ANNUAL FINANCIAL REPORT
AS AT 31 DECEMBER 2019

According to the International Financial Reporting Standards

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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 2019

Dear Shareholders,

In the context of the provisions of article 150, Law 4548/2018 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 2019, i.e. the period from 1 January 2019 to 31 December 2019.

This Report includes an overview of the financial results and developments of the period, an overview of the important events that took place in 2019, an analysis of the prospects and risks expected during 2020, as well as a presentation of non-financial information. The above information refers both to the Group and the Company.

In addition to HELLENIC CABLES S.A., 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
- HELLENIC CABLES AMERICA: primary place of business: Dover, Delaware State, USA
- CABLEL WIRES S.A.: primary place of business: Athens (subsidiary up until 24 September 2019)

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

In 2019, both the Group and the Company recorded particularly positive economic performance and recorded high capacity utilisation at all available production lines . During the second half of 2018, important projects were awarded to Hellenic Cables, which mainly concerned the specialised submarine cables plant of Fulgor S.A. (hereinafter "Fulgor") in Corinth. These projects paved the way for the positive performance in 2019, drawing on the Group's capability to provide cost effective, reliable and innovative solutions in the ever-changing market conditions. Throughout the year, the Group and the Company successfully implemented challenging technical projects involving submarine and land high and extra high voltage cables.

Meanwhile, the segment of cable products recorded equally possitive resultsby stabilising the demand in the traditional markets despite the competitive challenges. The strong performance of the Group and the Company was further boosted by the recent initiatives to penetrate new geographical markets such as the USA, and by the persistent determination of the Group and the Company to be on the forefront of technology and developments, as illustrated by the continuing research programmes in direct current (DC) cables and in dynamic high voltage cables for floating offshore wind platforms.

Therefore, the 2019 results confirmed our expectations for positive performance by all business units of the Group and the Company, with revenue growth from continuing operations reaching 23% and 10% at Group and Company level, respectively. This growth was particularly supported by the solid performance of the energy projects unit and translated into a profit boost for both the Group and the Company. On the other hand, a high capacity utilisation level for all production units greatly assisted the financial performance of the year, since the Group recorded a notable increase of 110% in its operational profitability (adjusted EBITDA) from continuing operations compared to 2018. Accordingly, the Company's operational profitability (adjusted EBITDA) from continuing operations recorded a 25% increase.

These are the most important events during 2019 for the energy projects business which contributed to the notable increase in operational profitability:

- The extension of the 400kV grid towards Peloponnese, Greece was carried out in line with the prearranged time schedule since production of the extra-high voltage submarine cables was completed in the early summer and during August 2019 the installation of the first 400kV submarine cable in Greece was completed (seabed clearance, trenching, cable laying and protection) in the Rio-Antirio area.
- The production of submarine cables for the Hollandze Kust Alpha project in the Netherlands and for the interconnection of Crete – Peloponnese started in line with the time schedule, while the production stages for the second phase of Cyclades islands' interconnection project and for the Seamade-Mermaid project in Belgium were concluded. Both projects are expected to be completed during 2020.
- The submarine cables for the Modular Offshore Grid project in the North Sea, Belgium and the submarine interconnection of the Kafireas wind park in Evia, Greece, with the national power grid via submarine cables, were successfully finished.

During the second half of 2019, Hellenic Cables participated in several tenders across geographical areas and markets and succeeded to secure, among other awards, its first US project (Mayflower Wind project) with Shell / EDPR and its first contract for inter-array cables with Ørsted, the global leader in offshore wind.

The cable product business unit recorded slightly improved sales volumes compared to 2018 by 2.6% at a consolidated level (2019: 46.5 thousand tons, 2018: 45.4 thousand tons). Higher volumes were combined with an improved sales mix while the solid demand from the Balkans, the Middle East and the Nordic countries counterbalanced a slight lag observed in the markets of Germany and Central Europe.

Driven by the above, namely, a remarkable progress in the energy projects business along with the steady growth in the product business units, the Group and the Company exhibited a EUR 30.8 million and EUR 4.3 million increase in adjusted EBITDA from continuing operations, reaching EUR 58.7 million and EUR 21.3 million in 2019, compared to EUR 27.9 million and EUR 17.0 million in 2018, respectively.

During 2019, Hellenic Cables has sold its 100% subsidiary Cablel Wires S.A. (hereinafter "Cablel Wires"), which had absorbed its enamelled wires segment during the year.

Finally, Hellenic Cables consolidated its presence in the US offshore wind market with the establishment of Hellenic Cables America Inc. (hereinafter "Hellenic Cables America"), a wholly owned subsidiary, providing US customers with direct support and expertise throughout the entire lifetime of their project.

Financial performance

In 2019, the consolidated turnover from continuing operations amounted to EUR 500.9 million, increased by 23% compared to 2018, for the aforementioned reasons. Accordingly, Company sales were increased by 10% (2019: EUR 361.2 million, 2018: EUR 329.5 million).

In the domestic market, the Group maintained its leading position for one more year. The turnover in the domestic market reached EUR 230.6 million compared to EUR 133.5 million in 2018 while exports amounted to EUR 270.3 million compared to EUR 272.7 million in the comparable period.

The Group's and the Company's gross profit amounted to 59.7 million and EUR 28.7 million, respectively, increased by EUR 31.0 million and EUR 4.6 million, compared to 2018.

At Group level, net finance costs were stable compared to 2018, at EUR 19.4 million while at Company level, they amounted to EUR 11.0 million, reduced by 5% compared to 2018, as a result of improved interest rates currently secured and of lower net debt.

Profit before income tax in 2019 amounted to a healthy EUR 26.1 million, compared to a loss of EUR 4.5 million recorded in 2018. Finally, net profit after tax followed the same trend and reached EUR 18.5 million versus losses after tax of EUR 1.3 million in 2018.

Consolidated pre-tax results from continuing operations amounted to profits of EUR 23.5 million (2018: losses of EUR 7.2 million) while post-tax results from continuing operations stood at profits of EUR 16.2 million (2018: losses of EUR 1.7 million).

