial statements improves the presentation of both the Group's activities and its financial position, while providing more complete and relevant information to the users of the financial statements. The initial date set for the preparation of consolidated financial statements was June 30, 2016 and the consolidated financial statements were prepared for the financial years 2017 and 2018.

In addition to Hellenic Cables, Hellenic Cables Group consolidates the following affiliates:

Subsidiaries (full consolidation method):

- FULGOR S.A., primary place of business: Athens
- LESCO O.O.D., primary place of business: Blagoevgrad, Bulgaria

Joint operations:

- VO Cablel VOF, primary place of business: the Netherlands
- V.O.F. Tideway – Hellenic Cables, primary place of business: the Netherlands

1. Activity report & financial performance

Throughout 2018, the growth in the euro area had a slight upward trend,[1] which had a positive effect on Group's sales. The average copper price reached EUR 5,519 per ton in 2018 compared to EUR 5,453 per ton in 2017 while the average aluminium price reached EUR 1,786 per ton in 2018 compared to EUR 1,742 per ton in 2017.

During 2018 the Group successfully completed significant projects, such as the interconnection of the wind parks Borkum Riffgrund 2 and Trianel on behalf of TenneT in Germany. In addition, the execution of significant contracts was launched, as described below.

In contrast, a number of high-voltage project awards expected in H1 2018 were postponed and as a result the Fulgor plant operated at low utilisation capacity during 2018. This fact adversely affected the results for the entire fiscal year. Consolidated results of the current year were also affected by the execution of a more unfavourable project mix compared to 2017. However, during H2 2018, a significant number of projects were secured in the submarine cables business, allowing Fulgor to return to high capacity utilisation from 2019 onwards.

At consolidated level, the cables product business achieved 6.3% higher sales volumes compared to 2017 (2018: 50.5 thousand tons, 2017: 47.5 thousand tons). Higher volumes were followed by an improved sales mix. The main drivers of such an improved performance in the cables product business include:

- Better than expected performance in the Greek market, due to increased demand from contractors and the building sector;
- A moderate increase in the traditional markets (Germany and Central Europe), and further penetration into new markets (Nordic countries and the Middle East); and
- Solid demand for telecom and signalling cables in Europe and the Middle East.

The sales of cables products sold as goods in the Greek market were also increased. More specifically, at a consolidated level the sales volume amounted to 8.56 thousand tons, increased by 22.1% compared to 2017 (7.01 thousand tons).

Financial performance

In 2018, the consolidated turnover amounted to EUR 443 million, increased by 16% compared to 2017, mainly due to the increased sales volumes in the cables product business and the increased metal prices. Accordingly, Company sales were increased by 22% (2018: EUR 367 million, 2017: EUR 299 million).

In the domestic market, the Group maintained its leading position for one more year. The turnover in the domestic market reached EUR 137.6 million compared to EUR 137.2 million in 2017 while exports amounted to EUR 305.8 million compared to EUR 245.8 million in the comparable period.

The Group's and the Company's gross profit amounted to 29.6 million and EUR 17.5 million, respectively, increased by EUR 3.6 million and EUR 9.8 million, compared to 2017.

At consolidated level, a-EBITDA (adjusted Earnings Before Interest, Taxes, Depreciation and Amortisation) were slightly decreased by 2% in 2018, amounting to EUR 28.7 million, mainly due to the lower profitability from projects, which was partially offset by the high sales of cables products, as described above. Consolidated pre-tax results amounted to losses of EUR 7.4 million (2017: EUR 5.3 million) while results after tax stood at losses of EUR 1.9 million (2017: losses of EUR 4.6 million).

[1] https://ec.europa.eu/eurostat/documents/3217494/9573227/KS-BJ-19-002-EN-N.pdf/db9e878b-1ba5-439f-af30-ff598a11271f

At stand-alone level, a-EBITDA was considerably increased by 88% in 2018, amounting to EUR 17.8 million, mainly due to higher sales volumes and the execution of submarine projects signed by the Company while the production has been undertaken by its subsidiary Fulgor. Company's pre-tax results amounted to losses of EUR 3.5 million (2017: EUR 8.6 million) while results after tax stood at marginal losses of EUR 101 thousand.

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

Further, it should be noted that during 2018, metal price lag (valuation of metal base inventory (non-hedged on the exchange market)) remained negative (Group: EUR -1.8 million, Company: EUR -1 million), but was improved compared to the high losses of 2017 (Group: EUR -4.3 million, Company: EUR -2 million).

Finally, consolidated finance costs amounted to EUR 20 million, increased by EUR 1 million compared to previous year, due to increased net debt which was mainly used for financing investments.

Investments

At consolidated level, in 2018 investments amounted to EUR 40 million (Company: EUR 7.8 million). These investments were largely attributable to the expansion and upgrade of the submarine cables business unit in Fulgor's plant to meet expected future demand levels and improve productivity at the Hellenic Cables plants.

Remarks on the Statement of Financial Position

The Group's net debt was increased by EUR 32.5 million to EUR 256.5 million on 31 December 2018 (31.12.2017: EUR 224 million), mainly due to the financing of the aforementioned capital expenditure programme. Accordingly, the Company's net borrowing was increased by EUR 32.3 million to EUR 161.9 million on 31 December 2018 (31.12.2017: EUR 129.6 million).

During 2018, a major debt re-profiling was completed and the refinancing of debt amounted to EUR 80.1 million was achieved. The debt re-profiling included:

- a 5-year extension of the syndicated bond loan initially received in 2013 by the Company, with a remaining balance of EUR 55.1 million; and
- a new 7-year bond loan of EUR 25 million by a major Greek bank to the Company.

The above re-profiling carries improved pricing terms for all the aforementioned facilities and is expected to benefit the future liquidity and profitability of both the Group and the Company.

It is noted that short-term borrowings are predominantly revolving credit facilities which aim to finance the needs for working capital and specific ongoing projects. The Group and the Company have available adequate credit lines to meet future financing needs, if necessary.

Alternative Performance Measures and Ratios

Management has adopted, monitor and report internally and externally Alternative Performance Measures (APMs) and certain financial ratios. These APMs allow meaningful comparisons of the Group's and 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 used as presented in the Statement of Financial Position. This ratio is as follows for the ending and the comparable periods:

	GROUP		COMPANY	
Liquidity	**2018**	**2017**	**2018**	**2017**
Current assets / Current liabilities	0.79	0.66	0.97	0.64

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 Consolidated and Separate Statement of Financial Position, for the Group and the Company, respectively. This ratio is as follows for the ending and the comparable periods:

	GROUP		COMPANY	
Gearing	**2018**	**2017**	**2018**	**2017**
Equity / Debt	0.27	0.35	0.45	0.60

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 Consolidated and Separate Statement of Financial Position as well as the Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income (OCI).

This ratio is as follows for the ending and the comparable periods:

	GROUP		COMPANY	
Return on capital employed	**2018**	**2017**	**2018**	**2017**
Operating results / (Equity + Debt)	3.5%	4.4%	3.3%	0.7%

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 Consolidated and Separate Statement of Financial Position as well as the Consolidated and Separate Statement of Profit or Loss and Other Comprehensive Income (OCI). This ratio is as follows for the ending and the comparable periods:

	GROUP		COMPANY	
Return on equity	**2018**	**2017**	**2018**	**2017**
Net Profit / Equity	-2.5%	-5.7%	-0.1%	-8.2%

Profitability:

	GROUP		COMPANY	
	2018	2017	2018	2017
Gross Profit Margin (Gross profit/Sales)	6.7%	6.8%	4.8%	2.6%
Net Profit Margin (Net profit after tax/Sales)	-0.4%	-1.2%	0.0%	-2.3%
EBITDA*	24,656,646	25,115,294	14,657,602	7,231,241
EBITDA* margin (EBITDA/Sales)	5.6%	6.6%	4.0%	2.4%
a–EBITDA**	28,677,025	29,292,175	17,771,929	9,441,681
a–EBITDA margin** (a-EBITDA/Sales)	6.5%	7.6%	4.8%	3.2%

*EBITDA: It measures Group and Company profitability before interest, taxes, depreciation and amortisation. It is calculated by adjusting depreciation and amortisation, interest charges and interest income as well as dividends in pre-tax results as indicated in the Statement of Profit or Loss and OCI.

	GROUP		COMPANY	
	2018	2017	2018	2017
(Loss) before tax	**(7,353,142)**	**(5,280,291)**	**(3,465,819)**	**(8,635,038)**
Adjustments for:				
+Depreciation of tangible and intangible assets	12,853,062	12,223,406	6,518,564	6,145,335
- Amortisation of grants	(748,332)	(742,002)	(400,017)	(405,545)
- Interest income	(5,614)	(3,800)	(3,989)	(3,097)
+ Interest expenses and related costs	19,910,671	18,917,980	12,258,863	10,629,585
- Dividends	-	-	(250,000)	(500,000)
EBITDA	**24,656,646**	**25,115,294**	**14,657,602**	**7,231,241**

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

- metal price lag (metal result),
- 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,
- other impairment and non-recurring losses.

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
EBITDA	**24,656,646**	**25,115,294**	**14,657,602**	**7,231,241**
Adjustments for:				
+ / - Metal price lag***	1,760,815	4,298,437	985,245	2,149,218
+ Restructuring expenses	260,964	148,000	130,482	74,000
+ (Profit)/losses from the sale of tangible assets	(1,400)	(19,556)	(1,400)	(12,778)
+ (Income) from litigation	-	(250,000)	-	-
+ Loss from out-of-court settlement	2,000,000	-	2,000,000	-
a-EBITDA	**28,677,025**	**29,292,175**	**17,771,929**	**9,441,681**

****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.

Important ongoing contracts

Modular Offshore Grid - MOG in North Sea

In October 2017, Cablel® Hellenic Cables S.A. signed a contract worth approximately EUR 70 million with Dredging International NV, a member of the DEME Group, for the supply of high voltage submarine cable systems. These cable systems will be used for the gradual interconnection of wind farms in the Belgian area of the North Sea with the high voltage land-based network in Belgium's Zeebrugge region ("MOG" project). The contract undertaken by Hellenic Cables involves the design and manufacture of submarine cables, the supply of power accessories and installation and execution of cable termination works. The submarine cables comprise three core 220kV cables, with a total length of approximately 90 km, with three integrated 48 fibre optic cables each. Project execution commenced in 2018, while installation work by Dredging International NV is scheduled to begin in the second quarter of 2019. Submarine cables are manufactured at Fulgor's plant in Soussaki, Corinth.

Submarine cable interconnection with the national network in Evia

In July 2017, Fulgor signed a turnkey contract with Enel Green Power Hellas, a subsidiary of the Italian energy company Enel, to supply and install a submarine electrical high-voltage interconnection to transmit the electricity generated from the Kafireas wind farm complex to the national network (Substation of Pallini, Attica). Upon completion, the Kafireas wind power project will have a total installed capacity of 154MW and will be the largest wind farm complex in Greece. Fulgor's contract involves the design, manufacture and installation of the cable, underwater protection, supply of power accessories, jointing during the execution of termination works and tests, for the interconnection between Karystos (Evia) and Rafina (Attica) via a 150kV composite three-core cable with XLPE insulation and with an integrated 24 fibre optic cable. The interconnection cable will have a continuous length of about

45 km and will be installed at a depth of up to 105 meters. Project execution started in 2017, while installation work is scheduled to begin in the first quarter of 2019.

Second phase of the Interconnection of Cyclades Islands in Greece

In July 2018, the grouping of Hellenic Cables S.A. and Fulgor S.A. was selected as a supplier by the Independent Hellenic Transmission Operator (hereafter "IPTO S.A.") for a turnkey project worth approximately EUR 40 million. The contract is for the supply of high-voltage submarine systems (52 km of 150kV subsea cables) to connect the islands Paros–Naxos and Naxos-Mykonos in the Aegean Sea, Greece with the onshore HV grid of IPTO on the mainland. Execution of the project started in 2018. The Cyclades interconnection with the Hellenic Electric Power Transmission System constitutes a key driver for the empowerment of the islands economy, contributing to environmental protection through the reduction of CO_2 emissions and an increase in the renewable energy sources power base, as well as through the energy shielding of the Cyclades islands.

Upgrade of several transmission lines of the Cyprus grid

In October 2018, the Electricity Authority of Cyprus awarded Hellenic Cables a turnkey contract worth EUR 10 million to supply and install HV land cables (70 km of 132kV cables) for the upgrade of several transmission lines of the Cyprus grid. Execution of the project started during 2018.

Project awards during 2018

In September 2018, TenneT NL awarded the Van Oord-Hellenic Cables consortium the assignment to supply and install sea and land cables for the Hollandse Kust (South) Alpha project. The Van Oord-Hellenic Cables consortium was also selected to deliver and install cables for the Hollandse Kust (South) Beta project. Hellenic Cables' total value of the assignments for both Hollandse Kust (South) Alpha and Beta projects is approximately EUR 105 million and project execution will commence during 2019. The Hollandse Kust (South) Alpha grid connection must be ready by 2021, and the Beta one, by 2022.

During the same month, IPTO awarded Fulgor another contract worth approximately EUR 140 million to supply and install one of the two submarine cables (135 km of 150kV subsea cable) to connect the island of Crete to the national power transmission grid in Peloponnese, and all required underground cables (87 km of 150kV cables) to connect both submarine cables to the national power transmission grid on the side of Peloponnese. IPTO also awarded Hellenic Cables a contract worth approximately EUR 41 million for the supply and installation of the required land cables (204 km of 150Kv cables) to connect the two submarine cables to the power transmission grid of Crete in Chania area. Both projects will be ready within 22 months from signing the respective contracts at the end of 2018. The execution of these projects will begin in 2019.

In November 2018, IPTO awarded to the grouping of Cablel® Hellenic Cables and Fulgor a contract worth ca. EUR 29 million and to Hellenic Cables per se another contract, worth ca. EUR 18 million to supply and install submarine (18 km of six 400kV single core submarine cables and optical fibre submarine cables) and land cables (42 km of 400 kV land cables) in the Rio–Antirrio area for the extension of the 400kV grid towards Peloponnese, Greece. Furthermore, the assignment to Hellenic Cables covers the design and manufacture of the necessary 400kV land cables for the completion of the interconnection – an aggregate length of 42 km – and their installation along the land route from the landing points of the submarine cables in Peloponnese and Central Greece. The submarine cables will be manufactured at Fulgor's plant located at Soussaki, Corinth, while the land cables will be manufactured at Hellenic Cables' plant located in Thiva. The contractual completion time of the two projects is approximately 10 months from signature of the respective contracts, i.e. during 2019.

Finally, in November 2018, Seamade NV awarded the Tideway-Hellenic Cables consortium a turnkey contract with total value of ca. EUR 44 million for the supply and installation of submarine export cables (30 km of 220kV subsea cables) for the connection of the Seamade offshore wind project to the Belgian grid. The execution of the project will start during 2019.

At a consolidated level, on 31 December 2018 the **order backlog** amounted to **EUR 420 million**. These awards illustrate the ability of both Hellenic Cables and Fulgor to successfully implement cost-effective, reliable and innovative solutions that meet the ever-changing needs of the submarine cables segment and enable both companies to capitalise on market opportunities.

2. Outlook for 2019

Given the strong forecast of new projects, the considerable backlog of orders from 2018, and the growth potential of the offshore cables business, the outlook for the Group and the Company is positive. Fulgor's return to high utilisation capacity in 2019 is expected to drive the Group's profitability for the coming year. As the execution of high voltage and extra high voltage orders secured during 2018 starts, the Company's Thiva plant is also expected to operate at high utilisation levels in 2019. The main focus for 2019 will, therefore, be on successful execution of existing projects.

Moreover, in the cables product business, 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 the last two years.

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

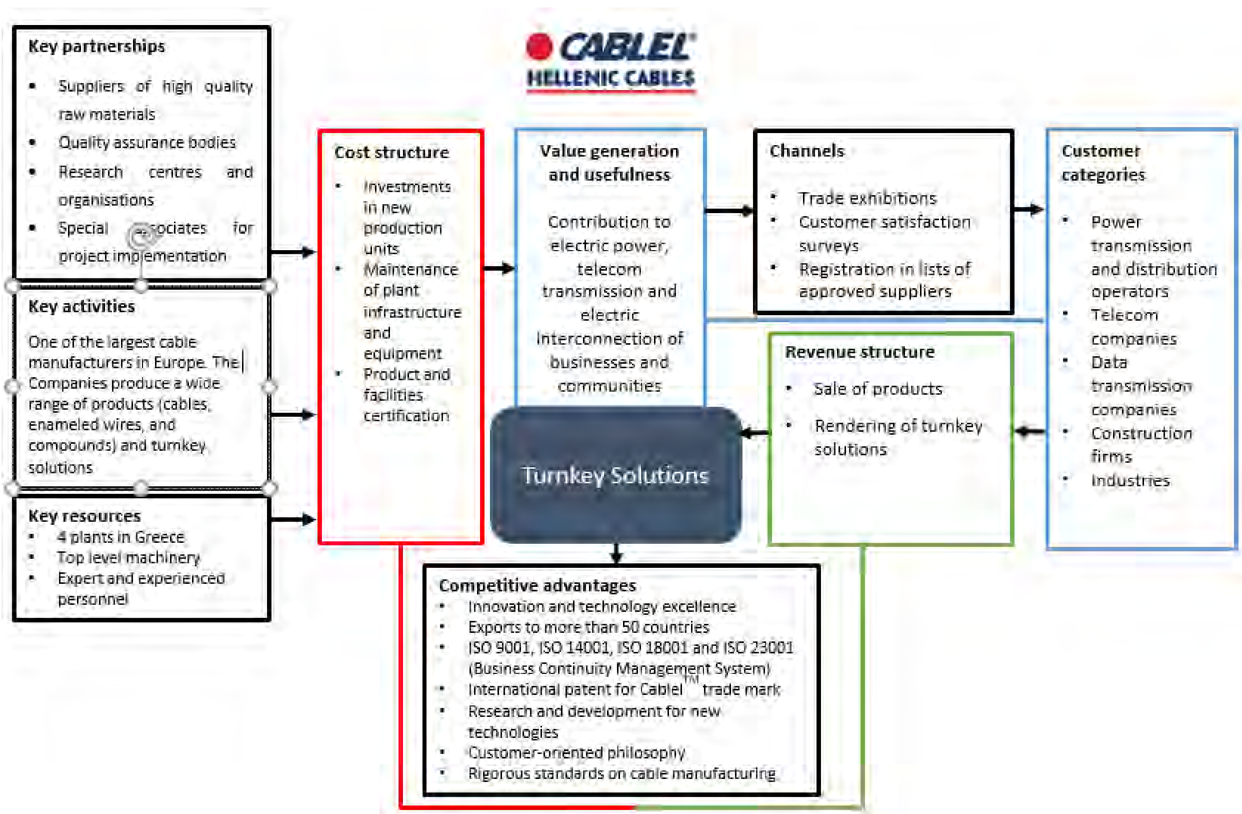
The initiatives taken the last few years have focused on developing a competitive sales network and also on increasing productivity and reducing production cost.