At stand-alone level, Company pre-tax results from continuing operations amounted to profits of EUR 2.7 million (2018: losses of EUR 3.2 million) while post-tax results from continuing operations stood at profits of EUR 1.0 million (2018: profits of EUR 0.1 million).

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 2019, metal price lag (valuation of metal base inventory (non-hedged on the exchange market) remained negative (Group: EUR -2.0 million, Company: EUR -0.6 million), without however this preventing the Group or the Company from resuming satisfactory profitability.

Investments

At consolidated level, in 2019 investments amounted to EUR 36.8 million and were largely attributable to:

- the expansion and upgrade of the high voltage submarine cables unit in Fulgor's plant, Corinth to meet future demand levels. Works started during 2018 and were concluded by the end of 2019;
- the initiation of a new investment plan, also in Fulgor, aiming at expanding the inter-array cables production capacity so that the Group and the Company can supply offshore wind developers worldwide with a wide range of cables and, more generally, support the growing offshore wind market.

At Company level, investments amounted to EUR 8.3 million in 2019 and concerned targeted investments aiming to improve productivity in Hellenic Cables' plants.

The above expenditure was financed through inflows from the Group's and the Company's operating activities.

Discontinued operations

During their meeting on 30 May 2019, the Board of Directors of Hellenic Cables and V.E.MET. S.A. decided to spin off the branch in Livadia which constituted the parent company's enamelled segment and contribute it to the wholly-owned subsidiary V.E.MET. S.A. in accordance with the provisions of article 57 of Law 4601/2019 and the relevant tax provisions of article 52 of Law 4172/2013, based on the accounting statement as at 31 December 2018. During Q2 2019, Hellenic Cables acquired V.E.MET. S.A. from a related party in exchange for EUR 32.4 thousand.

All necessary regulatory approvals were issued on 31 October 2019.

During November 2019, V.E.MET. S.A. was renamed into "Cablel Wires S.A." following resolution of the extraordinary general meeting of the company's shareholders.

On 24 December 2019, Hellenic Cables sold 4,296,075 shares of Cablel Wires (100% subsidiary) to the related company ElvalHalcor S.A., for a cash consideration of EUR 8 million. The consideration received was in accordance with the valuation provided by an independent valuation expert according to the provisions of Greek Law 4548/2018, articles 99-101.

The date of disposal was determined in accounting terms as the closest to the monthly closing, upon the provision of the necessary approvals i.e. on 31 December 2019.

The results of Cablel Wires S.A. are included in the consolidated Statement of Profit or Loss for 2019, as the transaction took place substantially at year's end.

Due to the disposal of Cablel Wires and, thus, of the Group's enamelled segment, the latter was sold on 24 December 2019 and is presented in both the current period and the comparable period as discontinued operation, given that the segment's sales accounted for 6% and 8% at Group level for 2019 and 2018, respectively, and for 7% and 10% at Company level for 2019 and 2018, respectively.

The enamelled segment 's sales for the current period amounted to EUR 31.5 million compared to EUR 37.2 million in 2018 due to reduced demand mainly on the part of the automotive industry. In 2019, losses after tax for the enamelled segment amounted to EUR 878 thousand at Group level compared to losses after tax of EUR 206 thousand in 2018. At Company level, losses after tax from discontinued operations amounted to EUR 561 thousand in 2019 compared to EUR 206 thousand in 2018. Following the disposal of Cablel Wires, the Group recorded profits from the transaction equal to EUR 3.4 million while the Company saw profits of EUR 3.0 million. The results from discontinued operations are further analysed in the notes to the Consolidated and Stand-alone Financial Statements.

Remarks on the Statement of Financial Position

The free cash flows generated throughout the year were used to decrease net debt of the Group and the Company. The Group's net debt was decreased by EUR 33.9 million to EUR 222.6 million on 31 December 2019 (31.12.2018: EUR 256.5 million) while the Company's net debt was decreased by EUR 33.2 million to EUR 128.7 million on 31 December 2019 (31.12.2018: EUR 161.9 million).

The determination in re-profiling long-term borrowing in order to secure lower finance costs in the future persisted and was translated into measures including, among others, the issue of new bond loans totalling EUR 21.4 million for Fulgor.

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

Group and Hellenic Cables Management have 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	**2019**	**2018**	**2019**	**2018**
Current assets / Current liabilities	0.86	0.79	0.99	0.97

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	**2019**	**2018**	**2019**	**2018**
Equity/ Debt	0.33	0.27	0.54	0.45

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	**2019**	**2018**	**2019**	**2018**
Operating results from continuing operations / (Equity + Debt)	11.2%	3.4%	5.8%	3.2%

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	**2019**	**2018**	**2019**	**2018**
Net Profit from continuing operations / Equity	17.1%	(2.2%)	1.2%	0.1%

Profitability:

	GROUP		COMPANY	
	2019	**2018**	**2019**	**2018**
Gross Profit Margin from continuing operations (Gross profit/Sales)	11.9%	7.1%	5.9%	5.0%
Net Profit Margin from continuing operations (Net profit after tax/Sales)	3.2%	(0.4%)	0.3%	0.0%

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
EBITDA* from continuing operations	56,723,052	23,894,272	20,712,914	13,895,767
EBITDA* margin from continuing operations (EBITDA / Sales)	11.3%	5.9%	5.7%	4.2%
a–EBITDA from continuing operations**	58,739,065	27,914,651	21,289,801	17,010,094
a–EBITDA** margin from continuing operations *(a-EBITDA / Sales)*	*11.7%*	*6.9%*	*5.9%*	*5.2%*
EBITDA* from discontinued operations	3,294,877	762,454	3,072,301	762,454
a–EBITDA from discontinued operations**	(69,695)	762,454	96,117	762,454
Total EBITDA*	60,017,929	24,656,727	23,785,215	14,658,221
Total a–EBITDA**	58,669,370	28,677,106	21,385,918	17,772,548