The Group and the Company are in a position to seize any opportunities emerging worldwide and rival the top companies of the industry.

3. Non-Financial Information

Business model

Hellenic Cables S.A. and its wholly-owned subsidiary Fulgor S.A., which will be referred to as a single entity hereinafter in this section of "Non-financial information" (**the "Companies"**), carry out manufacturing operations in Greece. Their operating business model is described below:



Business Model Generation template by Alexander Osterwalder & Yves Pigneur

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 improvement 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 Company is always at the forefront.

Management of sustainable development issues
The Companies 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. Management commitment and the management framework of responsible operation matters are reflected in the Sustainable Development Policy (*http://www.cablel.com/628/el/politiki-etairikis-koinonikis-euthunis-kai-viosimis-anaptuxis/)* established and implemented by the Companies. Seeking to ensure their continuous improvement in relevant matters, the Companies set specific goals and monitor their progress on an annual basis, based on the relevant key performance indicators (KPIs) they have developed. To attain these ratios and goals, the Companies prepare and implement adequate plans and actions of responsible operation.

A team consisting of executives of all divisions has been set up and plays an important role in the effective management of sustainable development matters. The Companies Sustainable Development team is responsible for the development and implementation of an annual action plan per priority area, as well as for monitoring and recording the Companies' important matters in relation to stakeholders.

Communication and commitment toward stakeholders
The Sustainable Development policy implemented by the Companies includes commitments to transparency and dialogue with its stakeholders and takes into account all their views when preparing their strategy. The Companies have recognised their stakeholder groups (employees, shareholders, clients, suppliers, State and agencies, financial institutions and local communities) and seek to collaborate closely and maintain an ongoing communication channel with all groups. The Companies monitor and record the key matters and expectations arising from the dialogue with each stakeholder group. The key matters of dialogue with each stakeholder group are points targeted by our actions in order to improve our Companies at all times.

Policies and Systems
Aspiring at Sustainable Development, the Companies have established specific policies and put into practice adequate management systems and procedures that uphold responsible operation and define the way in which the Companies' goals are achieved. More specifically, the Companies have established and implement, 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

The Companies have developed and apply the following certified systems:

- Quality Management System (ISO 9001:2015)
- Environmental Management System (ISO 14001:2015)
- Business Continuity Management System (ISO 22301:2012)
- Work Health and Safety Management System (OHSAS 18001:2007)
- Energy Management System (ISO 50001:2011)

Labour and social matters

The Companies make investments in their human resources as they have realised how the human capital can contribute to their successful performance and to the achievement of their business goals. Management'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 the Companies that concern human resources aim at the effective recruitment, development and retaining of employees. Steadily oriented to human values, the Companies strive to implement responsible management practices by focusing on material issues such as:

- ensuring of the health and safety of their 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 in 2018

Hellenic Cables	<30	30-50	51+
Men	35	262	130
Women	7	24	5
Total	**42**	**286**	**135**

Fulgor	<30	30-50	51+
Men	60	265	54
Women	7	21	3
Total	**67**	**286**	**57**

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

Evaluation

The 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. In 2018, all (100%) employees of the Companies were evaluated.

Training

The Companies make systematic investments in the training of their 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.

	Total training hours		
	2018	**2017**	**2016**
Hellenic Cables	3,914	4,029	5,784
Fulgor	6,290	3,117	3,603

A basic training programme is carried out for all newly-hired persons ("New Employee Basic Training Calendar”), so as to be informed about the structure and operation of the Companies (organisation chart, production plants, by-laws) and the proper use of all available means (SAP, IT systems, servers etc.).

During 2018, this programme was enriched with additional presentations and visits at production plants, thus making it more engaging and interactive.

Respect for human rights and equal opportunities
Showing respect for human values and responsibility toward their people, the Companies implement in practice a Code of Conduct and Business Ethics, laying special emphasis on providing equal opportunities and respecting human rights. The Companies oppose child labour and condemn all forms of forced and compulsory labour. In addition, the Companies condemn and do not tolerate any behaviours that could lead to discrimination, unequal treatment, bullying or moral harassment, gestures and verbal or physical threats.

As a result of the control policies, procedures and mechanisms put in place, during 2018 like also in previous years, no incident of child or forced labour was identified and no incident related to violation of human rights has taken place.

Occupational Health and Safety
Sound and effective management of health and safety issues for the Companies is a key priority including all aspects of operations and activities involving issues of health, safe work and prevention of relevant risks.

To establish and maintain the necessary conditions for protecting the health of employees and the safe operation of their facilities, the Companies have adopted a Health and Safety policy (*http://www.cablel.com/784/el/ygeia-kai-asfaleia-stin-ergasia/)* and implement a Work Health and Safety Management System (OHSAS 18001:2007). In addition, the Companies focus on the implementation of a 5S holistic system in all their facilities.

The Companies' everyday functioning is governed by the "golden rules" referring to employee protection during basic daily operations of the Companies' production plants, warehouses and logistics centres. The rules are reviewed on an annual basis either during special working meetings or through an improvement recommendation system regarding health and safety.

The Companies focus on raising their employees' awareness on an ongoing basis while offering them training in work health and safety matters. During 2018, 5,550 training hours were provided, recording a considerable increase (33%) compared to the respective number of hours in 2017.

The Companies implement internationally applicable and measurable indicators to monitor and evaluate performance in the field of occupational H&S.

Health and safety indicators

LTI Rate	2018	2017	2016
Hellenic Cables	10.6	11.9	7.9
Fulgor	11.6	11.3	15.8

Severity Rate	2018	2017	2016
Hellenic Cables	283.2	116.2	52.0
Fulgor	299.9	338.0	397.1

Fatalities	2018	2017	2016
Hellenic Cables	0	0	0
Fulgor	0	0	0

LTIR: Lost time incident rate (number of LTI incidents per million working hours)
SR: Severity rate (number of lost work days per million working hours)

Focus on preventive safety: The Companies monitor a specific indicator for measuring preventive safety performance in order to address promptly all reports (remarks) arising in the work area in relation to unsafe acts, unsafe conditions and near misses, so that the key originating causes are eliminated instantly and a safety environment is promoted.

Incident management procedure: The Companies conduct a "Safety incident analysis based on the 8D methodology" for all serious safety incidents, accidents and serious near misses. The Companies make use of a new electronic platform recording and analysing health and safety data about how to manage safety incidents, such as incidents, unsafe acts and conditions, as well as key safety performance indicators while the platform is the key tool monitoring the implementation of any necessary corrective actions.

Social matters

The Companies support local communities and cover a major part of their needs for human resources from their workforce. They also support local entrepreneurship by selecting suppliers from the local communities in which they operate (whenever this is possible).
Meanwhile, they provide their support on an annual basis to a number of bodies, organisations and associations through various sponsorships while also supporting and promoting the voluntary activities of their employees.

Through their operations, the Companies 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 their actions, 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 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 help take timely into account any changes in the environment, market conditions and their activities.

Environmental issues

Environmental protection and saving of natural resources are a key priority for the Companies. Having regard to their environmental responsibility, the Companies have identified indicators for monitoring environmental performance across environmental impacts and have established a number of improvement goals. Management's strong commitment in this field is reflected in the Environmental Policy (http://www.cablel.com/781/el/perivallontiki-euthuni/). The Companies implement a certified Environmental Management System (ISO 14001:2015) aiming at an integrated management of their environmental matters.

Focusing on environmental management and protection policies, the Companies improve their environmental performance by applying the following targeted plans:

- Natural resources saving
- Materials recovery and re-use, whenever possible
- Waste sorting to ensure more effective and sound recycling
- Reduction of thermal and electric energy consumption
- Water saving
- Use of more environment-friendly raw materials
- Personnel training in sound management practices
- Preparation of emergency response plans (leakage, accidents, fire, etc.).

The Companies have established the following three key stages in product development: optimisation of the use of raw materials, the criteria and requirements set when designing products, and how they are manufactured.

Under the above development stages, the Companies have already implemented the new strategic Sustainable Development plan according to which raw materials and the remaining auxiliary products that are used are environment-friendly, in line with the principles of circular economy while their key goal is to manufacture products that will be recyclable to the maximum at the end of their life cycle.

More specifically, the initiatives undertaken by the Companies in relation to the use of natural resources and raw materials used in product manufacturing are based on three priority areas: **reduction, reuse** and **recycling**.

Energy
With respect to energy consumption, their main pursuit is to reduce their energy footprint, whenever possible, and ensure its increasingly efficient use. Concurrently, through the certified Energy Management System (ISO 50001:2011), the Companies aim at the integrated management of energy matters and seek to develop a continuous improvement culture.

Air emissions
Seeking to slow down the climate change, the Companies focus on practices that will help reduce the carbon dioxide emissions due to their operations. Total CO_2 emissions were significantly reduced in 2018 compared to 2017, by approximately 10%.

Total special emissions (kg CO_2/tn of product)	2016	2017	2018
Hellenic Cables	427	462	404
Fulgor	323	346	280

Water usage
The Companies take all necessary steps to ensure its efficient use and limit its consumption in compliance with their environmental policy.

Special water consumption (Nm^3/tn of product)	2016	2017	2018
Hellenic Cables	0.60	0.60	0.55
Fulgor	0.36	0.23	0.29

Responsible management of the supply chain

Suppliers are important partners for the 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/Partners 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 14001:2015, OHSAS 18001:2007, ISO 9001:2015, the ten (10) principles of the United Nations Global Compact and OECD guidelines for multinational enterprises.

The 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 ISO 9001:2015, compliance with the REACH European Regulation and dispatch of the respective Material Safety Data Sheets (MSDS).

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

The Companies' by-laws (approved by the respective 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 Companies, the relevant risks are assessed on an annual basis. Aiming to reduce the likelihood and the importance of risks occurring in certain segments, the Companies take preventive steps, design and implement specific plans and actions, and monitor their performance through the relevant indicators (quality, environment, occupational health and safety) they have set. Moreover, the Companies have carried out all hazard studies prescribed by law, implement operation and safety criteria which are compliant with Greek and European laws, develop an emergency plan and cooperate closely with local authorities and the Fire Brigade in order to address any eventual incidents quickly and effectively.

NOTE:
The non-financial ratios for 2018 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 Companies' business (according to the materiality analysis conducted by the Companies). Details on the performance in terms of sustainable development, and the actions of the Companies' responsible operation will be set forth in the 2018 Sustainable Development Report of Cablel® Companies (July 2019). The Sustainable Development Report is an important tool as it reflects the way in which the cables Companies respond to major issues and to the expectations of all their stakeholders.
All Sustainable Development Reports 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

Group and Company risk management policies are implemented to recognise and analyse risks faced by the Group and 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 Group's 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 Company's Board of Directors.

4.1 Credit risk

Credit risk concerns the risk of incurred losses in case a client or other third party involved in a transaction including a financial instrument fails to fulfil its obligations toward the Group or the Company and is mainly associated with trade receivables and investments in securities.

4.1.1 Trade and other receivables

Group and Company exposure to credit risk is mainly affected by the characteristics of each customer. The demographics of the Group's and 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 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, network managers and contractors. 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 and its subsidiaries demand real or other security (e.g. letters of guarantee) in order to secure their receivables, if possible.

The Group and the Company record provisions for impairment, which represent their estimated losses pertaining to customers, other receivables and investments in securities, based on the expected credit losses from each customer. The above provision includes mainly impairment losses relating to specific receivables which, based on given conditions, are expected to be incurred, but are not finalised yet.

4.1.2 Investments

Investments are classified by the Group and 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 Group or the Company will fail to fulfil its financial liabilities upon maturity. The Group's and the 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 they will always have sufficient cash to meet their obligations upon maturity both under normal and adverse circumstances without incurring unacceptable losses or jeopardising the Group's and the Company's reputation.

To avoid liquidity risk the Company and its subsidiaries make a cash flow provision for one year when preparing the annual budget and make a monthly rolling provision for three months to ensure that they have adequate cash to cover their operating needs, including the fulfilment of their 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 Group's and the Company's results or the value of their financial instruments. Market risk management is aimed at controlling the exposure of the Group and the Company to such risks within a framework of acceptable parameters, in parallel with optimisation of performance.

The Company and its subsidiary Fulgor use 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 and its subsidiary Fulgor base both their purchases and sales on stock prices/indices linked to the prices of copper, aluminium and other metals which are used by them and included in their products. The risk from metal price fluctuation is covered by hedging instruments (futures and options on London Metal Exchange-LME). The Group, 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 Group 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 Group hedges the greatest part of its estimated exposure to foreign currencies in relation to the anticipated sales and purchases as well as its receivables and liabilities in foreign currency.

The Group 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 Group's and the Company's operating activities, which is mainly Euro.

4.3.3 Interest rate risk
The Group obtains funds for its investments and its working capital through bank loans 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 Group and 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 Group's and the Company's policy is to maintain a robust capital base, in order to keep the Group and the Company trustworthy among investors, creditors and market players, and enable the future development of their operations. The Board of Directors monitors capital performance, which is defined 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 Group and the Company concerning capital management during the fiscal year.

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

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

Concerning potential implications from the Brexit, the Group is closely monitoring relevant developments and taking measures to mitigate any adverse effect on its results. The lack of progress in Brexit negotiations raises the risk of a disruptive exit with possible consequences including the imposition of potential trade barriers and custom duties. Thus, the Group and the Company do not expect their financial position to be significantly vulnerable with regard to the Brexit. Exports to the United Kingdom accounted for approximately 8% of total consolidated and company turnover for 2018 while most of direct competitors in the cables segment operate within the Eurozone. Thus, it is likely they will react to currency fluctuations accordingly. Based on the analysis performed up to date, Brexit is not expected to have any material adverse effect on the operations of the Group and the Company.

Finally, the macroeconomic and financial environment in Greece, where most of the Group's and the Company's plants are located, is showing clear signs of improvement. The capital controls that are in force in Greece since June 2015 have been loosened further, but still remain in place until the date of approval of the financial statements and they have not prevented the Group or the Company from pursuing their activities as before. Likewise, cash flows from operating activities have not been disrupted. During 2018, Greece officially exited from the third bailout programme that began in 2015 and its credit rating upgraded by Standard & Poor's during H1 2018 (from 'B' to 'B+'). Nevertheless, management constantly assesses any new development in the Greek economy and its possible implications on the Group's' activities in order to ensure that all necessary and effective measures and actions are taken on time in order to minimise any impact. Moreover, the Group's strong customer base outside Greece (69% of consolidated turnover) minimises the liquidity risk which may arise from any remaining uncertainty of the economic environment in Greece.

4.4 Environmental / Occupational risk

The Group and the Company have realised the interaction between their operation and the natural and working environment. This is why they implement policies and systems and make continuous investments in research and development of know-how which help them achieve their objective of Sustainable Development.

In addressing the potential impact on the Environment (environmental risk) and on the Health and Safety of their workforce (occupational risk), the Group and the Company perform all necessary risk assessment studies and take preventive measures and initiatives, monitoring the relevant indicators (Quality, Environment, Health and Safety) they have established. These indicators are monitored and evaluated regularly and are communicated to all Group levels. For more information, please refer to the section "Non-Financial Information".

5. Research and Development

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

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

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

The Group's focus on R&D has led to the creation of a state-of-the-art, advanced polymer laboratory at the Oinofyta plant. The laboratory, among other things, conducts specialised chemical tests related to quality control and insulation analysis (XLPE) for high and extra-high voltage cables (raw materials, production process and evaluation of produced materials) as well as other polymers.

Furthermore, in order to face market challenges, the Company and the Group further supported the cables segment through an investment in a new HV laboratory, a specific laboratory with respect to the new Construction Products Regulation ('CPR'), but also in human resources recruitment.

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

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

In 2018, in an effort to further approach the cyclical economy, all companies took steps towards the operation and use of recycled materials. Significant economic benefits have been achieved by replacing commercial raw materials with recycled ones.

Moreover, the ongoing industrial excellence program, which is under implementation in all Group companies, has allowed the R&D department to optimise the cost of LV and MV cables, especially the non-conductive elements. Several designs were revised, while maintaining the existing qualitative criteria, to further strengthen the Company's competitive advantage.

R&D also ensured full compliance with new regulations and customer requirements. The successful certification of LV cables in the new Construction Products Regulation (CPR) has continued, as well as the acquisition of other certificates in order to serve the demands of new markets and customers.

From an international perspective, the R&D department participated in a consortium of technical solutions with innovative products. In 2018, the Horizon 2020 Committee approved the proposed design of dynamic cables for floating wind turbine platforms. At the same time, R&D reasserted its presence at international conferences by addressing innovative technical solutions of increased interest. As part of this commitment, the Group and the Company train and empower their people, recognising that the quality and expertise of human resources is what essentially leads to the success of any research effort. The Group's R&D department is staffed by highly educated and specialised scientific personnel who participate in educational and lifelong learning programmes.

In 2018, total R&D expenditure for the Group and the Company amounted to EUR 8.4 million and EUR 3.6 million, respectively (2017: EUR 4.6 million and EUR 2.6 million, respectively), of which the amount of EUR 1.5 million and EUR 0.5 million, respectively (2017: EUR 0.7 million and EUR 0.2 million, respectively) was earmarked for research activities.

6. Significant transactions with Related Parties

The transactions of Hellenic Cables Group and Company are set out in the following tables:

Transactions of Hellenic Cables Company with subsidiaries:

Companies	Sales of goods, services & other income	Purchases of goods, services & other expenses	Receivables	Liabilities
LESCO EOOD	9,548	2,441,512	55	1,836,871
FULGOR	28,678,485	95,029,330	2,813,604	-
Subsidiaries' Total	**28,688,033**	**97,470,842**	**2,813,659**	**1,836,871**

Transactions of Hellenic Cables Company with Subsidiaries and Associates of Viohalco Group:

Companies	Sales of goods, services & other income	Purchases of goods, services & other expenses	Receivables	Liabilities
STEELMET S.A.	-	3,223,261	-	383,115
ICME ECAB	27,971,527	23,274,610	3,884,633	9,183,605
ELVALHALCOR	4,890,885	8,833,860	1,979,217	970,330
SOFIA MED	-	646,201	-	134,388
METAL AGENCIES	17,636,043	179,988	6,420,062	-
ERLIKON	17,694	258,851	19,557	116,892
INTERNATIONAL TRADE	40,279,479	801	550,550	801
METALIGN	-	251,068	-	-
TEKA SYSTEMS	2,184	964,860	25	207,335
VIENER	-	227,787	-	27,040
OTHER	2,987,392	1,991,858	480,444	1,217,963
Affiliates' Total	**93,785,203**	**39,853,145**	**13,334,488**	**12,241,469**

Transactions of Hellenic Cables Group with Subsidiaries and Associates of Viohalco Group:

Companies	Sales of goods, services & other income	Purchases of goods, services & other expenses	Receivables	Liabilities
STEELMET S.A.	-	3,223,261	-	383,115
ICME ECAB	75,311,142	36,249,494	19,324,075	12,598,596
ERGOSTEEL	-	175,319	-	70,954
ELVALHALCOR	12,197,082	14,498,092	2,176,065	1,603,842
SOFIA MED	445,845	646,201	59,453	134,388
METAL AGENCIES	17,636,043	179,988	6,420,062	-
VIEXAL S.A.	-	609,948	-	50,408
ANAMET S.A.	214,522	962,612	179,921	295,228
STEELMET	2,326,625	-	258	-

Companies	Sales of goods, services & other income	Purchases of goods, services & other expenses	Receivables	Liabilities
ROMANIA				
CORINTH PIPEWORKS	435,603	71,727	625,177	16,064
ETIL SA	36	3,156,576	45	1,023,678
ERLIKON	17,694	628,541	19,557	215,277
INTERNATIONAL TRADE	40,279,479	801	550,550	801
METALIGN	-	344,342	17,369	-
TEKA SYSTEMS	2,184	1,068,925	25	226,310
VIENER	-	1,525,132	-	143,546
OTHER	1,215,752	2,758,574	981,781	2,991,078
TOTAL	**150,082,006**	**66,099,533**	**30,354,338**	**19,753,286**

- STEELMET provides Hellenic Cables with administration and organisation services.
- ELVALHALCOR purchases from Hellenic Cables Group copper scrap from the returns generated from the production process and PVC which ELVALHALCOR uses for insulated pipes. In addition, ELVALHALCOR purchases from Hellenic Cables Group copper scrap from the returns generated from the production process and sells to FULGOR natural gas. Hellenic Cables Group purchases from ELVALHALCOR quantities of cathodes and aluminium for cable production.
- SOFIA MED primarily sells copper products while purchasing raw materials and copper semi-finished products
- METAL AGENCIES LTD acts as merchant - distributor of Hellenic Cables Group in Great Britain.
- CORINTH PIPEWORKS primarily purchases energy cables for own use.
- ERLIKON sells steel wires to Hellenic Cables for cable manufacturing.
- ERGOSTIL provides construction services to Hellenic Cables Group and mainly to FULGOR for its investments in Corinth.
- VIEXAL provides Hellenic Cables Group with travel and transportation services.
- ANAMET purchases scrap from Hellenic Cables Group and sells scrap to FULGOR.
- ETIL provides construction services to Hellenic Cables Group and mainly to FULGOR for its investments in Corinth.
- ICME ECAB purchases from Hellenic Cables plastic/rubber compounds for its production process as well as finished cables. ICME ECAB also sells to Hellenic Cables and Fulgor semi-finished and finished products for distribution in the domestic market.
- FULGOR purchases from Hellenic Cables raw materials and semi-finished products for cable production and sells finished (mainly submarine cables) and semi-finished products to Hellenic Cables.
- LESCO EOOD sells wooden packaging materials to Hellenic Cables.
- METALIGN provides Hellenic Cables and Fulgor with accounting services.
- INTERNATIONAL TRADE markets Group products in Belgium and other Central European countries.
- TEKA SYSTEMS undertakes to carry out certain industrial constructions on behalf of the Company and the Group and provides consulting services in IT issues and SAP support and upgrade.

7. Share capital of Company's subsidiaries

Corporate name	Currency	31/12/2018 Number of Shares	Nominal value of share	Share capital
Subsidiaries:				
FULGOR	Euro	3,868,647	2.94	11,373,822.18
LESCO OOD	Euro	5.850	51.13	299,110.34

8. Company's 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.

9. Subsequent events

During 2019, the Company acquired "V.E.MET S.A. - Industrial, Investment and Commercial Metal and other product Operations - Single Member S.A." in exchange for EUR 32,400.

On 30 May 2019, the Company's Board of Directors decided to spin off the business of production, distribution and marketing of the Company's enamelled copper and aluminium wires, and contribute it to its wholly-owned subsidiary under the corporate name "V.E.MET S.A. - Industrial, Investment and Commercial Metal and other product Operations - Single Member S.A.". The 31st of December 2018 was set as compilation date of the Accounting Statement of the contributed segment's assets. Hellenic Cables Group's consolidated financials will not be affected by the transformation.

During June 2019, the subsidiary Fulgor received a new five-year bond loan of EUR 10 million by a major Greek bank in oder to refinance existing debt and cover constant working capital needs. The bond loan carries favourable pricing terms while the obligations arising from the loan agreement do not differ substantially from the loans previously signed by the subsidiary.

10. Conclusions

Dear Shareholders, we presented an account of the management of 2018, the risks and how these were managed together with the prospects and development of the Group and the Company for 2019.

In conclusion, we would like first to express our gratitude for the trust that you have shown in the Company and we request you to approve the Group's and the Company's Financial Statements, as well as the present Report, for the fiscal year that ended on 31 December 2018.

Athens, 28 June 2019

The Chairman of the Board of Directors
Ioannis Batsolas

B. Annual Stand-Alone and Consolidated Financial Statements

ANNUAL FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2018

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

www.cablel.gr

General Commercial Registry No. 117706401000

Contents

Statements of Profit or Loss and Other Comprehensive Income

		GROUP		COMPANY	
Amounts in Euro	**Note**	**2018**	**2017**	**2018**	**2017***
Revenue	**6**	443,382,727	382,980,290	366,618,507	299,381,172
Cost of Sales	**9**	(413,779,189)	(357,024,918)	(349,138,007)	(291,689,044)
Gross Profit		**29,603,538**	**25,955,372**	**17,480,500**	**7,692,128**
Other income	**7**	2,219,268	2,996,696	7,416,409	6,965,622
Selling and distribution expenses	**9**	(5,786,932)	(5,871,623)	(3,418,049)	(3,565,479)
Administrative expenses	**9**	(9,923,552)	(8,134,615)	(4,378,456)	(3,495,863)
Reversal of / (Impairment loss) on receivables and contract assets	**29.1**	96,919	-	58,838	-
Other expenses	**8**	(3,657,245)	(1,198,491)	(8,619,568)	(6,016,581)
Operating profit		**12,551,996**	**13,747,339**	**8,539,674**	**1,579,826**
Finance income	**11**	164,599	46,725	157,060	46,021
Finance costs	**12**	(20,069,736)	(19,074,354)	(12,412,552)	(10,760,885)
Dividends		-	-	250,000	500,000
(Loss) before tax		**(7,353,142)**	**(5,280,291)**	**(3,465,819)**	**(8,635,038)**
Income tax	**19**	5,410,356	684,751	3,364,556	1,894,862
(Loss) after tax		**(1,942,786)**	**(4,595,539)**	**(101,263)**	**(6,740,176)**
Other comprehensive income					
Items that will never be reclassified to profit or loss:					
Remeasurements of defined benefit liability		110,311	(43,999)	83,153	(31,660)
Related tax		(40,897)	12,760	(29,575)	9,181
		69,414	**(31,239)**	**53,578**	**(22,479)**
Items that are or may be reclassified to profit or loss:					
Cash flow hedges – effective portion of changes in fair value		(60,548)	675,953	429,782	674,053
Cash flow hedges – reclassified to profit or loss		(675,953)	274,184	(674,053)	394,859
Related tax		212,980	(275,540)	75,136	(309,984)
		(523,521)	**674,597**	**(169,134)**	**758,927**
Other comprehensive income after tax		**(454,107)**	**643,358**	**(115,556)**	**736,449**
Total comprehensive income after tax		**(2,396,893)**	**(3,952,182)**	**(216,819)**	**(6,003,727)**

** The Group and the Company have initially applied IFRS 9 on 1 January 2018. Under the transition method chosen, the comparative information has not been restated (see Note 4.19), but certain information about the Company has been restated (see Note 4.20).*

The attached notes on pages 41 to 120 are an integral part of the Financial Statements.

Statements of Financial Position

		GROUP		COMPANY	
Amounts in Euro	**Note**	**2018**	**2017***	**2018**	**2017***
ASSETS					
Property, plant & equipment	**14**	204,723,375	182,648,931	65,701,856	68,546,993
Intangible assets & Goodwill	**15**	77,757,066	73,147,362	7,229,021	3,515,155
Investment property	**16**	831,726	831,726	204,105	204,105
Investment in subsidiaries	**17**	-	-	90,930,230	90,930,230
Other investments	**18**	218,136	218,136	218,136	218,136
Deferred tax assets		1,222,926	2,356	1,222,350	-
Contract costs		107,704	-	39,968	-
Other receivables	**21**	738,662	939,302	336,063	425,567
Non-current assets		**285,599,596**	**257,787,814**	**165,881,729**	**163,840,186**
Inventories	**20**	76,841,602	70,284,478	50,179,982	46,045,689
Trade and other receivables	**21**	114,709,627	84,964,827	75,932,736	55,145,246
Contract assets	**13**	42,913,207	26,757,683	28,095,087	14,318,144
Contract costs		1,506,151	1,210,524	145,293	-
Derivatives	**29.5**	429,782	675,953	429,782	674,053
Cash and cash equivalents	**22**	28,278,482	9,103,357	18,337,441	6,465,967
Total current assets		**264,678,851**	**192,996,822**	**173,120,321**	**122,649,098**
Total assets		**550,278,447**	**450,784,636**	**339,002,050**	**286,489,285**
EQUITY					
Share capital	**23**	65,704,215	65,704,215	65,704,215	65,704,215
Reserves	**24**	35,417,307	35,940,828	35,641,604	35,810,739
Retained earnings/(losses)		(23,878,446)	(21,182,986)	(20,039,784)	(19,228,363)
Total equity		**77,243,076**	**80,462,057**	**81,306,036**	**82,286,590**
LIABILITIES					
Loans and borrowings	**25**	116,016,897	48,773,510	74,499,704	5,402,123
Employee benefits	**26**	2,590,722	2,550,557	1,399,656	1,424,572
Grants	**27**	14,561,380	15,309,712	4,094,640	4,494,657
Deferred tax liabilities	**19**	1,128,457	5,882,087	-	2,553,525
Other long-term liabilities	**28**	4,134,570	5,947,770	-	-
Non-current liabilities		**138,432,026**	**78,463,636**	**79,994,000**	**13,874,877**
Loans and borrowings	**25**	168,743,063	184,295,661	105,732,790	130,626,691
Trade and other payables	**28**	106,467,392	105,898,803	56,024,473	58,193,168
Contract liabilities	**13**	58,863,973	1,610,262	15,916,805	1,455,032
Derivatives	**29.2**	528,917	54,217	27,946	52,928
Current liabilities		**334,603,345**	**291,858,943**	**177,702,014**	**190,327,818**
Total liabilities		**473,035,371**	**370,322,579**	**257,696,014**	**204,202,695**
Total equity and liabilities		**550,278,447**	**450,784,636**	**339,002,050**	**286,489,285**

** The Group and the Company have initially applied IFRS 9 on 1 January 2018. Under the transition method chosen, the comparative information has not been restated (see Note 4.19).*

The attached notes on pages 41 to 120 are an integral part of the Financial Statements.

Statements of Changes in Equity

GROUP:

Amounts in Euro	Share capital	Fair value reserve	Other reserves	Retained earnings/(losses)	Total equity
Balance on 1 January 2017	**65,704,215**	**(65,930)**	**35,332,161**	**(16,308,267)**	**84,662,179**
Change in accounting policy	**-**	**-**	**-**	**(247,941)**	**(247,941)**
Adjusted balance on 01 January 2017*	**65,704,215**	**(65,930)**	**35,332,161**	**(16,556,207)**	**84,414,238**
(Loss) for the period	-	-	-	(4,595,539)	**(4,595,539)**
Other comprehensive income	-	674,597	-	(31,239)	**643,358**
Total comprehensive income	**-**	**674,597**	**-**	**(4,626,778)**	**(3,952,181)**
Balance on 31 December 2017	**65,704,215**	**608,667**	**35,332,161**	**(21,182,986)**	**80,462,057**
Balance on 1 January 2018	**65,704,215**	**608,667**	**35,332,161**	**(21,182,986)**	**80,462,057**
Change in accounting policy	**-**	**-**	**-**	**(822,088)**	**(822,088)**
Adjusted balance on 01 January 2018**	**65,704,215**	**608,667**	**35,332,161**	**(22,005,074)**	**79,639,969**
(Loss) for the period	-	-	-	(1,942,786)	**(1,942,786)**
Other comprehensive income	-	(523,521)	-	69,414	**(454,107)**
Total comprehensive income	**-**	**(523,521)**	**-**	**(1,873,372)**	**(2,396,893)**
Balance on 31 December 2018	**65,704,215**	**85,146**	**35,332,161**	**(23,878,446)**	**77,243,076**

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

***The Group applied IFRS 9 on 1 January 2018. Under the transition method chosen, the comparative information has not been restated (see Note 4.19).*

The attached notes on pages 41 to 120 are an integral part of the Financial Statements.

COMPANY:

Amounts in Euro	**Share capital**	**Fair value reserves**	**Other reserves**	**Retained earnings/(losses)**	**Total equity**
Balance on 1 January 2017	**65,704,215**	**(280,350)**	**35,332,161**	**(12,265,125)**	**88,490,901**
Change in accounting policy	**-**	**-**	**-**	**(200,584)**	**(200,584)**
Adjusted balance on 01 January 2017**	**65,704,215**	**(280,350)**	**35,332,161**	**(12,465,709)**	**88,290,317**
(Loss) for the period	-	-	-	(6,740,176)	**(6,740,176)**
Other comprehensive income	-	758,927	-	(22,479)	**736,449**
Total comprehensive income	**-**	**758,927**	**-**	**(6,762,654)**	**(6,003,727)**
Balance on 31 December 2017	**65,704,215**	**478,577**	**35,332,161**	**(19,228,363)**	**82,286,590**
Balance on 1 January 2018	**65,704,215**	**478,577**	**35,332,161**	**(19,228,363)**	**82,286,590**
Change in accounting policy	**-**	**-**	**-**	**(763,736)**	**(763,736)**
Adjusted balance on 01 January 2018	**65,704,215**	**478,577**	**35,332,161**	**(19,992,099)**	**81,522,855**
(Loss) for the period	-	-	-	(101,263)	**(101,263)**
Other comprehensive income	-	(169,134)	-	53,578	**(115,556)**
Total comprehensive income	**-**	**(169,134)**	**-**	**(47,685)**	**(216,819)**
Balance on 31 December 2018	**65,704,215**	**309,443**	**35,332,161**	**(20,039,784)**	**81,306,036**

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

***The Company applied IFRS 9 on 1 January 2018. Under the transition method chosen, the comparative information has not been restated (see Note 4.19).*

The attached notes on pages 41 to 120 are an integral part of the Financial Statements.

Statements of Cash Flows

		GROUP		COMPANY	
Amounts in Euro	**Note**	**2018**	**2017**	**2018**	**2017**
Cash flows from operating activities:					
Profit/ (loss) before tax		(7,353,142)	(5,280,291)	(3,465,819)	(8,635,038)
Plus / less adjustments for:					
Depreciation & amortisation	**14, 15**	13,006,237	12,400,080	6,616,946	6,346,251
Grants Amortisation	**27**	(748,332)	(742,002)	(400,017)	(405,545)
Unrealized (Gains)/ loss from valuation of derivatives		(15,630)	(247,328)	(24,982)	(248,617)
Interest income	**12**	(5,614)	(3,800)	(3,989)	(3,097)
Dividends		-	-	(250,000)	(500,000)
Interest charges and related expenses	**12**	20,069,736	19,074,354	12,412,552	10,760,885
(Profit)/loss from sale of property, plant & equipment		(1,400)	(19,556)	(1,400)	(12,778)
Inventories impairment		713,140	-	198,980	-
(Reversal of) / Impairment loss on receivables and contract assets	**16**	(96,919)	-	(58,838)	-
		25,568,077	**25,181,458**	**15,023,433**	**7,302,061**
Changes in:					
- Inventories		(7,270,264)	9,388,833	(4,333,273)	9,390,140
- Trade and other receivables		(30,363,394)	6,253,318	(21,494,151)	2,421,769
- Contract assets		(16,397,193)	(15,623,228)	(13,997,624)	(3,237,016)
- Trade and other payables		(1,078,463)	(10,236,392)	(1,848,023)	(5,834,490)
- Contract liabilities		57,253,711	(64,751)	14,461,774	228,846
- Contract costs		(403,331)	(1,210,524)	(185,262)	-
- Employee benefits		150,477	100,921	58,237	19,485
Cash flows from operating activities		***1,891,542***	***(11,391,823)***	***(27,338,321)***	***2,988,733***
Interest expense and related costs paid		(18,980,265)	(17,877,633)	(12,502,189)	(10,704,507)
Taxes paid		(55,994)	-	(53,809)	-
Net Cash flows (used in) / from operating activities		**8,423,360**	**(4,087,999)**	**(24,870,886)**	**(413,713)**
Cash flows from investing activities:					
Acquisition of property, plant & equipment	**14**	(36,628,658)	(13,191,280)	(5,335,802)	(5,232,851)
Acquisition of intangible assets	**15**	(3,325,744)	(730,088)	(2,470,545)	(622,593)
Proceeds from disposal of property, plant & equipment		1,400	49,700	1,400	19,900
Dividend received		-	-	250,000	500,000
Interest received	**12**	5,614	3,800	3,989	3,097
Investments in subsidiaries	**17**	-	-	-	(1,600,000)
Net Cash flows used in investing activities		**(39,947,388)**	**(13,867,867)**	**(7,550,958)**	**(6,932,447)**
Cash flows from financing activities:					
Loans obtained	**25**	71,189,102	38,365,675	56,059,762	24,064,412
Repayment of loans	**25**	(20,489,950)	(17,736,489)	(11,766,445)	(14,808,020)
Net Cash flows from financing activities		**50,699,153**	**20,629,186**	**44,293,317**	**9,256,392**
Net (decrease) / increase in cash and cash equivalents		**19,175,125**	**2,673,320**	**11,871,474**	**1,910,232**
Cash and cash equivalents at the beginning of the year		9,103,357	6,430,037	6,465,967	4,555,735
Cash and cash equivalents at year's end	**22**	**28,278,482**	**9,103,357**	**18,337,441**	**6,465,967**

The attached notes on pages 41 to 120 are an integral part of the Financial Statements.

Notes to the Stand-alone & Consolidated Financial Statements

1. Information on the Company and the Group

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

These Financial Statements (the "Financial Statements) of the year ended on 31 December 2018 include the separate and consolidated Financial Statements of Hellenic Cables. The names of subsidiaries and affiliated companies are presented in Note 17 of the Financial Statements.