*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	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Profit/(loss) before tax from continuing operations	**23,487,030**	**(7,069,718)**	**2,662,947**	**(3,182,394)**
Adjustments for:				
+Depreciation of tangible, right-of-use and intangible assets	14,490,492	12,376,586	7,355,698	6,042,087
- Amortisation of grants	(696,340)	(740,157)	(383,031)	(391,842)
- Interest income	(13,381)	(164,599)	(5,603)	(157,060)
+ Interest expenses	19,455,251	19,492,159	11,082,903	11,834,975
- Dividends	-	-	-	(250,000)
EBITDA from continuing operations	**56,723,052**	**23,894,272**	**20,712,914**	**13,895,767**

**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	
	2019	**2018**	**2019**	**2018**
EBITDA from continuing operations	**56,723,052**	**23,894,272**	**20,712,914**	**13,895,767**
Adjustments for:				
+ / - metal price lag***	2,074,092	1,760,815	661,031	985,245
+ (Profit)/losses from the sale of tangible assets	(93,794)	(1,400)	(93,637)	(1,400)
+ Impairment of investment property	35,714	-	9,494	-
+ Restructuring expenses	-	260,964	-	130,482
+ Loss from out-of-court settlement	-	2,000,000	-	2,000,000
a-EBITDA from continuing operations	**58,739,065**	**27,914,651**	**21,289,801**	**17,010,094**

****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 derivative financial instruments 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.

Significant ongoing contracts & new project awards

A list of the projects awarded or currently underway during 2019 is set out below. Further information on each is available on the website of the Company http://www.hellenic-cables.com and the Group of which it is part http://www.cenergyholdings.com:

Customer	Description	Execution period
TenneT NL	Two wind farms with joint production capacity of 700 MW are under construction within the zone of Hollandse Kust (South) wind farm, 22 km away from the Dutch North Sea coast, Netherlands. The customer TenneT NL was selected by the Dutch government as operator of the offshore grid. The award to the joint venture of Van Oord – Hellenic Cables refers to the design and production of 200kV cables, submarine cable laying and interconnection of the wind farm to the Maasvlakte high voltage station. The 42km-long interconnection will extend from the Alpha offshore substation to the onshore grid station in Maasvlakte 2, Rotterdam. The Van Oord-Hellenic Cables consortium was also selected to deliver and install cables for the Hollandse Kust (South) Beta project. The award includes, among others, the production and installation of a 66kV submarine cable between Alpha and Beta platforms.	2019-2022
ADMIE[1]	***Crete Interconnection 150kV Turnkey Project*** Lot A: Supply and installation of one of the two submarine cables (135km, 150kV) to connect the island of Crete to the national power transmission grid in Peloponnese, plus all required underground cables (87km, 150kV) for the connection to connect both submarine cables to the national power transmission grid on the side of Peloponnese. Lot C: Supply and installation of the required underground cables (204km, 150kV) to connect the two submarine cables to the power transmission grid of Crete in Chania area.	2019-2021
ADMIE	***2nd phase of Cyclades Islands Interconnection in Greece*** Supply of HV submarine systems (52 km, 150kV) to connect the islands of Paros, Naxos and Mykonos in the Aegean Sea with the onshore HV grid of ADMIE on the mainland.	2018-2020
Seamade NV	Design, engineering, manufacturing, testing and supply of two submarine cables of approx. 30 km length to interconnect MOG OSY platform with Mermaid OSS and Seastar OSS platforms.	2019-2020
ADMIE	***Interconnection of Skiathos island (Aegean Sea) to mainland grid*** Supply and installation of approximately 30 km of submarine 150 kV cables, subsea installation and cable protection. Connection to the national 150 kV transmission system in Mantoudi area, Evia.	2020-2021
Ørsted	Supply of 23 km of subsea MT inter-array cables	2019-2020
Electricity Authority of Cyprus	Supply and installation of HV land cables (70 km, 132 kV) for the upgrade of several transmission lines of the Cyprus grid.	2018-2020
Semco Maritime A/S	Supply of inter-array cables for the Mayflower Wind project, USA	2022-2025

[1] The Independent Power Transmission Operator (IPTO) in Greece

At a consolidated level, on 31 December 2019 the **order backlog** amounted to **EUR 350 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. Objectives and Outlook for 2020

Given the strong forecast of new projects, the considerable backlog of orders from 2019, and the growth potential of the offshore cables business, the outlook for the Group and the Company remains generally positive. Fulgor plant is expected to retain the high utilisation capacity recorded in 2019 throughout 2020 and this will be the main driver for the Group's profitability for the coming year. Furthermore, as the execution of high voltage orders secured during the previous years continues, the Company's Thiva plant is also expected to operate at high utilisation levels in 2020. The main focus for 2020 will, therefore, be on successful execution of existing projects.

Overall, 2020 started with cautious optimism that the operating environment in which the Group and the Company operate would improve further as European markets continued to grow and both demand and prices in our operating markets demonstrated positive trends. However, the outbreak of the COVID-19 pandemic during the first months of the year forced every company in the world to reconsider its estimates. As the pandemic continues to progress, the prediction of the full extent and duration of its business and economic impact remains challenging and the range of potential outcomes for the global economy are difficult to predict.

The Group and the Company have already activated protection mechanisms for their personnel in compliance with health authorities guidelines, while closely monitoring the developments and assessing the implications on their operations.

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

Wishing to shield their business against any operational issues that may arise, the Group and the Company have secured sufficient raw materials for their smooth operation within the next months. In addition, their liquid assets, operating cash flows and available credit lines ensure the necessary liquidity for the upcoming period.