The Company and its subsidiaries (hereinafter the "Group") mainly operate in Greece and Bulgaria by producing and distributing all types and forms of cables (energy, telecommunications, submarine, etc.). 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 excluded from the preparation of consolidated financial statements because its financial statements are included in the consolidated financial statements of its parent companies Cenergy Holdings S.A. and VIOHALCO SA / NV. Management has decided to prepare consolidated financial statements in order to inform more effectively the users of the financial statements. The preparation of consolidated financial statements improves the presentation of both the Group's activities and its financial position, while providing more complete and relevant information to the users of the financial statements. The initial date set for the preparation of consolidated financial statements was June 30, 2016 and the consolidated financial statements were prepared for the financial years 2017 and 2018.

2. Presentation basis of financial statements

2.1 Statement of Compliance

The Financial Statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union. The International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) may vary from those adopted by the European Union.

The Financial Statements as at 31 December 2018 were approved by the Company's Board of Directors on 28 June 2019 and are subject to approval by the General Meeting of shareholders. The Financial Statements have been uploaded on the website at www.cablel.gr. The Company's General Electronic 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 Group and 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;
- the amount of provisions for disputed cases;
- the recoverability of the deferred tax asset;
- the assessment of goodwill impairment (note 15.B);
- the assessment of how the acquisition of Fulgor S.A. was accounted for (hereinafter "Fulgor") and Lesco Eood (hereinafter «Lesco») in 2016 (note 15.A).

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

(a) Income tax expense (note 19)

During the Group's 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 Group makes estimates about the calculation of the realisable value.

(c) Impairment

The Group makes estimates about any impairment of the assets that are not measured at fair value (Investments in subsidiaries; Property, plant and equipment; Intangible assets; Goodwill; Investment property). Especially as regards goodwill (note 15), the Group evaluates their recoverability based on the value in use of the cash generating unit under which such goodwill falls. 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 asset or liability is measured, the Group uses mostly active market prices. Fair value is classified in hierarchy levels as follows:

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

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

Level 3: Unobservable inputs for assets and liabilities.

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

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

The Group 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 amendment 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 2017, with the exception of the accounting policies referred to in note 4.19 and the implementation of the new standards and interpretations set out below which must be applied to the annual financial statements beginning on or after 01 January 2018.
The Group and the Company have early adopted IFRS 15 "Revenue from Contracts with Customers" with the 1st of January 2017 as date of initial application.
The accounting principles cited below have been consistently applied to all periods presented in these Financial Statements and have also been consistently applied by all companies of the Group.

Standards and Interpretations effective for the current financial year

IFRS 9 "Financial Instruments"
IFRS 9 replaces the provisions of IAS 39 with respect to the classification and measurement of financial assets and financial liabilities and also includes a model of expected credit losses which replaces the 'incurred credit loss' model that was applicable pursuant to IAS 39. Moreover, IFRS 9 establishes a principle-based approach to hedge accounting and deals with inconsistencies and shortcomings of the previous model of IAS 39. The effect that the application of the standard will have on the Group is described in note 4.19.

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

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

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

Standards and Interpretations effective for subsequent periods

IFRS 16 "Leases"
(Effective for annual periods beginning on or after 1 January 2019)
IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.
The standard is effective for annual periods beginning on or after 1 January 2019.
IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.
The Group must adopt IFRS 16 "Leases" after 1 January 2019. The Group has assessed the estimated impact that the first-time adoption of IFRS 16 will have on its consolidated Financial Statements, as described below. The actual impact of applying IFRS 16 on 1 January 2019 may change because:

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

This is the standard that will mainly affect the accounting treatment of the Group's operating leases. For an overview of the Group's and the Company's operating leases, see Note 30.1.
The most important effect that has been recognised is that the Group will recognise new receivables and liabilities for the operating leases of corporate cars and machinery. Moreover, the type of expenses pertaining to these leases will now change because IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and an interest expense on the lease liability.
Based on the information currently available, the application of IFRS 16 is expected to increase consolidated assets and liabilities by approximately EUR 1.6 million on the transition date. This expected increase concerns mainly leases of corporate cars and machinery, and mainly arises from the recognition of right-of-use assets through non-current assets and lease liabilities (for the discounted present value of future rental payments).
The Group and the Company will implement this new standard as of 1 January 2019, i.e. the mandatory application date. The Group and the Company will apply the simplified method of transition and will not adjust prior-period amounts upon first-time adoption.

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

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

IFRS 9 (Amendments) "Prepayment Features with Negative Compensation"
(effective for annual periods beginning on or after 01 January 2019)
These amendments enable entities, provided they meet certain conditions, to measure at amortised cost some prepayable financial assets with so-called negative compensation or at fair value through other comprehensive income instead of measuring them at fair value through profit or loss.

IAS 28 (Amendments) "Long-term Interests in Associates and Joint Ventures"
(Effective for annual periods beginning on or after 1 January 2019)
The amendments clarify that entities must apply IFRS 9 to long-term interests in an associate or joint venture to which the equity method is not applied.

IAS 19 (Amendments) "Plan Amendment, Curtailment or Settlement" (Effective for annual periods beginning on or after 1 January 2019)
The amendments specify how entities should determine retirement expenses when changes to defined benefit retirement plans take place.

Annual Improvements to IFRSs (Cycle 2015-2017) (Effective for annual periods beginning on or after 1 January 2019)
The amendments laid down below describe changes to 4 IFRSs.
IFRS 3 "Business combinations"
The amendments clarify how an entity remeasures any previously held interest in a joint operation when obtaining control of such business.
IFRS 11 "Joint Arrangements"
The amendments clarify how an entity does not remeasure any previously held interest in a joint operation when obtaining control of such business.
IAS 12 "Income tax"
The amendments clarify how an entity should account for all income tax consequences of dividend payments in the same manner.
IAS 23 "Borrowing Costs":
The amendments propose to clarify that an entity treats any outstanding borrowing made specifically to obtain a qualifying asset as part of general borrowings when that qualifying asset is ready for its intended use or sale.

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

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

IFRS 3 (Amendments) "Definition of business combination"
(effective for annual periods beginning on or after 1 January 2020)
The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. The amendments have not been adopted yet by the European Union.

IAS 1 and IAS 8 (Amendments) "Definition of materiality"
(effective for annual periods beginning on or after 01 January 2020)
The amendments clarify the definition of material and how it should be used, while adding guidelines which were provided in other parts of the IFRS until now. Moreover, the clarifications associated with the definition have been improved. Finally, these amendments ensure that the definition of materiality is consistently applied in all IFRSs. The amendments have not been adopted yet by the European Union.

4. Significant accounting principles

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

4.1 Basis of consolidation

(a) Business combinations

Acquisition of subsidiaries is accounted for using the acquisition method on the acquisition date, i.e. the date on which control is transferred to the Group. The Group exercises control over an entity when the Group is exposed to, 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.
Goodwill arises from the acquisition of subsidiaries and constitutes the excess amount between the sum of the consideration for acquisition, the amount of the non-controlling interest in the acquired company and the fair value of any previous holding in the acquired company on the acquisition date and the fair value of the identifiable net assets of the subsidiary that was acquired. If the sum of the total consideration for acquisition, the non-controlling interest recognised and the fair value of the previous holding in the acquired company is less than the fair value of the equity of the subsidiary acquired in case of an advantageous purchase, the difference is directly recognised to equity.
Any expenses directly linked with acquisition are directly posted through profit or loss. Any eventual acquisition consideration is recognised at its fair value on the acquisition date.

(b) Accounting of transactions with non-controlling interests

Any transactions with the holders of non-controlling interests that do not result in loss of control are accounted for as transactions between shareholders, given that only the participating shares of shareholders change and, therefore, no goodwill is recognised in such transactions. If the sum of the total consideration for acquisition, the non-controlling interest recognised and the fair value of the previous holding in the acquired company is less than the fair value of the equity of the subsidiary acquired in case of an advantageous purchase, the difference is directly recognised to equity.

(c) Subsidiaries

Subsidiaries are entities controlled by the Company. The Company controls a subsidiary when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated (total consolidation) 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 separate Financial Statements, the Company measures holdings in subsidiaries at their acquisition cost less any impairment of their value.

(d) Loss of control
When control over a subsidiary is lost, the Group derecognises the assets and liabilities of the subsidiary and any related non-controlling interests. Any resulting gain or loss is recognised in profit or loss. In case the Group retains an interest in the former subsidiary, its measured at fair value when control is lost. Subsequently, it is presented using the equity method as an associate company or as a financial asset pro rata with the interest therein.

(f) Transactions eliminated on consolidation

Intra group balances and transactions, and any unrealised income and expenses arising from intra group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(g) Combinations of businesses under common control

Combinations of businesses under common control do not fall under the scope of IFRS 3 "Business combinations" and IFRSs do not provide any guidance about such transactions. Under paragraphs 10-12 of IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", the Group selects to apply the acquisition method stipulated in IFRS 3 for such transactions, as described above.

(h) Associates

Associates are those entities in which the Group has significant influence, but not control or joint control, over their financial and operating policies. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting (see (j) below), after initially being recognised at cost.

(i) Joint arrangements

Under IFRS 11 "Joint Arrangements", investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement.

Joint operations

The Group recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the Financial Statements under the appropriate headings.

Joint Ventures

A joint venture is an arrangement in which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

(j) Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in profit or loss, and the Group's share of movements in other comprehensive income of the investee in other comprehensive income, until the date on which significant influence or joint control ceases. Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investee equals or exceeds its interest in the entity, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The Group has no interests in equity-accounted investees (associates and joint ventures).

4.2 Foreign currency

(a) Transactions and balances

Transactions in foreign currencies are translated into the Company's functional currency at the exchange rates at the date of each transaction. Foreign currency gains and losses which arise from the settlement of such transactions and from conversion of monetary asset and liability items denominated in a foreign currency at the exchange rates applicable on the balance sheet date are recognised through the statement of profit or loss based on the nature of the related item.
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 measured at fair value through other comprehensive income (FVOCI).
- 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.

(b) Foreign operations

The conversion of the financial statements of companies in the Group (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the Group's presentation currency takes place as follows:

- The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into Euro at the official exchange rates on the balance sheet date.
- The income and expenses of foreign operations are translated into Euro using the average exchange rate during the period, and
- Foreign currency differences are recognised in OCI under the line "Foreign currency differences" and transferred to results when these companies are sold.

4.3 Financial instruments

The policies applicable in 2017 are described in the 2017 Financial Statements of the Company and are available at the Company's website. The policies described in this section are the ones applicable from January 1st, 2018. The changes in accounting policy due to application of IFRS 9 are described in Note 4.19.

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

The accounting policy applying to derivative financial instruments is described separately in note 4.4.

(a) Initial recognition and subsequent measurement of financial assets

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

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

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

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

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

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

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

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

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

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

The Group and the Company do not have any financial assets measured at FVTPL on 31 December 2018.

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

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

(b) Impairment of financial assets

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

The Group and the Company recognise provisions for expected credit losses from:

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

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

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

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

Measurement of ECLs

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

Credit-impaired financial assets

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

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

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

Presentation of allowance for ECLs in the statement of financial position

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

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

(c) Derecognition of financial assets

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

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

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

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

Initial recognition and subsequent measurement of financial liabilities

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

(d) Derecognition of financial liabilities

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

(e) Offsetting financial assets and financial liabilities

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

4.4 Derivatives and hedge accounting

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

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

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

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

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

(a) Fair value hedging

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

(b) Cash Flow hedges

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

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

4.5 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.

(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 Group and the Company and provided that the asset's cost may be reliably estimated.

(c) Amortisation and depreciation

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

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

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

4.7 Intangible assets

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

(a) 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.

(b) 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 Group. Plots are assessed at cost less any impairment while buildings are depreciated using the straight-line method at equal annual instalments throughout their expected useful life.

The profits or losses arising from the disposal of investment property (calculated as the difference between the net inflow from the disposal and the book value of the asset) are recognised through profit or loss during the period of disposal.

4.9 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 of non-financial assets

Save goodwill and tangible assets with an indefinite useful life which are tested in terms of impairment at least on an annual basis, the book values of other long-term assets are tested for impairment whenever certain events or changes in circumstances indicate that their book value may not be recoverable. 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.

The impairment loss (save goodwill) 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.

Goodwill is not depreciated but is subject to an impairment test on an annual basis or more frequently if certain events or changes in circumstances indicate that its book value has been impaired. On the acquisition date (or on the completion date of the relevant allocation of the acquisition price), the goodwill acquired is allocated to the cash generating units, or to groups of cash generating units that are expected to benefit from this combination. Impairment is specified by assessing the recoverable amount of the cash generating units which are related to goodwill.

If the book value of a cash generating unit, including the proportionate goodwill, exceeds its recoverable amount, then impairment loss is recognised. Impairment loss is recognised through profit or loss and is not reversed.

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 Group pays a defined amount to a third legal entity without any other obligation. Obligations for contributions to defined-contribution plans are recognised as an expense through profit or loss at the time they are due.

(c) Defined-benefit plans

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

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

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

When the benefits of a plan change or the plan is cut back, the change associated with the past service cost or the gain/loss from cutback is directly recognised through profit or loss. The Group 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 Group posts these benefits when it undertakes either to terminate the employment of current employees in line with a detailed plan which is not likely to be withdrawn or when these benefits are offered as an incentive for voluntary redundancy. Termination benefits due 12 months after the balance sheet date are discounted. In the case of employment termination where the Company is not able to determine the number of employees who will take advantage of this incentive, these benefits are not accounted for, but are recorded as a contingent liability.

4.12 Provisions

A provision is recognised when the Group 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 Group 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 Group recognises revenue from the following major sources:

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

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group 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 Group 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.

(a) Sales of products

The Group 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.

(b) Energy projects

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

In addition, the Group 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 Group's failure to perform as promised.

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

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

For performance obligations related to production of customised products, the methods to measure progress are 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 lasts 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 result 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.

(c) Rendering of services

The Group 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 Group are mainly related with the products sold by its subsidiaries.

If payment for services is not due from the customer until the services are complete, a contract asset is recognised over the period in which the services are performed representing the right to consideration for the services performed to date. These contract assets are presented on the Statement of Financial Position in the line “Contract assets".

(d) Contract costs

The Group 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.

(e) 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.

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

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

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

4.16 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.

4.19. Change in accounting policy

IFRS 9 - Financial Instruments

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

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

	Impact of adopting IFRS 9 at 1 January 2018	
Amounts in Euro	**GROUP**	**COMPANY**
Retained earnings	(822,088)	(763,736)

The details of new significant accounting policies and the nature and effect of the changes to previous accounting policies are set out below. The new accounting policy is described in note 4.3.

(a) Classification and measurement of financial assets and financial liabilities

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

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

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

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

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

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

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

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

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

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

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

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

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

				GROUP		**COMPANY**	
Amounts in Euro	**Note**	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**
Futures		Fair value - hedging instrument	Fair value - hedging instrument	675,953	675,953	674,053	674,053
Equity securities	a	Available-for-sale	FVOCI – equity instrument security	218,136	218,136	218,136	218,136
Trade and other receivables, incl. contract assets	b	Loans and receivables	Amortised cost	111,722,510	110,564,689	104,027,823	102,952,141
Cash and cash equivalents		Loans and receivables	Amortised cost	9,103,357	9,103,357	6,465,967	6,465,967

a. *These equity instruments represent investments that the Group and the Company intend to hold for the long term for strategic purposes. As permitted by IFRS 9, the Group and the Company have designated these investments at the date of initial application as measured at FVOCI. Unlike IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss.*

b. *Trade and other receivables, including contract assets that were classified as loans and receivables under IAS 39 are now classified at amortised cost. An increase of EUR 1,157,870 and EUR 1,075,682 for the Group and the Company, respectively, in the allowance for impairment over these receivables was recognised in opening retained earnings at 1 January 2018 on transition to IFRS 9.*

(b) Impairment of financial assets

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

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

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

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

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

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

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

Measurement of ECLs

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

Presentation of impairment

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

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

Impact of the new impairment model

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

Amounts in Euro	**GROUP**	**COMPANY**
Loss allowance at 31 December 2017 under IAS 39	**(3,325,261)**	**(2,031,690)**
Additional impairment recognised at 1 January 2018	(1,157,821)	(1,075,682)
Loss allowance at 1 January 2018 under IFRS 9	**(4,483,083)**	**(3,107,372)**

ECL’s calculation on trade receivables and contract assets

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

(c) Hedge accounting

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

(d) Transition

Transition to IFRS 9 has been performed as follows:

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

4.20. Restatement of comparative figures

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

- Up until the previous year, income from costs recharged and the relevant expenses was presented in "Sales" and "Cost of sales", respectively. Currently, income from costs recharged and relevant expenses are presented in "Other income" and "Other expenses", respectively.
  Following the above change in presentation, an amount of EUR 5,230,774 was reclassified from "Sales" to "Other income" and an amount of EUR 5,214,062 from "Cost of sales" to "Other expenses" in the 2017 comparable items.
- Up until the previous year, all foreign currency differences and results from currency derivatives were presented in "Finance income" and "Finance costs" but now are presented in line with the nature of the related item which was measured or hedged.
  Following the above change in presentation, an amount of EUR 1,338,443 was reclassified from "Finance income" to "Cost of sales" and an amount of EUR 1,482,531 from "Finance costs" to "Cost of sales" in the 2017 comparable items.

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

Amounts in Euro	**2017 reported amounts**	**Adjustments**	**Restated amounts**
Revenue	304,611,945	(5,230,774)	299,381,172
Cost of Sales	(296,759,017)	5,069,974	(291,689,044)
Gross Profit	**7,852,928**	**(160,800)**	**7,692,128**
Other income	1,734,848	5,230,774	6,965,622
Selling and distribution expenses	(3,565,479)	-	(3,565,479)
Administrative expenses	(3,495,863)	-	(3,495,863)
Other expenses	(802,519)	(5,214,062)	(6,016,581)
Operating profit	**1,723,915**	**(144,089)**	**1,579,826**
Finance income	1,384,464	(1,338,443)	46,021
Finance costs	(12,243,416)	1,482,531	(10,760,885)
Dividends income	500,000	-	500,000
(Loss) before tax	**(8,635,038)**	**-**	**(8,635,038)**
Income tax expense	1,894,862	-	1,894,862
(Loss) after tax	**(6,740,176)**	**-**	**(6,740,176)**
Other comprehensive income after tax	**736,449**	**-**	**736,449**
Total comprehensive income after tax	**(6,003,727)**	**-**	**(6,003,727)**

5. Operating segments

A. Basis for the division into segments

Segment reporting is based on the structure of information to Group Management and internal reporting system. The Group is structured around separate business centres and business units.

The Group has three reportable segments, as described below, which are considered to be the Group’s strategic segments. These segments produce different products that are managed separately because they require different technology and marketing strategies. For each one of the strategic segments, Company Management reviews internal reports on a monthly basis. The Group's operating segments are as follows:

- **Cables:** It includes land and submarine power and telephone cables, as well as copper and aluminium conduits. The raw materials used are classified into two categories: metal (copper, aluminium, steel wires) and plastic-rubber compounds (XLPE, EPR, PVC, etc.)
- **Enamelled wires:** Enamelled wires include copper wires, tin-plated copper conduits and enamelled wires used for winding. The raw materials used are copper in Φ8mm, tin in blooms, enamels and raw materials used for the manufacture of enamels.
- **Foundries:** These are furnaces used in the production of copper and aluminium rods which are used in the manufacturing of cables and enamelled wires or are sold to third parties.

B. Information about reportable segments

The information disclosed in the tables below is derived directly from the internal financial reporting system used by the Board of Directors (i.e. chief operating decision maker) to monitor and evaluate the performance of the operating segments separately. The following tables present the information about the reportable segments' profit or loss, assets and liabilities at 31 December 2018 and 2017, and for the years then ended.

2018		Reportable segments			
Amounts in Euro	**Note**	**Cables**	**Enamelled wires**	**Foundries**	**Total**
Segment revenue		435,479,356	37,195,086	90,617,516	563,291,958
Inter-segment revenue		(81,972,688)	(32,982)	(37,903,561)	(119,909,231)
External revenue	6	**353,506,668**	**37,162,104**	**52,713,955**	**443,382,727**
Gross profit		**28,383,763**	**876,682**	**343,093**	**29,603,538**
Operating profit		**11,986,750**	**294,153**	**271,093**	**12,551,996**
(Loss) before tax		**(6,817,709)**	**(283,424)**	**(252,009)**	**(7,353,142)**
Depreciation and amortisation		11,710,809	474,644	667,609	12,853,062
Total Assets		507,574,361	11,262,646	31,441,440	550,278,447
Total Liabilities		440,163,109	6,271,234	26,601,027	473,035,371
Capital expenditure		38,273,058	789,041	628,287	39,690,385

2017		Reportable segments			
Amounts in Euro	**Note**	**Cables**	**Enamelled wires**	**Foundries**	**Total**
Segment revenue		352,055,706	39,786,450	91,650,365	483,492,521
Inter-segment revenue		(63,881,209)	(25,937)	(36,605,085)	(100,512,231)
External revenue	6	**288,174,497**	**39,760,513**	**55,045,280**	**382,980,290**
Gross profit		**24,418,359**	**1,082,355**	**454,657**	**25,955,372**
Operating profit		**13,040,031**	**321,650**	**385,657**	**13,747,339**
Profit/ (loss) before taxes		**(5,128,766)**	**(270,459)**	**118,934**	**(5,280,291)**
Depreciation and amortisation		11,103,965	481,969	637,472	12,223,406
Total Assets		413,667,789	12,309,048	24,807,799	450,784,636
Total Liabilities		343,572,989	7,034,212	19,715,378	370,322,579
Capital expenditure		13,105,593	52,917	477,948	13,636,458

C. Geographic information

Hellenic Cables Group's segments are managed on a worldwide basis, but operate manufacturing facilities and sales offices primarily in Greece and Bulgaria.
The Group's revenue from external customers by country of domicile of customers is set out in note 6.C.

The geographic information below analyses the consolidated non-current assets by country of domicile of the Company and its subsidiaries. In presenting the geographic information, segment assets were based on the geographic location of the assets.

Property, plant & equipment		
Amounts in Euro	**2018**	**2017**
Greece	204,450,854	182,311,179
Bulgaria	272,521	337,753
	204,723,375	**182,648,931**

Intangible assets and goodwill		
Amounts in Euro	**2018**	**2017**
Greece	77,742,303	73,138,653
Bulgaria	14,763	8,710
	77,757,066	**73,147,362**

Investment property		
Amounts in Euro	**2018**	**2017**
Greece	831,726	831,726
Bulgaria	-	-
	831,726	**831,726**

6. Revenue

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

A. Significant accounting policy

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

For the detailed accounting policy, see Note 4.13.

B. Nature of goods and services

Energy cables projects

The Group and the Company produce and sell "turnkey" cable systems, i.e. supply and install 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 Group's and 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 Group and the Company account 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.

C. Disaggregation of revenue

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

Primary geographical markets:

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Greece	137,632,311	137,176,375	116,371,897	106,209,531
Other European Union countries	285,992,980	228,772,620	230,550,770	179,620,910
Other European countries	13,003,125	4,723,185	13,003,125	4,723,185
Asia	2,961,215	6,092,855	2,899,619	4,200,937
America	2,330,986	2,964,262	2,330,986	2,964,262
Africa	1,340,318	3,224,166	1,340,318	1,635,521
Oceania	121,791	26,827	121,791	26,827
	443,382,727	**382,980,290**	**366,618,507**	**299,381,172**

Major products and service lines:

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Energy projects	101,756,466	71,473,852	85,623,339	39,310,126
Power & telecom cables	239,568,513	190,555,918	226,518,204	179,487,919
Enamelled cables & wires	37,162,104	39,760,513	37,158,807	39,760,290
Sales of services, raw materials and other products	64,895,643	81,190,006	17,318,156	40,822,837
	443,382,727	**382,980,290**	**366,618,507**	**299,381,172**

Timing of revenue recognition:

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Revenue recognised at a point in time	341,626,261	311,506,438	280,995,168	260,071,046
Revenue recognised over time	101,756,466	71,473,852	85,623,339	39,310,126
	443,382,727	**382,980,290**	**366,618,507**	**299,381,172**

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 54.1 million and EUR 20.2 million for the Group and the Company, respectively. These amounts are expected to be recognised during 2019 based on the time schedules included in the open contracts as of 31 December 2018, which have original contractual expected durations of more than one year.

D. Significant judgments in revenue recognition

In recognising revenue the Group and the Company make 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.

7. Other income

		GROUP		COMPANY	
Amounts in Euro	**Note**	**2018**	**2017**	**2018**	**2017**
Rental income		126,991	149,053	126,991	149,053
Amortisation of grants	**27**	748,332	742,002	400,017	405,545
Gains on sale of fixed assets		2,174	19,556	1,400	12,778
Income from expenses recharged		828,385	752,877	6,341,221	5,907,289
Prior period income		223,612	96,612	299,095	96,612
Collection of indemnities		128,584	290,007	128,584	290,007
Income from liabilities write-off		-	204,957	-	-
Income from litigation		-	250,000	-	-
Indemnity for freight expenses received by customer		-	300,000	-	-
Other income		161,189	191,633	119,101	104,338
Total		**2,219,268**	**2,996,696**	**7,416,409**	**6,965,622**

The line “Income from expenses recharged to third parties” for the Company for the comparative period has been restated (refer to note 4.20).

8. Other expenses

		GROUP		COMPANY	
Amounts in Euro	**Note**	**2018**	**2017**	**2018**	**2017**
Expenses recharged		811,191	113,518	6,112,646	5,308,053
Taxes - duties		210,923	274,377	100,905	126,873
Penalties / Fines		66,173	187,880	17,643	85,822
Employee benefits	**10**	142,023	100,921	58,237	19,485
Loss from sale of fixed assets		774	-	-	-
Indemnities for civil liability damages		101,929	337,900	101,929	347,488
Loss from out-of-court settlement		2,000,000	-	2,000,000	-
Other expenses		324,232	183,895	228,208	128,859
Total		**3,657,245**	**1,198,491**	**8,619,568**	**6,016,581**

During 2018, Hellenic Cables entered into an out-of-court settlement with a factoring company for an amount of EUR 2 million. This amount concerns a credit-related loss from a supplier of the Company, shared between the Company and the factor, due to a contract default of the supplier against both counterparties. The out-of-court settlement was wiser than embarking into court proceedings with the factor's Group, as the Company and the Group avoided both legal costs and a lengthy dispute with a long-term partner of both the Company and the Group.

9. Expenses by nature

Expenses by nature		GROUP		COMPANY	
Amounts in Euro	**Note**	**2018**	**2017**	**2018**	**2017**
Cost of inventories recognised as an expense		329,957,568	287,902,386	291,071,553	246,606,469
Employee benefits	**10**	27,385,982	24,408,179	13,816,922	12,535,234
Energy		5,673,214	4,770,987	3,018,606	2,234,291
Depreciation and amortisation		12,853,062	12,223,406	6,518,564	6,145,335
Amortisation of contract costs		4,330	-	4,330	-
Taxes		634,573	552,495	308,146	282,760
Insurance		1,939,461	1,508,105	1,047,449	673,771
Rent		1,493,278	1,352,290	1,098,704	1,117,174
Transportation		7,393,005	7,147,846	6,473,215	6,247,565
Losses from derivatives		2,315,251	2,616,996	1,612,680	1,990,359
Commissions		1,912,902	4,230,172	624,789	1,109,255
Third party fees and benefits		31,655,716	17,290,555	28,758,428	16,768,077
Foreign exchange gains/(losses)		432,688	126,364	497,793	115,297
Other		5,838,641	6,901,375	2,083,333	2,924,800
Total cost of sales, selling & distribution and administrative expenses		**429,489,673**	**371,031,156**	**356,934,513**	**298,750,386**

The Company and the Group significantly invest 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 2018 amounts to EUR 1.7 million (2017: EUR 718 thousand) for the Group and EUR 452 thousand (2017: EUR 247 thousand) for the Company.

The "third party fees and benefits" account in the table above includes restructuring expenses of EUR 260,964 paid to external consultants (2017: EUR 148,000) for the Group and EUR 130,482 (2017: EUR 74,000) for the Company. These fees concerned the improvement of the Group's and the Company's internal structures and procedures.

The "third party fees and benefits" account in the table above includes auditors' fees of EUR 158,015 and EUR 101,615 for the Group and the Company in 2018.

10. Personnel expenses

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Salaries and wages	22,496,789	19,513,492	12,914,222	11,631,226
Contributions to social security funds	5,653,713	4,920,501	3,158,872	2,876,585
Other employee benefits	1,865,128	1,545,898	1,034,207	909,370
Defined benefit plan	294,005	295,864	184,540	195,216
Total	**30,309,634**	**26,275,756**	**17,291,841**	**15,612,396**

The personnel employed by the Group on 31 December 2018 numbered 937 persons (2017: 768). Accordingly, the personnel employed by the Company on 31 December 2018 numbered 463 persons (2017: 407).

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

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Cost of sales	21,525,451	18,731,723	11,191,752	9,817,857
Selling and distribution expenses	2,692,217	2,634,192	1,393,836	1,492,761
Administrative expenses	3,168,315	3,042,264	1,231,334	1,224,616
Other expenses	142,023	100,921	2,407,063	2,204,594
Capitalised in assets under construction	2,781,630	1,766,656	1,067,855	872,568
Total	**30,309,635**	**26,275,756**	**17,291,841**	**15,612,396**

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

11. Finance income

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Interest income	5,614	3,800	3,989	3,097
Foreign exchange differences	158,985	42,925	153,070	42,924
	164,599	**46,725**	**157,060**	**46,021**

12. Finance costs

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Interest expenses and related costs	19,910,671	18,917,980	12,258,863	10,629,585
Foreign exchange differences	159,065	156,375	153,689	131,300
	20,069,736	**19,074,354**	**12,412,552**	**10,760,885**

13. Contract assets and liabilities

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

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Assets included in trade and other receivables	*104,416,656*	*75,429,298*	*72,664,258*	*51,949,877*
Contract assets	42,913,207	26,757,683	28,095,087	14,318,144
Contract liabilities	58,863,973	1,610,262	15,916,805	1,455,032

The timing of revenue recognition, billings and prepayments result 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:

	GROUP		COMPANY	
Amounts in Euro	**Contract assets**	**Contract liabilities**	**Contract assets**	**Contract liabilities**
Balance on 1 January 2018	**26,757,683**	**1,610,262**	**14,318,144**	**1,455,032**
Revenue recognised and included in the balance of contract liabilities at the beginning of the year	-	(1,610,262)	-	(1,455,032)
Increases due to advances, excluding amounts recognised as revenue during the period	-	58,863,973	-	15,916,805
Amounts billed during the year and transferred to receivables	(24,496,645)	-	(13,965,197)	-
Increases due to change in progress measurement	40,893,838	-	27,962,821	-
Recognition of impairment due to change in accounting policy	(148,242)	-	(123,363)	-
Impairment loss for the period	(93,427)	-	(97,317)	-
Balance on 31 December 2018	**42,913,207**	**58,863,973**	**28,095,087**	**15,916,805**

14. Property, plant and equipment

GROUP:

Amounts in Euro	Land & buildings	Machinery and mechanical equipment	Furniture and other equipment	Fixed assets under construction	Total
Acquisition cost					
Balance at 1/1/2017	**68,623,026**	**152,971,911**	**10,709,832**	**4,055,442**	**236,360,211**
Additions	22,468	1,150,171	369,099	11,649,543	13,191,280
Disposals	-	(60,695)	(31,974)		(92,669)
Reclassifications*	418,326	5,625,094	225,117	(6,713,714)	(445,178)
Balance at 31/12/2017	**69,063,819**	**159,686,481**	**11,272,073**	**8,991,270**	**249,013,644**
Balance at 1/1/2018	**69,063,819**	**159,686,481**	**11,272,073**	**8,991,270**	**249,013,644**
Additions	1,062,386	3,685,254	748,222	30,868,778	36,364,641
Disposals	-	(40,803)	-	-	(40,803)
Reclassifications*	5,343,846	5,842,507	88,003	(13,577,790)	(2,303,434)
Balance at 31/12/2018	**75,470,051**	**169,173,440**	**12,108,299**	**26,282,259**	**283,034,048**
Depreciation/ Impairment					
Balance at 1/1/2017	**(12,719,062)**	**(34,543,379)**	**(7,686,570)**	**-**	**(54,949,011)**
Depreciation for the year	(2,137,682)	(8,525,153)	(815,391)	-	(11,478,226)
Disposals	-	37,672	24,852	-	62,525
Balance at 31/12/2017	**(14,856,744)**	**(43,030,860)**	**(8,477,108)**	**-**	**(66,364,713)**
Balance at 1/1/2018	**(14,856,744)**	**(43,030,860)**	**(8,477,108)**	**-**	**(66,364,713)**
Depreciation for the year	(2,208,271)	(8,993,128)	(785,363)	-	(11,986,763)
Disposals	-		40,803	-	40,803
Balance at 31/12/2018	**(17,065,015)**	**(52,023,988)**	**(9,221,669)**	**-**	**(78,310,673)**
Net book value					
At 31/12/2017	**54,207,075**	**116,655,621**	**2,794,965**	**8,991,270**	**182,648,932**
At 31/12/2018	**58,405,035**	**117,149,452**	**2,886,629**	**26,282,259**	**204,723,375**

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

COMPANY:

Amounts in Euro	Land & buildings	Machinery and mechanical equipment	Furniture and other equipment	Fixed assets under construction	Total
Acquisition cost					
Balance at 1//1/2017	**27,853,937**	**51,215,108**	**6,036,850**	**1,735,419**	**86,841,314**
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)
Balance at 31/12/2017	**28,036,144**	**52,861,519**	**6,470,116**	**4,560,965**	**91,928,745**
Balance at 1/1/2018	**28,036,144**	**52,861,519**	**6,470,116**	**4,560,965**	**91,928,745**
Additions	114,632	739,824	283,182	3,877,493	5,015,131
Disposals	-	-	(27,379)	-	(27,379)
Reclassifications*	55,113	2,055,804	33,479	(4,083,459)	(1,939,063)
Balance at 31/12/2018	**28,205,890**	**55,657,147**	**6,759,398**	**4,355,000**	**94,977,434**
Depreciation/ Impairment					
Balance at 1/1/2017	**(1,296,035)**	**(11,821,249)**	**(4,561,616)**	**-**	**(17,678,900)**
Depreciation for the year	(1,242,697)	(4,069,505)	(396,281)	-	(5,708,483)
Disposals	-	-	5,632	-	5,632
Balance at 31/12/2017	**(2,538,732)**	**(15,890,755)**	**(4,952,265)**	**-**	**(23,381,752)**
Balance at 1/1/2018	**(2,538,732)**	**(15,890,755)**	**(4,952,265)**	**-**	**(23,381,752)**
Depreciation for the year	(1,229,375)	(4,264,256)	(427,573)	-	(5,921,205)
Disposals	-	-	27,379	-	27,379
Balance at 31/12/2018	**(3,768,107)**	**(20,155,011)**	**(5,352,459)**	**-**	**(29,275,577)**
Net book value					
At 31/12/2017	**25,497,412**	**36,970,765**	**1,517,851**	**4,560,965**	**68,546,993**
At 31/12/2018	**24,437,783**	**35,502,136**	**1,406,938**	**4,355,000**	**65,701,856**

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

A. Mortgages on fixed assets

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

B. Fixed assets under construction

The account "Fixed assets under construction" concerns mainly machinery the installation of which had not been completed by 31 December 2018, as well as productivity upgrades and capacity improvement in the Group's plants.

The amount of EUR 13.6 million which was reclassified from the Group's property, plant and equipment under construction in 2018 mostly relates to the conclusion of part of the productivity improvements at the Fulgor plant.
The borrowing costs capitalised during 2018 and related to the Group's property, plant and equipment under construction amounted to EUR 479 thousand and concerned the acquisition of new mechanical equipment by Fulgor. The discount rate used was 5.8%. At Company level, no borrowing costs were capitalised during 2018.

15. Intangible assets and goodwill

GROUP:

Amounts in Euro	**Goodwill**	**Trademarks and licenses**	**Software**	**Other**	**Total**
Acquisition cost					
Balance at 1/1/2017	**67,388,311**	**8,088,803**	**4,142,117**	**301,581**	**79,920,811**
Additions	-	571,256	158,832	-	730,088
Reclassifications	-	203,959	241,219	-	445,178
Balance at 31/12/2017	**67,388,311**	**8,864,018**	**4,542,167**	**301,581**	**81,096,077**
Balance at 1/1/2018	**67,388,311**	**8,864,018**	**4,542,167**	**301,581**	**81,096,077**
Additions	-	2,767,218	555,927	2,600	3,325,744
Reclassifications	-	1,633,225	670,210	-	2,303,434
Balance at 31/12/2018	**67,388,311**	**13,264,460**	**5,768,304**	**304,181**	**86,725,255**
Amortisation/ Impairment					
Balance at 1/1/2017	**-**	**(3,453,543)**	**(3,407,205)**	**(166,114)**	**(7,026,861)**
Amortisation for the year	-	(637,103)	(264,391)	(20,359)	(921,854)
Balance at 31/12/2017	**-**	**(4,090,646)**	**(3,671,596)**	**(186,473)**	**(7,948,715)**
Balance at 1/1/2018	**-**	**(4,090,646)**	**(3,671,596)**	**(186,473)**	**(7,948,715)**
Amortisation for the year	-	(698,191)	(308,303)	(12,981)	(1,019,475)
Balance at 31/12/2018	**-**	**(4,788,837)**	**(3,979,899)**	**(199,454)**	**(8,968,189)**
Net book value					
At 31/12/2017	**67,388,311**	**4,773,372**	**870,571**	**115,107**	**73,147,362**
At 31/12/2018	**67,388,311**	**8,475,623**	**1,788,405**	**104,727**	**77,757,066**

COMPANY:

Amounts in Euro	Trademarks and licenses	Software	Other	Total
Acquisition cost				
Balance at 1/1/2017	**5,903,954**	**3,919,675**	**17,606**	**9,841,235**
Additions	488,262	134,331	-	622,593
Reclassifications	-	-	132,667	132,667
Balance at 31/12/2017	**6,392,216**	**4,054,006**	**150,273**	**10,596,495**
Balance at 1/1/2018	**6,392,216**	**4,054,006**	**150,273**	**10,596,495**
Additions	2,012,685	455,260	2,600	2,470,545
Reclassifications	1,425,813	645,917	(132,667)	1,939,063
Balance at 31/12/2018	**9,830,714**	**5,155,183**	**20,206**	**15,006,103**
Depreciation/ Impairment				
Balance at 1/1/2017	**(3,176,295)**	**(3,250,277)**	**(17,005)**	**(6,443,577)**
Amortisation for the year	(418,618)	(218,845)	(301)	(637,764)
Balance at 31/12/2017	**(3,594,913)**	**(3,469,122)**	**(17,305)**	**(7,081,341)**
Balance at 1/1/2018	**(3,594,913)**	**(3,469,122)**	**(17,305)**	**(7,081,341)**
Amortisation for the year	(444,169)	(251,011)	(561)	(695,741)
Balance at 31/12/2018	**(4,039,083)**	**(3,720,133)**	**(17,866)**	**(7,777,082)**
Net book value				
At 31/12/2017	**2,797,303**	**584,884**	**132,968**	**3,515,154**
At 31/12/2018	**5,791,631**	**1,435,050**	**2,340**	**7,229,021**

Reclassifications from property, plant and equipment under construction concerned capitalised expenses for acquiring trademarks and licences, as well as the installation of software programmes which was under development since the previous year.