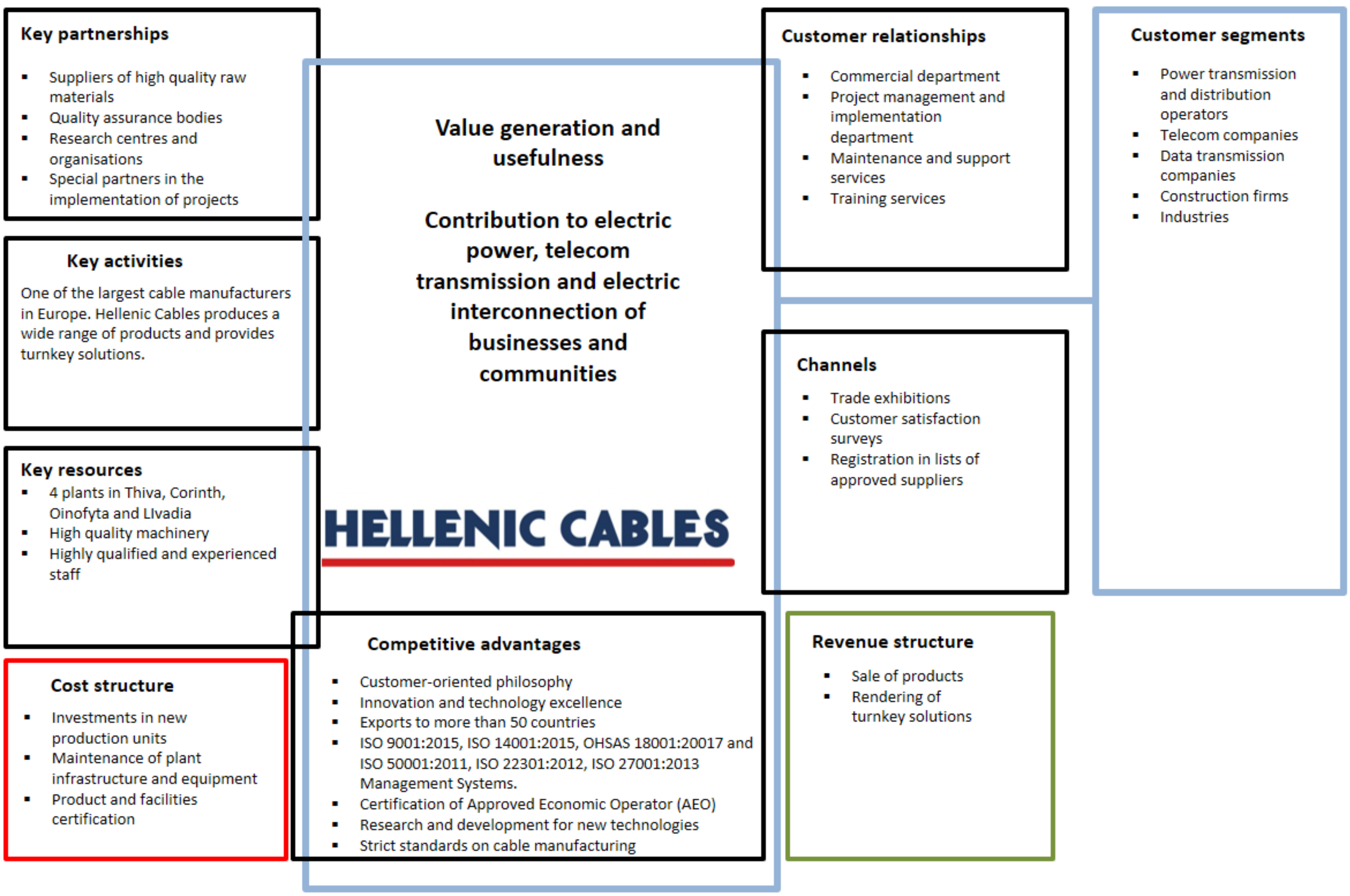
Up to date, the COVID-19 pandemic has not affected materially the Group's and the Company’s financials.

As global political, environmental and health factors continue to weigh heavily on 2020’s economic performance, the solid order backlog generated, the diverse business model and strong organisational structure of the Group and the Company continue to provide resilience in this challenging environment. Looking ahead, the Group and the Company will benefit from continuing global population growth and urbanisation, remaining well placed to take advantage of improving market conditions in the energy transfer and data transmission sectors.

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 (the "COMPANY"), 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 and respond promptly to the needs of our customers all over the world.
We place particular emphasis on the development of human resources, environmental protection and value creation for all our stakeholders.

Management of Sustainable Development issues

The COMPANY has incorporated Sustainable Development principles in its business operations and its functioning, acknowledging that its long-lasting development and prosperity of the society may be achieved only if it develops Corporate Responsibility actions. Promoting employee health and safety in all activities, protecting natural environment, fully meeting customer needs and providing support to the local communities in which the COMPANY operates are its key pillars, and are reflected in the Sustainable Development Policy implemented.

***In detail, the COMPANY'S Sustainable Development Policy is set out on the website**: http://www.hellenic-cables.com/628/el/politiki-etairikis-koinonikis-euthunis-kai-viosimis-anaptuxis/*

A team consisting of executives of all departments and divisions has been set up and plays an important role in the effective management of Sustainable Development matters. The COMPANY's 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 COMPANY's important matters in relation to stakeholders.

Sustainable development material issues

For the COMPANY to draft a plan of actions and objectives per Sustainable Development pillar, it has assessed and prioritised the most important issues of its business. The assessment and prioritisation procedure of material issues that was implemented has been based on the guidelines of the Global Reporting Initiative (GRI Standards) and on international organisation AccountAbility's AA1000 Standard. During 2019, an electronic survey was conducted among stakeholders in order to verify and evaluate the COMPANY's material issues from each group of such issues. The top material issues of the COMPANY are summed up as follows:

- Business ethics and integrity
- Information security and data protection
- Customer-oriented approach
- Risk management
- Research and development - product innovation
- Integrated solutions and services, and customer-oriented approach
- Responsible supply chain management and assurance
- Communication with stakeholders
- Occupational health and safety
- Recruiting and retaining talents
- Training and development
- Diversity and equal opportunities
- Climate change
- Energy management
- Contribution to circular economy
- Waste management

Moreover, acknowledging how important it is to develop actions that seek to contribute to the achievement of the United Nations Sustainable Development Goals (SDG), the COMPANY has associated its material issues with the SDGs.