A. Recognition of goodwill for the submarine cables production business unit

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.

As part of the above corporate transformation, the Company acquired control of its wholly-owned subsidiaries Fulgor and Lesco and of the industrial sector and part of the cables commercial sector of its parent company.
Therefore, on 30 June 2016, Hellenic Cables Group was set up with a new composition which included Fulgor and Lesco, as well as the industrial sector and part of the cables commercial sector.
Until 30 June 2016, the activities of the above businesses were not combined under that composition in the consolidated statements of the previous parent company, but were part of the previous group, which also included additional businesses in its consolidated financial statements. The new Group that was established on 30 June 2016 currently includes only the previous group's cable and wire production activities in Greece as well as the production of wooden packaging materials in Bulgaria.

On the acquisition date, the Company did not meet the criteria prescribed in IFRS 3 (par. B7-12) to be qualified as a business. On the contrary, the entities Fulgor & Lesco Eood and the industrial sector and part of the cables commercial sector did meet these criteria. In the case of such transformations, IFRS 3, paragraph B18 defines that one of the combined businesses must be qualified as acquirer.

Therefore, the combined businesses based on the criteria set in IFRS 10 and IFRS 3 (paragraphs 6-7 and B13-B17) identified as acquirer the industrial part and part of the cables commercial sector absorbed by the Company.

All of the businesses that took part in the above business combination were ultimately controlled by Viohalco SA/NV and therefore the certain business combination qualified as common control transaction. In pursuance of paragraphs 10-12 of IAS 18, the Group chose to apply the accounting treatment of IFRS 3 "Business combinations" for common control transactions. IFRS 3 specifies that each business combination is accounted for using the acquisition method.

Acquisition date
The 30th of June 2016 was set as acquisition date, i.e. when the transformation was approved by the competent bodies.

Determination of consideration
Under the provisions of IFRS 3, the fair value of the consideration transferred at the acquisition date is based on the number of equity interests the acquirer would have had to issue to give to the owners of the legal parent company the same percentage equity interest in the combined entity that results from the acquisition. The fair value of the number of equity interests calculated in that way can be used as the fair value of consideration transferred in exchange for the acquiree. Therefore, the value of the new shares that the acquirer would have issued would amount to 86,747,654. The fair value of these shares arose from the absorption contract and was based on a valuation conducted by an independent valuator who valuated Fulgor's current market value at EUR 86,747,654 in the report dated 25 April 2016.

Goodwill calculation
On the acquisition date, the Company measured Fulgor's assets and liabilities at fair value pursuant to the provisions of paragraph 18 of IFRS 3.

On 30 June 2016, the fair value of Fulgor's assets and liabilities was as follows:

	30/06/2016
ASSETS	
Property, plant & equipment	112,911,771
Intangible assets	1,540,213
Investment property	332,039
Other receivables	367,341
Total non-current assets	**115,151,364**
Inventories	27,416,732
Trade and other receivables	20,410,356
Derivatives	15,890
Cash and cash equivalents	1,164,061
Total current assets	**49,007,039**
Total assets	**164,158,403**
LIABILITIES	
Loans and borrowings	44,226,648
Deferred tax liabilities	2,457,836
Employee benefits	842,580
Grants	11,336,006
Other long-term liabilities	9,304,545
Non-current liabilities	**68,167,616**
Trade and other payables	43,102,072
Current tax liabilities	1,239,102
Loans and borrowings	32,108,946
Derivatives	181,325
Current liabilities	**76,631,445**
Total liabilities	**144,799,060**
Net assets acquired	**19,359,343**
Consideration paid	86,747,654
Goodwill	**67,388,311**

Goodwill represents Fulgor's strong growth potential following the investments made in Fulgor's plant during 2012-2015, when Fulgor was at a loss-making position.

More specifically, Fulgor is currently considered one of the top suppliers of submarine cables worldwide. Once the investment plan of 2012-2016 was completed, Fulgor managed to create an integrated submarine cables manufacturing unit, which incorporates know-how in production, its trademark and the port located within its premises, which is now an integral part of Fulgor's submarine cables business unit.

The resultant goodwill from Lesco's acquisition was negative (bargain purchase EUR -249,114) and this amount is currently included in the Group's retained earnings.

B. Goodwill impairment testing

In relation to the goodwill of EUR 67.4 million, as at 31.12.2018 an impairment test was conducted for the cash generating unit (CGU) of the submarine cables production plant. The results of this test did not indicate any need for impairment.

In order to determine the value in use of the submarine cables CGU, cash flow projections based on management's estimates covering a five-year period were used. These estimates take into consideration the contracts already signed, as well as contracts estimated to be awarded in Greece and abroad.

The submarine cables CGU operates in a project-based business. Therefore, assumptions related to turnover and profitability growth are based on the contracts already signed, as well as on the projects estimated to be undertaken in the forthcoming period. The main assumptions regarding the operations of the submarine cables CGU and the projects to be executed within the five-year period are:

- Progressively high capacity utilisation of Fulgor's plant, starting from 2019 based on contracts already awarded;
- Capital expenditure of approximately EUR 37 million in the following 5 years, in order to cover estimated production and capacity needs.
- Compound annual growth rate of revenue from offshore business for the five-year period at ca. 23% attributable to assignment of new projects mainly in Greece, North Europe and the USA.
- Profitability per offshore project in terms of EBITDA at ca. 15%-25% of revenue. Estimated profitability per project varies mainly due to different type of cable and technical specifications, geographic region and project's time frame.
- Compound annual growth rate of fixed operating expenses at ca. 4.1% for the five-year period.

Cash flows after the first five years were calculated using an estimated growth rate of 1.4%, which mainly reflects management's estimates for the growth prospects of the high-voltage offshore cable sector. The pre-tax rate used to discount these cash flows ranges from 11.6% to 9.2% for the five-year period and is 9.8% for the terminal value and was based on the following:

- Risk-free rate was determined according to AAA Eurozone rates in the range of -0.68% to -0.16% for the five years and 0.49% for the terminal value.
- The country risk for operating in Greece determined in the range of 1.2% to 1.6% for the first five years and 1.7% for the terminal value.
- The market risk premium was determined at 5.1%.

Despite the fact that the commodity prices for copper and aluminium are part of the assumptions for the impairment test performed, due to the hedging activities undertaken and the customised nature of the products sold by Fulgor, the value of the business unit is not significantly affected by fluctuations in commodity prices. Neutral result from metal price fluctuations is assumed in the context of the impairment test.

The results of this test indicated that the recoverable amount as of 31 December 2018 exceeds the carrying amount of the CGU amounting to EUR 230 million by EUR 234 million.

A sensitivity analysis was carried out on the basis of the key assumptions of the model (discount rates and growth in perpetuity), so as to examine the adequacy of the headroom, i.e. the amount by which the recoverable amount exceeds the carrying value. The result of the sensitivity analysis indicated that the recoverable amount still exceeds the carrying value of the CGU.

Results of the sensitivity analysis for the impairment testing:

	Assumptions used	**Change in rates required for the recoverable amount to equal the carrying amount**
Discount rate	11.6% to 9.2%	-12.8%
Terminal growth	1.45%	6.3%

16. Investment property

Amounts in Euro	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Opening balance	**831,726**	**831,726**	**204,105**	**204,105**
Additions	-	-	-	-
Disposals	-	-	-	-
Closing balance	**831,726**	**831,726**	**204,105**	**204,105**

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

The fair value of these real estate properties, as at 31 December 2018, 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 2018 because they are not leased while no operating expenses were incurred in relation to these properties throughout the year.

17. Subsidiaries and joint operations

A. Subsidiaries

Amounts in Euro	COMPANY 2018	COMPANY 2017
Balance at 1 January	**90,930,230**	**89,330,230**
Participation in subsidiary's share capital increase	-	1,600,000
Balance at 31 December	**90,930,230**	**90,930,230**

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

Amounts in Euro	2018					
Corporate name	**Participation percentage**	**Acquisition cost**	**Total Assets**	**Total liabilities**	**Revenue**	**Earnings/ (loss)**
FULGOR S.A. (Greece)	100.00%	88,347,654	241,871,219	219,308,547	191,889,813	(1,441,941)
LESCO OOD (Bulgaria)	100.00%	2,582,576	3,370,481	1,405,412	4,783,638	(15,608)
Total		**90,930,230**				

Amounts in Euro	2017					
Corporate name	**Participation percentage**	**Acquisition cost**	**Total Assets**	**Total liabilities**	**Revenue**	**Earnings/ (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)
Total		**90,930,230**				

The carrying amount of investments in subsidiaries was determined 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 was absorbed during 2016.

B. Joint operations

Hellenic Cables has a 62.52% interest in a joint venture called VO Cablel VOF, which was set up as a partnership together with Van Oord. The scope of this joint operation scheme is to supply and install sea and land cables for the Hollandse Kust (South) Alpha project and Hollandse Kust (South) Beta project. The principal place of business of the joint operation is in the Netherlands.

Hellenic Cables has also a 50.77% interest in a joint arrangement called V.O.F. Tideway – Hellenic Cables, which was set up as a partnership together with Tideway. The scope of this joint operation scheme is to execute a turnkey contract for the supply and installation of submarine cables for the connection of the Seamade offshore wind project to the Belgian grid. The principal place of business of the joint operation is in Belgium.

The agreements in relation to the VO Cablel VOF and V.O.F. Tideway – Hellenic Cables require unanimous consent from all parties for all relevant activities. The two partners have direct rights to the assets of the partnership and are jointly and severally liable for the liabilities incurred by the partnership. These entities are therefore classified as joint operations and the Group recognises its direct right to the jointly held assets, liabilities, revenues and expenses as described in note 4.1(i).

18. Other investments

Other investments concern holdings in domestic and foreign companies with holding interests less than 20%. These investments have been qualified as equity investments at FVOCI. This category includes the following investment:

Amounts in Euro	**2018**	**Participation percentage**	**2017**	**Participation percentage**
DIA.VI.PE.THIV	218,136	4.44%	218,136	4.44%
	218,136		**218,136**	

19. Income tax expense

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

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Income tax expense	(55,994)	-	(53,809)	-
Deferred tax	5,466,350	684,751	3,418,365	1,894,862
	5,410,356	**684,751**	**3,364,556**	**1,894,862**

B. Reconciliation of applicable tax rate

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Profit/ (loss) before tax	**(7,353,142)**	**(5,280,291)**	**(3,465,819)**	**(8,635,038)**
Tax calculated by using the applicable tax rates 29% (2017: 29%)	2,132,411	1,531,284	1,005,087	2,504,161
Non-deductible tax expenses	(822,820)	(360,751)	(712,641)	(170,944)
Tax-exempt income	216,668	210,044	183,463	257,472
Change in prior year income tax	(224,869)	-	(172,148)	-
Change in tax rate	1,095,548	-	46,461	-
Other taxes	(53,809)	-	(53,809)	-
Recognition of previously unrecognized tax losses	3,070,208	-	3,068,142	-
Effect of tax rates in foreign jurisdictions	(2,981)	-	-	-
Derecognition of tax losses	-	(695,826)	-	(695,826)
Total income tax for the period	**5,410,356**	**684,751**	**3,364,556**	**1,894,862**
Applicable tax rate	**(73.58%)**	**(12.97%)**	**(97.08%)**	**(21.94%)**

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

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

The effective tax rate of the Group and the Company is influenced by:

- the gradual decrease in the following years of the income tax rate in Greece and the recalculation of deferred tax, which resulted in a deferred tax credit of EUR 1.1 million and EUR 46 thousand at Group and Company level, respectively;
- the use of tax losses of EUR 3.1 million for which no deferred tax asset was previously recognised by the Company.

C. Deferred tax

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

GROUP:

Amounts in Euro	Balance on 1 January 2018	Recognised in profit or loss	Recognised in OCI	Change in tax rate		Change in accounting policy	Net balance at 31 December 2018	Deferred tax asset	Deferred tax liability
				Recognised in profit or loss	Recognised in OCI				
Property, plant and equipment	(15,038,045)	(486,651)	-	2,177,297	-	-	**(13,347,399)**	-	(13,347,399)
Intangible assets	19,100	(12,401)	-	1,074	-	-	**7,773**	-	7,773
Investment property	51,299	-	-	22,298	-	-	**73,597**	73,597	-
Derivatives	(180,303)	(4,533)	213,585	(386)	(605)	-	**27,758**	140,272	(112,514)
Inventories	-	206,811	-	(7,131)	-	-	**199,679**	199,679	-
Loans and borrowings	(2,769,362)	23,883	-	300,382	-	-	**(2,445,097)**	-	(2,445,097)
Employee benefits	737,772	42,118	(31,990)	(93,798)	(8,907)	-	**645,195**	645,195	-
Provisions	-	-	-	(46,313)	-	335,769	**289,456**	289,456	-
Contracts with customers	(5,354,563)	11,803,833	-	(222,389)	-	-	**6,226,881**	6,226,881	-
Other	(760,410)	443,363	-	6,895	-	-	**(310,151)**	49,512	(359,663)
Thin capitalisation interest	8,156,712	(1,289,818)	-	(929,220)	-	-	**5,937,675**	5,937,675	-
Tax losses	9,258,068	(6,355,804)	-	(113,161)	-	-	**2,789,103**	2,789,103	-
Total	**(5,879,732)**	**4,370,802**	**181,595**	**1,095,548**	**(9,512)**	**335,769**	**94,470**	**16,351,370**	**(16,256,900)**
Set-off tax								(15,128,443)	15,128,443
Net deferred tax asset / (liability)								**1,222,926**	**(1,128,457)**

Amounts in Euro	**Balance on 1 January 2017**	**Recognised in profit or loss**	**Recognised in OCI**	**Change in tax rate**		**Change in accounting policy**	**Net balance at 31 December 2017**	**Deferred tax asset**	**Deferred tax liability**
				Recognised in profit or loss	**Recognised in OCI**				
Property, plant and equipment	(14,380,492)	(657,553)	-	-	-	-	**(15,038,045)**	-	(15,038,045)
Intangible assets	31,701	(12,600)	-	-	-	-	**19,100**	-	19,100
Investment property	51,299	-	-	-	-	-	**51,299**	51,299	-
Derivatives	166,962	(71,725)	(275,540)	-	-	-	**(180,303)**	-	(180,303)
Loans and borrowings	(3,037,916)	268,554	-	-	-	-	**(2,769,362)**	-	(2,769,362)
Employee benefits	695,178	29,834	12,760	-	-	-	**737,772**	737,772	-
Provisions	(568,178)	568,178	-	-	-	-	**-**	-	-
Contracts with customers	(33,711)	(4,525,020)	-	-	-	(795,833)	**(5,354,563)**	-	(5,354,563)
Construction contracts	(364,220)	-	-	-	-	364,220	**-**	-	-
Other	206,412	(966,822)	-	-	-	-	**(760,410)**	65,591	(826,001)
Thin capitalisation interest	4,682,720	3,473,993	-	-	-	-	**8,156,712**	8,156,712	-
Tax losses	6,680,155	2,577,913	-	-	-	-	**9,258,068**	9,258,068	-
Total	**(5,870,089)**	**684,751**	**(262,780)**	**-**	**-**	**(431,613)**	**(5,879,732)**	**18,269,443**	**(24,149,175)**
Set-off tax								(18,267,087)	18,267,087
Net deferred tax asset / (liability)								**2,356**	**(5,882,087)**

COMPANY:

Amounts in Euro	**Balance on 1 January 2018**	**Recognised in profit or loss**	**Recognised in OCI**	**Change in tax rate**		**Change in accounting policy**	**Net balance at 31 December 2018**
				Recognised in profit or loss	**Recognised in OCI**		
Property, plant and equipment	(9,719,221)	357,598	-	1,170,648	-	-	**(8,190,975)**
Intangible assets	31,131	(8,669)	-	(1,542)	-	-	**20,920**
Investment property	44,169	-	-	(6,092)	-	-	**38,077**
Derivatives	(180,126)	(7,245)	70,838	(279)	4,298	-	**(112,514)**
Inventories	-	57,704	-	(1,990)	-	-	**55,714**
Loans and borrowings	-	(270,627)	-	23,448	-	-	**(247,178)**
Employee benefits	413,125	16,889	(24,114)	(50,526)	(5,461)	-	**349,913**
Provisions	-	-	-	(43,027)	-	311,948	**268,921**
Contracts with customers	(2,220,859)	3,283,092	-	(36,629)	-	-	**1,025,604**
Other	(826,000)	457,674	-	8,664	-	-	**(359,662)**
Thin capitalisation interest	6,396,562	470,332	-	(929,220)	-	-	**5,937,675**
Tax losses	3,507,695	(984,845)	-	(86,995)	-	-	**2,435,855**
Total	**(2,553,525)**	**3,371,904**	**46,724**	**46,461**	**(1,163)**	**311,948**	**1,222,350**

Amounts in Euro	Balance on 01 January 2017	Recognised in profit or loss	Recognised in OCI	Change in tax rate		Change in accounting policy	Net balance at 31 December 2017
				Recognised in profit or loss	Recognised in OCI		
Property, plant and equipment	(9,952,648)	233,426	-	-	-	-	**(9,719,221)**
Intangible assets	41,108	(9,977)	-	-	-	-	**31,131**
Investment property	44,169	-	-	-	-	-	**44,169**
Derivatives	201,957	(72,099)	(309,984)	-	-	-	**(180,126)**
Loans and borrowings	-	-	-	-	-	-	**-**
Employee benefits	398,293	5,651	9,181	-	-	-	**413,125**
Provisions	(306,450)	306,450	-	-	-	-	**-**
Contracts with customers	-	(1,938,567)	-	-	-	(282,291)	**(2,220,859)**
Construction contracts	(364,220)	-	-	-	-	364,220	**-**
Other	(430,102)	(395,898)	-	-	-	-	**(826,000)**
Thin capitalisation interest	4,046,256	2,350,306	-	-	-	-	**6,396,562**
Tax losses	2,092,125	1,415,570	-	-	-	-	**3,507,695**
Total	**(4,229,512)**	**1,894,862**	**(300,803)**	**-**	**-**	**81,929**	**(2,553,525)**

The provisions of article 49 of Law 4172/2013 on thin capitalisation were applied in 2018 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 Group and the Company have recognised a deferred tax asset in relation to the surplus interest charges that arose during the current and previous fiscal years.

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

The variation noted in deferred tax assets on carryforward tax losses is mainly attributed to the use of EUR 21.7 million and EUR 2.8 million of tax losses at Group and Company level respectively, for which deferred tax asset was previously recognised.

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

On 31 December 2018, the accumulated tax losses carried forward available for future use amounted to EUR 10 million. In detail:

Company/Year	2014	2015	2016	2017	2018	Total
HELLENIC CABLES	1,541,319	440,290	-	6,717,874	-	**8,699,483**
FULGOR	-	-	-	1,261,601	-	**1,261,601**

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

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

20. Inventories

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Raw materials, auxiliaries, spare parts & consumables	36,184,044	36,179,674	18,558,029	20,662,354
Finished goods	18,261,220	15,094,181	15,632,938	13,224,016
Semi-finished goods	16,991,812	15,225,134	14,011,911	10,560,442
Merchandise	2,742,907	2,207,590	632,325	640,494
By-products & scrap	2,661,219	1,577,898	1,344,779	958,383
	76,841,602	**70,284,478**	**50,179,982**	**46,045,689**

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 Group and the Company had raised a provision for inventories write-down equal to EUR 713 thousand and EUR 199 thousand, respectively, due to the downward trend of copper prices in the LME. In 2017, no provision for inventories write-down had been raised.

The consumption of inventories charged to the operating results of the year (cost of sales) for the Group and the Company amounts to EUR 330 million and EUR 291 million respectively.

21. Trade and other receivables

Amounts in Euro	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
Trade receivables	74,062,318	41,152,803	56,516,111	39,055,987
Less: Provisions for impairment	(4,024,496)	(3,205,261)	(2,827,856)	(2,031,690)
	70,037,822	**37,947,541**	**53,688,255**	**37,024,297**
Cheques and notes receivable	26,631	19,114	26,631	19,114
Receivables from related parties	30,354,338	34,276,496	16,148,147	12,893,890
Other debtors	6,313,691	8,810,761	2,096,667	3,907,111
Less: Provisions for impairment	(120,000)	(120,000)	-	-
Other advance payments	2,186,151	332,661	141,241	126,658
Deferred tax assets	1,734,174	2,167,452	754,993	276,572
Guarantees	249,654	369,697	190,701	199,608
Other receivables	4,665,828	2,100,408	3,222,165	1,123,564
	115,448,289	**85,904,129**	**76,268,799**	**55,570,814**
Current assets - Trade and other receivables	114,709,627	84,964,827	75,932,736	55,145,246
Non-current assets - Trade and other receivables	738,662	939,302	336,063	425,567
	115,448,289	**85,904,129**	**76,268,799**	**55,570,814**

The Group and the Company have entered into accounts receivable assignment agreements with financial institutions without right of recourse which, on 31 December 2018, amounted to EUR 21,579 thousand (2017: EUR 6,095 thousand).

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

22. Cash and cash equivalents

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Cash in hand and in banks	13,744	55,915	8,774	32,013
Bank deposits	28,264,738	9,047,443	18,328,667	6,433,954
	28,278,482	**9,103,357**	**18,337,441**	**6,465,967**

23. Share capital

On 31 December 2018, 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

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Statutory reserve	-	-	-	-
Fair value reserves	85,146	608,667	309,443	478,577
Special reserves	8,295,404	8,295,404	8,295,404	8,295,404
Tax-exempt reserves	14,088,740	14,088,740	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	12,948,017	12,948,017
	35,417,307	**35,940,828**	**35,641,604**	**35,810,739**

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

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

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

Tax-exempt reserves: The 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.

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.

25. Loans and Borrowings

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

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Non-current liabilities				
- Bank loans	1,532,624	2,142,624	-	-
- Bond loans	114,484,273	46,630,886	74,499,704	5,402,123
	116,016,897	**48,773,510**	**74,499,704**	**5,402,123**
Current liabilities				
- Bank loans	149,914,514	105,474,006	96,062,121	65,010,837
- Factoring with recourse	8,947,289	19,566,244	3,471,344	9,202,575
- Bond loans	9,881,260	59,255,411	6,199,324	56,413,279
	168,743,063	**184,295,661**	**105,732,790**	**130,626,691**
Total loans & borrowings	**284,759,960**	**233,069,171**	**180,232,494**	**136,028,814**

Terms and maturity of loans & borrowings repayment:

GROUP:

	Currency	Average interest rate 2018	Maturity year	31/12/2018 Carrying amount	31/12/2017 Carrying amount
Short-term borrowing	Euro	4.41%	2019	149,243,458	103,406,753
Long-term borrowing	Euro	5.11%	2027	116,016,897	48,773,510
Factoring with recourse	Euro	4.57%	2019	8,947,289	19,566,244
Short-term instalment of long-term bank loans	Euro	5.10%	2019	671,055	2,067,253
Current portion of bond loans	Euro	5.07%	2019	9,881,260	59,255,411
				284,759,960	**233,069,171**

COMPANY:

	Currency	Average interest rate 2017	Maturity year	31/12/2018 Carrying amount	31/12/2017 Carrying amount
Short-term borrowing	Euro	4.45%	2019	96,062,121	65,010,837
Long-term borrowing	Euro	4.07%	2025	74,499,704	5,402,123
Factoring with recourse	Euro	4.67%	2019	3,471,344	9,202,575
Current portion of bond loans	Euro	4.55%	2019	6,199,324	56,413,279
				180,232,494	**136,028,814**

During 2018, the Group and the Company obtained new bank and bond loans in euro, which amounted to EUR 71.1 million and EUR 56 million, respectively, and repaid bank loans and bonds of EUR 20.5 million and EUR 11.8 million, respectively with maturity date in 2018. The new loans mainly concern withdrawals from existing and new revolving credit lines of current bank loans having similar terms and conditions for project financing and a new long-term loan, as described below

Short term facilities are predominately revolving credit facilities which aim to finance working capital needs and specific ongoing projects.

Loans and borrowings increased by EUR 51.7 million and EUR 44.2 million at Group and Company level, driven by significant working capital needs and increased capital expenditure of the subsidiary Fulgor.

As at 31 December 2018, the consolidated current liabilities exceeded current assets by EUR 69.9 million. In the past, Hellenic Cables Group has never experienced any issues in financing its activities, renewing its working capital facilities or refinancing its long-term loans and borrowings. Management expects that any repayments for banking facilities required will be met out of operating cash flows or from unutilised credit lines, which are in place in order to serve capital requirements. Regarding the finance of project-based activities, the Group has secured the necessary funds through project finance facilities.

During 2018, the negotiations with several banks regarding the conversion of a significant portion of short-term borrowings to long-term ones were successfully concluded. As a result, loans and borrowings amounting to EUR 80.1 million were successfully re-profiled. Specifically:

- Hellenic Cables re-profiled EUR 55.1 million through a 5-year extension of the syndicated bond loans initially received in 2013 with improved pricing terms.
- Hellenic Cables received a new 7-year bond loan of EUR 25 million by a major Greek bank.

Mortgages and pledges in favour of banks have been recorded on property, plant and equipment and inventories of subsidiaries. The carrying amount of assets mortgaged or pledged is EUR 130.4 million and EUR 81.4 million at Group and Company level, respectively (amount of EUR 21.5 million relates to pledged inventories of the Company and amounts of EUR 108.9 million and EUR 59.9 million relate to mortgaged property, plant and equipment of the Group and the Company, respectively).

As for the syndicated collateralised bond loan initially equal to 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.

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

For the bank loans of the Group's companies that have been assumed from banks, there are clauses of change of control that provide the lenders with an early redemption clause.

There was no incident in 2018 of breach of covenants of the Group's and the Company's loans.

Reconciliation of loans& borrowings movement to cash flows arising from financing activities

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Total balance of loan liabilities on 1 January	**233,069,171**	**211,243,157**	**136,028,814**	**126,716,043**
Changes from financing activities:				
Loans obtained	71,189,102	38,365,675	56,059,762	24,064,412
Repayment of loans	(20,489,950)	(17,736,489)	(11,766,445)	(14,808,020)
Total changes from financing activities	**50,699,153**	**20,629,186**	**44,293,317**	**9,256,392**
Other changes:				
Interest expense	13,400,639	13,343,017	7,947,825	8,515,676
Interest paid	(12,888,229)	(12,146,190)	(8,037,462)	(8,459,297)
Interest capitalised	479,227	-	-	-
Total balance of loan liabilities on 31 December	**284,759,960**	**233,069,171**	**180,232,494**	**136,028,814**

26. Employee benefits

According to IFRS, the liabilities of the Group and the Company towards social security funds of their 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 Group or 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 for the years 2018 and 2017 respectively.

A. Changes in the present value of the liability

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Changes in net liability recognised in the Balance Sheet				
Net liability at the beginning of the year	2,550,557	2,405,637	1,424,572	1,373,427
Benefits paid	(143,528)	(194,943)	(126,303)	(175,731)
Total expenditure recognised in the income statement	294,005	295,864	184,540	195,216
Total amount recognised in the statement of profit or loss and OCI	(110,311)	43,999	(83,153)	31,660
Net liability at year-end	**2,590,722**	**2,550,557**	**1,399,656**	**1,424,572**
Breakdown of amounts recognised in the income statement as expenses				
Current service cost	152,233	135,138	69,927	64,307
Past service cost during the period	13,659	-	12,892	-
Interest cost	37,771	37,534	21,369	21,537
Curtailment/settlement/termination cost	90,342	123,192	80,352	109,372
Total expenditure recognised in the income statement	**294,005**	**295,864**	**184,540**	**195,216**
Breakdown of amounts recognised in the statement of profit or loss and OCI				
Actuarial loss/(gain) - demographic assumptions	(188,892)	-	(103,265)	-
Actuarial loss/(gain) - financial assumptions	(42,466)	39,021	(22,651)	21,554
Actuarial loss/(gain) – experience in the period	121,047	4,978	42,763	10,106
Total amount recognised in the statement of profit or loss and OCI	**(110,311)**	**43,999**	**(83,153)**	**31,660**

The cost of curtailment/settlement/termination of service amounting to EUR 90,342 and EUR 80,352 for the Group and the Company, respectively (2017: EUR 123,192 and EUR 109,372, respectively) arises from the fact that in 2018 the Group and the Company paid a total amount of EUR 143,528 and EUR 126,303, respectively (2017: EUR 194,943 and EUR 175,731) for compensation to employees who were either dismissed, retired or departed on a voluntary basis. Therefore, these particular payments generated an additional cost of EUR 90,342 and EUR 80,352 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:

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
Discount rate	1.61%	1.50%	1.61%	1.50%
Inflation	1.50%	1.50%	1.50%	1.50%
Future wage increase	1.75%	1.75%	1.75%	1.75%
Plan duration	14.69	15.41	14.40	15.14

C. Sensitivity analysis

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

	GROUP		COMPANY	
Amounts in Euro	**Increase**	**Decrease**	**Increase**	**Decrease**
Discount rate (0.5% movement)	(181,446)	201,066	(97,012)	107,071
Future salary growth (0.5% movement)	192,440	(176,449)	99,066	(91,731)

If zero withdrawal rates were used when determining the defined benefit liability as of 31 December 2018, the liability would have been increased by EUR 264,462 and EUR 127,780 for the Group and the Company, respectively.

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

D. Maturity analysis of defined benefit plan

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Up to 1 year	73,327	50,097	-	-
Between 1 and 2 years	27,640	18,048	17,333	-
Between 2 and 5 years	147,154	155,789	117,550	119,130
Over 5 years	3,201,830	3,141,641	1,723,275	1,761,456
Total	**3,449,950**	**3,365,575**	**1,858,159**	**1,880,586**

27. Grants

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

	GROUP		COMPANY	
Amounts in Euro	2018	2017	2018	2017
Balance at 1 January	**15,309,712**	**16,051,713**	**4,494,657**	**4,900,202**
Grants amortisation	(748,332)	(742,002)	(400,017)	(405,545)
Balance at 31 December	**14,561,380**	**15,309,712**	**4,094,640**	**4,494,657**

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 Group and the Company fully abide by all terms relating to the receipt of grants.

28. Trade and other payables

	GROUP		COMPANY	
Amounts in Euro	2018	2017	2018	2017
Suppliers	81,578,089	85,927,178	38,097,150	38,946,804
Payables to related parties	19,753,286	20,040,063	14,078,341	15,309,531
Sundry creditors	1,801,163	868,464	1,680,394	448,701
Accrued expenses	1,951,518	1,791,539	889,824	993,286
Social security funds	1,383,912	1,131,691	754,347	644,571
Other taxes-duties	4,133,993	2,087,640	524,418	1,850,274
	110,601,962	**111,846,573**	**56,024,473**	**58,193,168**
Current liabilities	106,467,392	105,898,803	56,024,473	58,193,168
Non-current liabilities	4,134,570	5,947,770	-	-
	110,601,962	**111,846,573**	**56,024,473**	**58,193,168**

29. Financial instruments

Financial risk management

General

The Group and the Company are exposed to the following risks from the use of their financial instruments:

- Credit Risk
- Liquidity risk
- Market risk

This paragraph presents information regarding the Group's and the Company's exposure to each of the above risks, the Group's and the Company's objectives, the policies and procedures they apply for the calculation and management of risks, as well as the management of the Group's and 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 Group's and the Company's risk management policies are applied in order to identify and analyse the risks that the Group and the Company are 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 Group's and the Company's activities.

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

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

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

Concerning potential implications from the Brexit, the Group is closely monitoring relevant developments and taking measures to mitigate any adverse effect on its results. The lack of progress in Brexit negotiations raises the risk of a disruptive exit with possible consequences including the imposition of potential trade barriers and custom duties. Thus, the Group and the Company do not expect their financial position to be significantly vulnerable with regard to the Brexit. Exports to the United Kingdom accounted for approximately 8% of total consolidated and company turnover for 2018 while most of direct competitors in the cables segment operate within the Eurozone. Thus, it is likely they will react to currency fluctuations accordingly. Based on the analysis performed up to date, Brexit is not expected to have any material adverse effect on the operations of the Group and the Company.

Finally, the macroeconomic and financial environment in Greece, where most of the Group's and the

Company's plants are located, is showing clear signs of improvement. The capital controls that are in force in Greece since June 2015 have been loosened further, but still remain in place until the date of approval of the financial statements and they have not prevented the Group or the Company to continue their activities as before. Likewise, cash flows from operating activities have not been disrupted. During 2018, Greece officially exited from the third bailout programme that began in 2015 and its credit rating upgraded by Standard & Poor's during H1 2018 (from 'B' to 'B+'). Nevertheless, management constantly assesses any new development in the Greek economy and its possible implications on the Group's' activities in order to ensure that all necessary and effective measures and actions are taken on time in order to minimise any impact. Moreover, the Group's strong customer base outside Greece (69% of consolidated turnover) minimises the liquidity risk which may arise from any remaining uncertainty of the economic environment in Greece.

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 Group's and the Company's activities.

Credit Risk

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

Trade and other receivables & contract assets

Group's and Company's exposure to credit risk is affected mainly by the specific characteristics of each individual customer. The demographics of the Group's and 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.

There is no customer accounting for more than 10% in consolidated sales except for one customer (Dredging International NV) due to the execution of the project for the Modular Offshore Grid – MOG in 2018. This threshold is exceeded and deemed acceptable given that the Group's and the Company's activities are now project oriented and on certain occasions this threshold is individually exceeded for a short period of time. Therefore, save project clients, commercial risk is allocated to a large number of clients.

The Board of Directors has established a credit policy where each new customer is examined on an individual basis in terms of creditworthiness before the standard payment and delivery terms of the Group and the Company are proposed to such customer. The creditworthiness control performed by the Group and the Company includes an examination of information from banking sources.

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 Group or the Company solely based on prepayments or letters of guarantee.

Most of the Group's and the Company's customers hold long-lasting transactions with the Group or 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, their geographical location, the market in which they operate, 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 lines 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 Group or the Company requests real guarantees or collateral (i.e. letters of guarantee), when possible.

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

Investments

Investments are classified 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 Group or the Company will be unable to fulfil its financial liabilities in due time. Group's or 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 Group's or the Company’s reputation.

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

In the past, Hellenic Cables Group has never experienced any issues in financing its activities, renewing their working capital facilities or refinancing its long-term loans and borrowings. Management expects that any repayments for banking facilities required will be met out of operating cash flows or from unutilised credit lines, which are in place in order to serve capital requirements. Regarding the finance of project-based activities, the Group has secured the necessary funds through project finance facilities. Finally, the relevant payables to suppliers are interest-free and settled within three months maximum. Therefore, there is no substantive liquidity risk because the Group and the Company fulfil their obligations of all types in due time.

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 Group's and the Company’s results or the value of their financial instruments. Market risk management is aimed at controlling the Group's and the Company’s exposure to such risk within a framework of acceptable parameters, in parallel with performance optimisation in terms of risk management.

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

Exchange rate risk

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

The Group's and 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 their operating activities.

Regarding other financial assets and liabilities denominated in foreign currencies, the Group and the Company secure that their 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 Group and the Company obtain funds for their investments and their working capital through bank loans, and therefore debit interest is charged to their results. Any upward trend of interest rates will have a negative effect on results due to the additional borrowing costs.

Capital management

The Board of Directors' policy is to maintain a robust capital base, in order to keep the Group and the Company trustworthy among investors, creditors and market players, and enable the future development of their 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.

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

The Company is not subject to external capital obligations.

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

	GROUP		COMPANY	
Amounts in thousand Euro	**2018**	**2017**	**2018**	**2017**
Total loans & borrowings	284,760	233,069	180,232	136,029
Less: Cash	*(28,278)*	*(9,103)*	*(18,337)*	*(6,466)*
Net debt	**256,481**	**223,966**	**161,895**	**129,563**
Total equity	77,243	80,462	81,306	82,287
Debt to equity ratio	**3.32**	**2.78**	**1.99**	**1.57**

Weakening of the above ratio is mainly due to the capital expenditure financed through bank loans and is expected to be improved in the following years through the expected operating profits of both the Group and the Company.