Relevant SDG	Description	Material issues of the COMPANY
4 ΠΟΙΟΤΙΚΗ ΕΚΠΑΙΔΕΥΣΗ	SGD 4 Quality education	Employee training and development
7 ΦΘΗΝΗ ΚΑΙ ΚΑΘΑΡΗ ΕΝΕΡΓΕΙΑ	SGD 7 Affordable and Clean Energy	Energy Management
8 DECENT WORK AND ECONOMIC GROWTH	SGD 8 Decent Work and Economic Growth	Occupational Health and Safety
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	SGD 9 Industry, Innovation and Infrastructure	Research and development - product innovation Integrated solutions and services Responsible supply chain management and assurance Climate change
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	SGD 12: Responsible Consumption and Production	Waste Management Contribution to circular economy
16 ΕΙΡΗΝΗ, ΔΙΚΑΙΟΣΥΝΗ ΚΑΙ ΙΣΧΥΡΟΙ ΘΕΣΜΟΙ	SGD 16: Peace, Justice and Strong Institutions	Business ethics and integrity Risk management Communication with stakeholders

The 2019 Sustainable Development Report of Hellenic Cables includes a more detailed presentation of material issues, the respective performance indicators and their correlation with the UN Global Sustainable Development Goals (Agenda 2030).
The COMPANY'S Sustainable Development Report is available on the following website: https://www.hellnic-cables.com/778/el/sustainability-reports/

Communication and commitment to stakeholders
For the COMPANY, open dialogue with stakeholders is the foundation for evaluating the policies, actions and practices it implements. The COMPANY has acknowledged as stakeholder groups those groups which are affected, directly or indirectly, by its activities and all those groups which may affect its operations in any manner and at any time. The groups of its stakeholders are as follows: Employees, Stakeholders, Customers, Suppliers, State and Public Agencies, Financial Institutions and Local Communities.
The major concerns, needs and issues arising from dialogue with the stakeholders are taken into account when planning separate actions which aim to promote cooperation and value generation for each stakeholder group. The information arising from open and transparent communication with stakeholders is incorporated into:

- procedure re-engineering;
- performance improvement in specific sectors (product responsibility, manufacturing processes, health and safety, environmental performance etc.);
- enhancement of the level of cooperation with each group of stakeholders and society as a whole.

Seeking to ensure its continuous improvement in relevant matters, the COMPANY sets specific goals and monitors their progress on an annual basis, based on the relevant key performance indicators (KPIs) it has developed. To attain these indicators and, therefore, the goals, the COMPANY prepares and implements adequate plans and actions of responsible operation.

Policies and systems

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

- Sustainable Development Policy
- Code of Conduct and Business Ethics
- Suppliers Code of Conduct
- Integrated Quality – Environment - Work Health and Safety Policy in accordance with the international standards ISO 9001:2015, ISO14001:2015, ISO 50001:2011, OHSAS 18001:2007 and IATF 16949:2016
- Anti-corruption and anti-bribery, integrity and transparency policy
- Personal data protection policy
- Internal Operating Regulation.

The COMPANY manages Sustainable Development issues across its business units and facilities, by developing and implementing certified management systems. More specifically, the following management systems are applied:

- ***Quality Management System,*** compliant with ISO 9001:2015 and IATF 16949:2016 for the automotive industry.
- ***Environmental Management System,*** compliant with ISO 14001:2015.
- ***Business continuity management system*** compliant with the requirements of ISO 22301:2012.
- ***Work Health and Safety Management System,*** compliant with OHSAS 18001:2007.
- ***Energy Management System,*** compliant with ISO 50001:2018.
- ***Information Security Management System,*** compliant with ISO 27001:2013.

Moreover, during 2019, Hellenic Cables was certified as Authorised Economic Operator (AEOF: AEO Certificate) for its production plants in Greece (Thiva, Corinth, Oinofyta, and Livadia). The companies having acquired this particular certification are reliable business partners of the international supply chain.

Industrial Excellence Programme

The Industrial Excellence programme, which was launched in 2019 in the production plants of Hellenic Cables, aims to promote continuous improvement throughout all stages of the manufacturing process. The key advantages the implementation of this new programme brought is that it eliminated losses across the production process and, by extension, it reduced the production cost, improved product quality and provided services, thus contributing to full satisfaction of customer requirements.

The sections below present the results of the policies and procedures implemented by the COMPANY, setting forth relevant references to the environmental and social performance (presentation of corresponding non-financial indicators).

Labour and social matters

The COMPANY takes continuous steps to ensure a safe and merit-based, discrimination-free working environment. By acknowledging the contribution of its people to its successful performance, the COMPANY provides opportunities for continuous training, equal opportunities of development and fair reward, while maintaining relationships of trust with all employees. The COMPANY's key concern is to secure optimum working conditions and fair reward, showing respect for human rights, diversity and equal opportunities to all employees. The policies and initiatives of the COMPANY that concern human resources aim at the effective recruitment, development and retaining of employees. Steadily oriented to human values, the COMPANY strives to implement responsible management practices by focusing on material issues such as:

- Ensuring of the health and safety of its employees and associates
- Creating a work environment of fair reward, respecting human rights and diversity
- Safeguarding of jobs
- Providing equal opportunities for all employees
- Applying objective evaluation systems
- Ensuring ongoing training and education
- Providing additional benefits.

In 2019, the COMPANY increased jobs by approximately 5% compared to 2018, creating 49 new posts. In addition, the subsidiaries of the aluminium and copper segments recorded a 0.9% and 1.8% increase in jobs, respectively.

Labour indicators	**Hellenic Cables**			**Fulgor**		
Year	**2017**	**2018**	**2019**	**2017**	**2018**	**2019**
Employee Turnover[2]	6.9	6.1	6.9	6.7	11.8	10.1
% of women in total workforce	7	8	8	10.4	7.9	7.8
Average training hours[3]	8	7.5	7.6	8	12	22.6

Age range of human resources in 2019

Hellenic Cables	**<30**	**30-50**	**51+**
Men	51	248	115
Women	11	22	3
Total	**62**	**270**	**118**

Fulgor	**<30**	**30-50**	**51+**
Men	91	276	69
Women	11	20	5
Total	**102**	**296**	**74**

The age range of the COMPANY's employees is a key advantage as 79.2% of the COMPANY's human resources are 30-50 years old, i.e. the productive age.