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:

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Trade and other receivables - Non-current assets	738,662	939,302	336,063	425,567
Trade and other receivables - Current assets	114,709,627	84,964,827	75,932,736	55,145,246
Contract assets	42,913,207	**26,757,683**	28,095,087	**14,318,144**
	158,361,496	**112,661,812**	**104,363,886**	**69,888,958**
Less:				
Prepayments	(2,186,151)	(332,661)	(141,241)	(126,658)
Deferred tax assets	(1,734,174)	(2,167,452)	(754,993)	(276,572)
Other short-term receivables	(4,176,820)	(1,530,802)	(3,076,802)	(897,604)
Total	**150,264,351**	**108,630,898**	**100,390,851**	**68,588,123**

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

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Greece	72,581,200	60,330,911	38,294,331	35,208,614
Other European Union countries	75,697,306	46,374,285	60,110,675	31,595,523
Other European countries	575,093	324,186	575,093	324,186
America	982,139	784,891	982,139	784,891
Other countries	428,612	816,624	428,612	674,909
Total	**150,264,351**	**108,630,898**	**100,390,851**	**68,588,123**

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

Impairment losses

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

Amounts in Euro	GROUP 2018	GROUP 2017	COMPANY 2018	COMPANY 2017
Neither past due nor impaired	135,728,328	103,138,246	87,355,869	63,304,587
- Overdue up to 6 months	11,145,265	5,071,415	10,772,818	5,070,843
- Overdue over 6 months	3,390,758	421,237	2,262,163	212,693
Total	**150,264,351**	**108,630,898**	**100,390,851**	**68,588,123**

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

GROUP:

Amounts in Euro	2018			2017		
	Trade and other receivables	**Contract assets**	**Total**	**Trade and other receivables**	**Contract assets**	**Total**
Balance at 1 January	3,325,261	-	3,325,261	4,625,600	-	4,625,600
Amounts recognised in the income statement						
Impairment loss	-	97,317	97,317	-	-	-
(Reversal of) provision for impairment	(190,346)	(3,890)	(194,236)	-	-	-
	(190,346)	**93,427**	**(96,919)**	**-**	**-**	**-**
Write-off	-	-	-	(1,300,339)	-	(1,300,339)
Change in accounting policy	1,009,579	148,242	1,157,821	-	-	-
Balance at 31 December	**4,144,495**	**241,669**	**4,386,164**	**3,325,261**	**-**	**3,325,261**

COMPANY:

Amounts in Euro	2018			2017		
	Trade and other receivables	**Contract assets**	**Total**	**Trade and other receivables**	**Contract assets**	**Total**
Balance at 1 January	2,031,690	-	2,031,690	2,031,690	-	2,031,690
Amounts recognised in the income statement						
Impairment loss	-	97,317	97,317	-	-	-
(Reversal of) provision for impairment	(156,155)	-	(156,155)	-	-	-
	(156,155)	**97,317**	**(58,838)**	**-**	**-**	**-**
Change in accounting policy	952,319	123,363	1,075,682	-	-	-
Balance at 31 December	**2,827,854**	**220,680**	**3,048,534**	**2,031,690**	**-**	**2,031,690**

The greatest part of trade receivables is insured by insurance companies in case collection thereof fails. On 31 December 2018, 77% and 76% of the amounts due from third parties to the Group and the Company, respectively, were insured.

Moreover, the following collateral has been provided as a guarantee of receivables and contract assets:

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Collateral with credit guarantee	5,071,552	1,152,459	5,071,552	1,152,459
Liabilities that may be offset against receivables	8,312,347	1,074,609	8,312,347	1,074,609

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

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

The expected loss rates are updated at every reporting date.

Management believes that the provision raised as at 31.12.2018 reflects the best possible estimate and the accounting balance of trade and other receivables approaches their fair value.

29.2 Liquidity risk

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

GROUP

2018 *Amounts in Euro*	Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total 31/12/2018
Bank loans & Factoring without recourse	160,448,774	681,559	970,485	-	**162,100,818**
Bond loans	12,628,029	20,712,881	67,758,055	54,235,799	**155,334,764**
Derivatives	528,917	-	-	-	**528,917**
Contract liabilities	58,863,973	-	-	-	**58,863,973**
Trade and other payables	106,467,392	2,148,098	2,265,043	-	**110,880,533**
Total	**338,937,085**	**23,542,539**	**70,993,583**	**54,235,799**	**487,709,005**

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 & Factoring without recourse	126,490,798	711,496	1,650,258	-	**128,852,553**
Bond loans	62,718,018	5,620,679	17,591,035	44,468,016	**130,397,748**
Derivatives	54,217	-	-	-	**54,217**
Contract liabilities	1,610,262	-	-	-	**1,610,262**
Trade and other payables	105,898,803	2,264,891	4,440,743	-	**112,604,436**
Total	**296,772,098**	**8,597,066**	**23,682,036**	**44,468,016**	**373,519,217**

COMPANY

	2018				
Amounts in Euro	**Up to 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**	**Total 31/12/2018**
Bank loans & Factoring without recourse	100,524,226	-	-	-	**100,524,226**
Bond loans	8,623,825	14,466,169	55,024,241	15,395,550	**93,509,786**
Derivatives	27,946	-	-	-	**27,946**
Contract liabilities	15,916,805	-	-	-	**15,916,805**
Trade and other payables	56,024,473	-	-	-	**56,024,473**
Total	**181,117,276**	**14,466,169**	**55,024,241**	**15,395,550**	**266,003,236**

	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 & factoring without recourse	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**
Contract liabilities	1,455,032	-	-	-	**1,455,032**
Trade and other payables	58,193,168	-	-	-	**58,193,168**
Total	**185,035,297**	**1,620,199**	**4,237,219**	**-**	**190,892,716**

The Group and the Company have approved credit lines with collaborating banks and are not expected to face liquidity problems to meet their short-term liabilities.

29.3 Foreign exchange risk

The exposure of the Group and the Company to exchange rate risk is as follows:

GROUP

31/12/2018

Amounts in Euro	USD	GBP	OTHER	TOTAL
Trade and other receivables	1,417,702	6,433,195	1,386,542	**9,237,438**
Contract assets	-	-	-	**-**
Cash	2,843,872	706,550	8,408	**3,558,829**
Loans	-	(1,870,189)	-	**(1,870,189)**
Trade and other payables	(1,475,179)	(232,680)	90,896	**(1,616,963)**
Contract liabilities	-	-	-	**-**
	2,786,394	**5,036,877**	**1,485,845**	**9,309,116**
Derivatives for hedging of the above risks (Nominal value)	(1,206,380)	(7,902,028)	(1,250,830)	**(10,359,237)**
	1,580,014	**(2,865,151)**	**235,015**	**(1,050,122)**

31/12/2017

Amounts in Euro	USD	GBP	OTHER	TOTAL
Trade and other receivables	1,354,510	11,428,401	590,218	**13,373,128**
Contract assets	-	-	-	**-**
Cash	378,024	210,372	144	**588,540**
Loans	-	(2,628,790)	-	**(2,628,790)**
Trade and other payables	(1,392,972)	(837,600)	19,140	**(2,211,433)**
Contract liabilities	-	-	-	**-**
	339,561	**8,172,383**	**609,502**	**9,121,446**
Derivatives for hedging of the above risks (Nominal value)	(696,808)	(8,857,241)	-	**(9,554,049)**
	(357,247)	**(684,858)**	**609,502**	**(432,603)**

COMPANY

31/12/2018

Amounts in Euro	**USD**	**GBP**	**OTHER**	**TOTAL**
Trade and other receivables	1,403,733	6,433,195	1,386,542	**9,223,469**
Contract assets	-	-	-	**-**
Cash	2,768,066	705,439	8,408	**3,481,913**
Loans	-	(1,870,189)	-	**(1,870,189)**
Trade and other payables	(906,661)	(234,151)	-	**(1,140,812)**
Contract liabilities	-	-	-	**-**
	3,265,138	**5,034,295**	**1,394,949**	**9,694,382**
Derivatives for hedging of the above risks (Nominal value)	(3,194,287)	(7,902,028)	(1,250,830)	**(12,347,145)**
	70,851	**(2,867,733)**	**144,119**	**(2,652,763)**

31/12/2017

Amounts in Euro	**USD**	**GBP**	**OTHER**	**TOTAL**
Trade and other receivables	1,341,584	11,428,401	590,218	**13,360,203**
Contract assets	-	-	-	**-**
Cash	335,692	209,240	144	**545,075**
Loans	-	(2,628,790)	-	**(2,628,790)**
Trade and other payables	(764,816)	(327,566)	19,140	**(1,073,242)**
Contract liabilities	-	-	-	**-**
	912,461	**8,681,284**	**609,502**	**10,203,247**
Derivatives for hedging of the above risks (Nominal value)	(696,808)	(7,997,551)	-	**(8,694,359)**
	215,653	**683,733**	**609,502**	**1,508,888**

The exchange rates used per fiscal year are as follows:

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

Sensitivity analysis:

GROUP

	Profit or loss		Equity	
Amounts in Euro	**Improvement**	**Weakening**	**Improvement**	**Weakening**
2018				
USD (10% change)	175,557	(143,638)	175,557	(143,638)
GBP (10% change)	(318,350)	260,468	(318,350)	260,468
2017				
USD (10% change)	(39,694)	32,477	(39,694)	32,477
GBP (10% change)	(76,095)	62,260	(76,095)	62,260

COMPANY

	Profit or loss		Equity	
Amounts in Euro	**Improvement**	**Weakening**	**Improvement**	**Weakening**
2018				
USD (10% change)	7,872	(6,441)	7,872	(6,441)
GBP (10% change)	(318,637)	260,703	(318,637)	260,703
2017				
USD (10% change)	23,961	(19,605)	23,961	(19,605)
GBP (10% change)	75,970	(62,158)	75,970	(62,158)

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 Group and the Company in terms of interest rate risk are as follows:

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Fixed rate				
Liabilities	36,419,941	35,355,178	-	-
Floating rate				
Liabilities	248,340,019	197,713,993	180,232,494	136,028,814
	284,759,960	**233,069,171**	**180,232,494**	**136,028,814**

Sensitivity analysis:

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.

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.

GROUP

Effect on Euro in operating results and Equity	31/12/2018		31/12/2017	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
Floating rate financial instruments	(626,572)	626,572	(564,060)	564,060

COMPANY

Effect on Euro in operating results and Equity	31/12/2018		31/12/2017	
	Increase by 0.25%	Decrease by 0.25%	Increase by 0.25%	Decrease by 0.25%
Floating rate financial instruments	(480,755)	480,755	(348,511)	348,511

29.5 Fair value

Fair value compared to book value

The fair value of the following financial assets and financial liabilities measured at amortised cost approximates their carrying amount:

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Loans and borrowings

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.

Specifically, the carrying amount of loans and borrowings is considered as a good approximation of their fair value as:

- 87% of consolidated loans and borrowings and 100% of loans at Company level concern floating-rate debt, which are a very good approximation of current market rates;
- As for fixed-rate instruments (EUR 36.4 million as of 31 December 2018), the fair value test based on current market rates indicates that their fair value also approximates their carrying amount.

Equity investments at FVOCI include the investment in DIA.VI.PE.THIV (carrying amount of investment as of 31 December 2018: EUR 218.136), a subsidiary of the parent Viohalco. Due to the nature of the activities of the affiliated company, the movement in the fair value of the investment is immaterial compared to the one on 31 December 2017.

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 measured according to the Group's and the Company's estimates since there is no observable input in the market.

GROUP	**2018**			**2017**		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Other investments	-	-	218,136	-	-	218,136
Derivative financial assets	-	429,782	-	675,953	-	-
Derivative financial liabilities	(27,946)	(500,971)	-	-	(54,217)	-
Total	**(27,946)**	**(71,189)**	**218,136**	**675,953**	**(54,217)**	**218,136**

COMPANY	**2018**			**2017**		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Other investments	-	-	218,136	-	-	218,136
Derivative financial assets	-	429,782	-	674,053	-	-
Derivative financial liabilities	(27,946)	-	-	-	(52,928)	-
Total	**(27,946)**	**429,782**	**218,136**	**674,053**	**(52,928)**	**218,136**

30. Commitments and contingent liabilities

30.1 Payables from operating and finance leases

The Group and the Company lease passenger cars and capital equipment using operating leases. The future payable total rental fees are as follows:

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Up to 1 year	647,674	599,364	424,536	432,533
Between 1 and 5 years	1,151,491	978,824	735,410	694,892
	1,799,164	**1,578,188**	**1,159,946**	**1,127,425**

30.2 Contingent liabilities

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

Liabilities:

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Guarantees given for securing payables to suppliers	8,346,270	13,407,495	7,749,296	12,818,695
Mortgages and statutory notices of mortgage on fixed assets (nominal value)	140,846,800	140,846,800	91,846,800	91,846,800
Guarantees given for securing the performance of contracts with customers	89,008,158	61,343,638	68,681,054	47,641,430
Guarantees for subsidies	13,929,024	13,929,024	5,217,024	5,217,024
Other payables	9,338,910	721,184	6,518,210	696,984
	261,469,162	**230,248,141**	**180,012,384**	**158,220,933**

Capital commitments:

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Property, plant and equipment	5,869,314	8,053,058	1,209,924	1,318,058

30.3 Unaudited tax years

The tax liabilities of the Company and its subsidiaries for certain financial years have not been audited by tax authorities and thus are not finalised yet for such years.

Group Management does not expect any additional taxes or surcharges from the audit of tax authorities.

Years 2011 to 2016 have not been audited in tax terms by Greek tax authorities. No tax compliance certificates have been issued by the statutory auditor who was chosen 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 with respect 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.

The relevant tax compliance certificates were issued for 2017 on the basis of "unqualified opinion" and did not include any qualifications.

As for 2018, the Company has fallen under the tax audit of Chartered Accountants which is provided for in Article 65A of Law 4174/2013. This audit is ongoing and the relevant tax compliance report is expected to be granted after the financial statements on the year ended 31 December 2018 are published. We estimate that the audit result will not have a significant effect on the financial statements.

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

31. Transactions with related parties

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

Accordingly, the subsidiaries and equity-accounted investees of VIOHALCO SA/NV Group, as well as the executive members of the Board of Directors of the Company and its subsidiaries are considered the Group's related parties.

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

I. Transactions with subsidiaries

	GROUP		COMPANY	
Amounts in Euro	2018	2017	2018	2017
Receivables	-	-	2,813,659	8,316,495
Liabilities	-	-	1,836,871	6,913,177
Sales of products and other income	-	-	28,688,033	31,018,110
Purchases of products and other expenses	-	-	97,470,842	73,629,824

II. Transactions with the parent company*

	GROUP		COMPANY	
Amounts in Euro	2018	2017	2018	2017
Receivables	-	12,096	-	12,096
Liabilities	2,036,311	2,241,434	688,844	893,967
Sales of products and other income	80,538	14,755	80,538	14,755
Purchases of products and other expenses	254,802	238,199	254,802	238,199

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

III. Transactions with subsidiaries of VIOHALCO SA/NV Group

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Receivables	30,354,338	34,264,399	13,334,488	4,565,299
Liabilities	17,716,975	17,798,628	11,552,625	7,502,387
Sales of products and other income	150,001,469	129,042,484	93,704,665	71,333,937
Purchases of products and other expenses	65,844,731	45,256,579	39,598,343	29,662,930

IV. BoD members

	GROUP		COMPANY	
Amounts in Euro	**2018**	**2017**	**2018**	**2017**
Fees	842,963	758,479	561,662	564,837

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.

33. Subsequent events

During 2019, the Company acquired V.E.MET S.A. - Industrial, Investment and Commercial Metal and other product Operations - Single Member S.A." in exchange for €32,400.

On 30 May 2019, the Company's Board of Directors decided to spin off the business of production, distribution and marketing of the Company's enamelled copper and aluminium wires of any type and form, and contribute it to its wholly-owned subsidiary under the corporate name "V.E.MET S.A. - Industrial, Investment and Commercial Metal and other product Operations - Single Member S.A.". The 31st of December 2018 was set as compilation date of the Accounting Statement of the contributed segment's assets. Hellenic Cables Group's consolidated financials will not be affected by the transformation.

During June 2019, the subsidiary Fulgor received a new five-year bond loan of EUR 10 million by a major Greek bank in oder to refinance existing debt and cover constant working capital needs. The bond loan carries favourable pricing terms while the obligations arising from the loan agreement do not differ substantially from the loans previously signed by the subsidiary.

* *

Athens, 28 June 2019

THE CHAIRMAN OF THE BOARD OF DIRECTORS	A MEMBER OF THE BOARD OF DIRECTORS	THE GENERAL MANAGER	THE CHIEF FINANCIAL OFFICER
IOANNIS BATSOLAS AK 034042	**GEORGIOS PASSAS AN 094051**	**ALEXIOS ALEXIOU X 126605**	**IOANNIS THEONAS AE 035000 LICENSE No, CLASS A: 0011130**

C. Audit Report by Independent Chartered Accountant

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

To the Shareholders of
HELLENIC CABLES S.A.

Report on the Audit of the Separate and Consolidated Financial Statements

Opinion

We have audited the accompanying Separate and Consolidated Financial Statements of HELLENIC CABLES S.A. (the “Company”) which comprise the Separate and Consolidated Statement of Financial Position as at 31 December 2018, the Separate and Consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying Separate and Consolidated Financial Statements present fairly, in all material respects, the financial position of HELLENIC CABLES S.A. and its subsidiaries (the “Group”) as at 31 December 2018 and its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

Other Matter

We draw attention to the fact that the Consolidated Financial Statements of the Company for the prior year ended 31 December 2017 are not audited by a Certified Auditor.

Responsibilities of Management for the Separate and Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the Separate and Consolidated Financial Statements in accordance with International Financial Reporting Standards as adopted by the European Union, and for such internal control as Management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Company’s and the Group’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 and the Group or to cease operations, or has no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Separate and Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the Separate and Consolidated 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 Separate and Consolidated 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 separate and consolidated 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 and the Group'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 and the Group'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 Separate and Consolidated 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 and the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on these Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Requirements

Board of Directors' Report

Taking into consideration that Management is responsible for the preparation of the Board of Directors' Report, pursuant to the provisions of paragraph 5 of Article 2 (part B) of Law 4336/2015, we note that:

(a) In our opinion, the Board of Directors' Report has been prepared in accordance with the applicable legal requirements of Articles 150 and 153 of L. 4548/2018 and its contents correspond with the accompanying Separate and Consolidated Financial Statements for the year ended 31 December 2018.

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

Athens, 11 July 2019

KPMG Certified Auditors S.A.
AM SOEL 114

Nick Vouniseas, Certified Auditor Accountant
AM SOEL 18701