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

Evaluation

The employee performance evaluation system implemented by the COMPANY secures further development of employees, based on their merits, as it is based on objective performance measurement

[2] Percentage of employees who left the company (due to resignation, dismissal, retirement, etc.) in total company's workforce.
[3] The average arises from the total number of employees who received training to total employees of the COMPANY.

indicators. The post and responsibilities of each employee are taken into account when implementing the procedure which applies to the entire personnel.

In 2019, all (100%) employees of the COMPANY were evaluated.

Our practice for employee development

The COMPANY uses a platform managing human resources issues, a modern and interactive system through which all employee-related procedures are simplified. An on-boarding procedure is implemented through the system for newly hired employees, training programmes are selected and annual evaluation is carried out while paper use and printouts are reduced in all events.

The COMPANY prepares an annual training plan notified to all personnel, through the platform. Aiming to enhance the employees' knowledge and skills, the plan includes various training programmes from among which the employees can choose. Programmes are carried out in house or in cooperation with a specialised external agency, based on the employees' choices.

Training indicators per gender and rank

Average training hours per gender and category of employees 2019	**Hellenic Cables**			**Fulgor**		
Managers	7.78	0.0	**7.46**	33.20	0.25	**31.81**
Senior executives	45.64	17.00	**37.56**	31.68	63.68	**39.42**
Employees	7.60	7.20	**7.50**	102.62	11.36	**75.49**
Foremen and workers	4.65	0.75	**4.56**	19.36	0.05	**19.36**
Total	**7.90**	**8.60**	**7.95**	**26.91**	**43.53**	**28.18**

Average training hours per gender and category of employees 2018	**Hellenic Cables**			**Fulgor**		
Managers	10.44	0.0	**12.11**	17.14	0.01	27.00
Senior executives	41.00	279.00	**48.68**	13.17	19.19	14.29
Employees	12.33	3.80	**8.92**	61.46	20.88	51.91
Foremen and workers	4.64	6.80	**4.68**	11.05	0.04	11.29
Total	**8.13**	**12.28**	**8.45**	**15.01**	**23.07**	**15.60**

Equal opportunities and respect for human rights

Showing respect for human values and responsibility toward its people, the COMPANY implements a human resources management policy driven by equal opportunities without any discrimination based on gender, nationality, religion, age and educational background. The COMPANY opposes child labour and condemns all forms of forced and compulsory labour. In addition, the COMPANY condemns and does 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 2019 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

Constant prevention and effective management of health and safety issues at work is a matter of utmost importance for the COMPANY. The priorities set for health and safety determine the way in which the COMPANY operates. Such priorities are as follows:

- emphasis on the principle of prevention;
- evaluation of health and safety risks and detailed recording of near misses;
- more substantial and quality analysis of all incidents;
- enhancement of the safety culture by raising employee awareness on an ongoing basis.

Aiming to improve its performance in the health and safety field on a systematic basis, the COMPANY implements a continuous training programme, using new technological training tools too (interactive training platform)

The COMPANY monitors and records its performance in the field of health and safety on a systematic basis and makes its best efforts to minimise accidents and eliminate risks.

LT Rate	**2017**	**2018**	**2019**
Hellenic Cables	11.9	10.5	6.8
Fulgor	11.3	11.6	8.0

LT Rate: (Number of incidents / man-hours of work)*10^6

Severity Rate	**2017**	**2018**	**2019**
Hellenic Cables	116	283	169
Fulgor	338	300	147

SR Rate: (Number of lost work days / man-hours of work) * 10^6

Fatalities	**2017**	**2018**	**2019**
Hellenic Cables	0	0	0
Fulgor	0	0	0

Social matters

The COMPANY supports local communities and covers a major part of its needs for human resources from their workforce. It also supports local entrepreneurship by selecting suppliers from the local communities in which it operates (whenever this is possible). More specifically, through various actions, the COMPANY contributes to the prosperity of local communities. The pillars of support to the COMPANY's local communities refer to the following:

- ***Support to local employment.*** The COMPANY creates jobs for the local labour market, supporting local employment and combating unemployment.
- ***Boosting local economy.*** The COMPANY opts to collaborate with local suppliers insofar as they meet all relevant conditions and requirements.
- ***Development of social actions.*** The COMPANY strengthens its relations with the local communities in which it operates on a daily basis, by developing social actions in the fields of education, sports and health of vulnerable groups.
- ***Voluntarism.*** Offering to other people is a key aspect of the corporate culture of the COMPANY.

Illustrative relevant indicator

	2017	2018	2019
% of employees from local communities	83%	82%	85%

Through its operations, the COMPANY generates multiple benefits for the society. In addition to the payment of salaries and other benefits to its employees, the COMPANY pays the State the corresponding taxes and levies, and makes continuous investments and payments to the collaborating suppliers of materials and services. Thus, the overall positive impact of the COMPANY on both local and broader communities is important.

Anti-corruption and bribery-related issues

Management of transparency and corruption matters

The COMPANY has taken preventive steps in order to assume and determine the limits of responsibility and influence of each of its executives, develop safeguards for preventing any corruption incidents, and carry out the relevant checks in relation to its operations. As part of its plan to protect customers' interests and to enhance transparency in all their actions, the COMPANY's 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 COMPANY, 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 COMPANY’s financial performance and overall operation while its constant revisions help take timely into account any changes in the environment, market conditions and their activities.

Personal data protection

The COMPANY respects personal data protection and takes adequate steps compliant with the provisions of Regulation (EU) 2016/679 (General Data Protection Regulation) and implementing domestic law 4624/2019. Aiming at harmonisation with international standards and good practices, the COMPANY has adopted and implements a Personal Data Protection Policy, setting more rigorous procedures for personal data protection across all its business units.

Environmental issues

Aiming at Sustainable Development and seeking primarily to limit climate change, the COMPANY incorporates in its agenda an environmental strategy, bringing its activities into line with environmental protection standards.

Having regard to its environmental responsibility, the COMPANY has identified indicators for monitoring environmental performance and plans actions to reduce its environmental footprint on an annual basis. In the field of production, the COMPANY implements an Integrated Environmental Management System compliant with ISO 14001:2015, which is an important tool in the efforts made to address environmental issues and promote environmental awareness. In this context, the personnel are thoroughly trained in environmental management and energy saving issues.

Focusing on environmental management and protection policies, the COMPANY improves its environmental performance through:

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

The COMPANY supports and seeks to operate in line with the circular economy model which seeks to secure adequacy of natural resources and limit waste. By applying this model, the COMPANY has set as priority to increase the proportion of recyclable or reusable materials at the end of each cable's manufacturing process. This practice is based on **reduction, reuse** and **recycling**.

Monitoring indicators per energy source

The COMPANY focuses on the systematic promotion of methods optimising energy efficiency and waste generation units, as an indicator of positive result in relation to the decrease of environmental impacts and air emissions. By applying its modern management systems, the COMPANY monitors systematically energy consumption at real time and rationally manages its waste.

Air emissions

Seeking to reduce carbon dioxide emissions and limit climate change, the COMPANY makes substantial efforts to reduce the air emissions arising from its operation and business.

Total special emissions (tn CO_2/tn of product)*	**2017**	**2018**	**2019**
Hellenic Cables	0.462	0.427	0.010
Fulgor	0.417	0.439	0.126

** The sum of direct and indirect CO_2 emissions (tn CO_2/ tn products) For the calculation of the indirect emissions for the years 2018 and 2019, the coefficients of the European Residual Mixes 2018, AIB have been used as the final carbon footprint of the energy grids was not available as of the date of the report publication.*

Water consumption

To meet the needs of its production process, the COMPANY must use water. The COMPANY takes all necessary steps to ensure its efficient use and limit its consumption in compliance with its environmental policy.

Waste management

By applying the principles of circular economy, (reduce, reuse, recycle), the COMPANY aims to minimise the volume of generated waste and, therefore, limit the hazardous air pollutant emissions. The goal of the COMPANY is to achieve a sound environmental approach to waste safe management. To achieve this goal, production plants cooperate with adequately licensed waste management and processing companies.

It is worth noting that also in 2019 the greatest waste proportion, almost 70%, was taken to recycling.

	Hellenic Cables			Fulgor		
	2017	**2018**	**2019**	**2017**	**2018**	**2019**
Total generated waste (kg of waste / tn of production)	103	99	117	60	72	58
Quantities of reused waste* (kg)	94.7	93.1	93.9	94.6	92.6	92.9

**Waste reused, remanufactured, recovered and recycled measured versus total waste generated*

Responsible management of the supply chain

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

The COMPANY has developed and put into practice a Suppliers Code of Conduct which seeks to incorporate lawful, ethical principles and sustainability principles across the supply chain, specifying the requirements that suppliers of goods and services as well as all subcontractors are expected to meet in terms of social, environmental and financial performance.

The COMPANY implements a quality control procedure to the supplied raw materials in collaboration with suppliers. The suppliers with whom the COMPANY collaborates, 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).

As part of the certified Management Systems (ISO 9001, OHSAS 18001, ISO 14001, ISO 50001) implemented by the COMPANY, it applies supplier evaluation procedures. The COMPANY seeks to collaborate with suppliers implementing responsible practices, and takes steps to promote the principles of Sustainable Development to its partners.

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

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

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

NOTE:
The non-financial ratios for 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 COMPANY's business (according to the materiality analysis conducted by the COMPANY). Details on the performance in sustainable development issues, and the actions of the COMPANY's responsible operation will be set forth in the 2019 Sustainable Development Report of Hellenic Cables Companies (July 2020). 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 2009 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, with the exception of ADMIE S.A. (Independent Power Transmission Operator) - on whose behalf construction contract work is performed and Management believes that there is no credit risk- no customer accounted for more than 10% of the Group's and the Company's revenue. 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 spread over 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 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. 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 Management estimates about credit losses pertaining to customers, other receivables and contract assets, based on the expected credit losses from each counter-party. 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 Foreing exchange 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 and the Company hedge the greatest part of their estimated exposure to foreign currencies in relation to the anticipated sales and purchases as well as their receivables and liabilities in foreign currency.

The Group and the Company mainly enter into foreign currency futures with their 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 and the Company obtain funds for their investments and their 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 and the Company are closely monitoring relevant developments and taking measures to mitigate any potential disruption. Although Brexit occurred on January 31st 2020, there is no agreement yet with regard to any potential trade barriers and custom duties that may be imposed by both the EU and the United Kingdom. Exports to the United Kingdom accounted for approximately 5.6% of consolidated revenue for 2019 while most of direct competitors operate within the Eurozone. Thus, it is likely they will react to currency fluctuations accordingly To summarise, from 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.

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 an ongoing strategic goal of the Group and the Company with the aim of providing customers with modern and reliable technical solutions. The establishment of a stronger research and development ('R&D') function is part of the strategic growth planning of the Group and the Company aiming at technological innovation and competitiveness in the cables segment. A team of highly skilled engineers having considerable professional experience in cable design and in new materials development, supported by advanced software tools and modern testing laboratories and facilities, is dedicated to the vision and mission of the Group and the Company so as to ensure that the criteria and specifications of end users are met.

The R&D department supports the Group's and the Company's business plan by carrying out the following daily operations:

- Development of new products tailored to customer requirements;
- New technologies research and development;
- Product compliance with new regulations and international standards;
- Research and development of new materials using extensive proportions of recyclable materials;
- Redesign and optimisation of products in order to improve their competitiveness;
- Technical support to the commercial department;
- Technical support to manufacturing process that aims to improve productivity and quality;
- Technical & economic management of research and development projects of the Group and the Company;
- Technical support to customers;
- Submission of proposals to funded national and European programmes.

Of the aforementioned actions, the following major achievements and actions currently underway are summed up:

- Cutting-edge products have been delivered during the last few years in important projects such as:
  - The Rio-Antirio submarine interconnection (400kV);
  - Crete – Peloponnese submarine interconnection (150kV);
  - Interconnection of Hollandse Kust Alpha & Beta and Seamade wind farms (220 kV).

- The implementation and execution of the strategic development plan for high and extra-high voltage cables and their accessories such as factory-made flexible connectors, terminals etc. is in progress. At the same time, the development of alternating current (AC) dynamic cables at voltage ranging from 132kV to 275kV is sped up.

- The design of low-voltage cables marketed in the EU was successfully completed, fully in line with EU Directive EN305 (Construction Products Regulation-CPR). Thus, its presence in the European market was secured.

- As a token of our environmental awareness, pilot research and development projects were scheduled targeting circular economy through the use of higher proportions of recycled polymers, thus generating major economic benefits. With respect to this initiative, the following have been applied on an industrial scale:

  - Selective production of side fillers for submarine cables, using recycled LSF;
  - Industrial use of compounds with recycled PVC;
  - Industrial use of compounds with recycled PVC;

- As part of operational excellence, projects for the development and redesign of specific cables were launched with the ultimate goal of enhancing competitiveness (Redesign to Cost).

- More emphasis was given on the presence of representatives of the research and development department in preliminary technical discussions with potential customers, providing technical support to commercial agents.

- During 2019, the Company was awarded part of the Carbon Trust research and development tender with regard to the Floating Wind Joint Industry Project. The Floating Wind JIP Project, under the auspices of Carbon Trust, is a collaborative R&D initiative between industry partners EnBW, ENGIE, Eolfi, E.ON, Equinor, innogy, Kyuden Mirai Energy, Ørsted, ScottishPower Renewables, Shell, Vattenfall and Wpd with support from the Scottish Government, aiming at designing and developing commercial-scale floating wind farms. This initiative aimed at the development of high voltage dynamic export cables for the transmission of power from wind farms to shore, a new technology that is a critical factor for the commercial deployment of floating wind technology. For this purpose, Hellenic Cables will support the design, initial testing and development of dynamic cables ranging from 130kV to 250kV to enable the efficient transmission of power from floating wind turbines to shore. The first phase of this project, which has been awarded to Hellenic Cables, will be completed in 2020. Hellenic Cables' contribution to the above cooperation initiative will be the production of submarine dynamic high voltage cable, which will be manufactured at Fulgor's, Hellenic Cables subsidiary, plant located at Soussaki, Corinth, Greece where Fulgor has state-of-the-art facilities and equipment.

- The technical-economic management of all research and development projects within the Group and separate companies is successfully pursued with considerable benefits. Such management involves control of project technical execution, resolution of technical problems, risk assessment, produced samples management (logistics) and systematic expenditure monitoring.

In 2019, total R&D expenditure for the Group and the Company amounted to EUR 7.1 million and EUR 3.1 million, respectively (2018: EUR 8.4 million and EUR 3.6 million, respectively), of which the amount of EUR 3.0 million and EUR 1.0 million, respectively (2018: EUR 1.5 million and EUR 0.5 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	1,126	2,252,173	55	1,768,615
FULGOR	39,098,579	147,513,811	-	26,940,987
CABLEL WIRES*	214,644	254,939	-	-
Subsidiaries' Total	**39,314,349**	**150,020,922**	**55**	**28,709,602**

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.	-	3,741,838	-	393,220
ICME ECAB	31,222,639	14,120,577	1,514,299	6,257,831
ELVALHALCOR	4,561,450	803,866	876,191	325,850
SOFIA MED	270,111	690,363	-	139,472
METAL AGENCIES	20,636,496	29,144	6,398,793	-
ERLIKON	14,380	220,605	3,066	124,454
INTERNATIONAL TRADE	45,668,769	-	1,514,363	-
METALIGN	-	221,957	19,124	-
TEKA SYSTEMS	807	546,039	34,749	45,921
VIENER	-	615,873	27,880	113,875
CABLEL WIRES*	-	-	1,053,201	1,725,201
OTHER	2,432,195	2,373,115	774,769	1,322,637
Affiliates' Total	**104,806,846**	**23,363,378**	**12,216,434**	**10,448,459**

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.	-	3,741,838	-	393,220
ICME ECAB	80,640,443	26,839,386	18,121,320	10,223,287
ERGOSTEEL	-	294,322	14,721	119,339
ELVALHALCOR	12,586,572	7,364,348	2,315,356	1,271,505
SOFIA MED	742,953	695,140	42,507	139,830
METAL AGENCIES	20,636,496	29,144	6,398,793	-

Companies	Sales of goods, services & other income	Purchases of goods, services & other expenses	Receivables	Liabilities
VIEXAL S.A.	-	854,240	-	131,848
ANAMET S.A.	154,083	452,725	334,004	438,372
STEELMET ROMANIA	2,089,079	-	258	9,800
CORINTH PIPEWORKS	285,276	75,396	789,644	109,554
ETIL SA	114	4,041,569	-	303,894
ERLIKON	14,380	3,148,191	3,066	962,386
INTERNATIONAL TRADE	46,260,530	-	1,514,363	-
METALIGN	-	346,651	19,124	25,228
TEKA SYSTEMS	807	790,970	52,373	73,874
VIENER	-	3,922,269	114,986	564,452
CABLEL WIRES*	-	-	4,358,712	1,744,233
OTHERS	2,232,683	3,556,712	1,282,801	2,473,832
TOTAL	**165,643,415**	**56,152,900**	**35,362,027**	**18,984,654**

**The results of Cablel Wires are fully consolidated up until December 31st, 2019 while as of December 31st, 2019 it is considered an affiliate as subsidiary of ELVALHALCOR Group (for more information, please refer to note 32 of the Financial Statements).*

- 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.
- ERGOSTEEL 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 copper and aluminium 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 while also purchasing from Fulgor wires as raw material for cable manufacturing. 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 products (mainly submarine cables for energy projects) as well as copper and aluminium wires as raw material for cable production.

- CABLEL WIRES purchases copper and aluminium wires as raw material for the production of enamelled products from Hellenic Cables Group and sells semi-finished products for downstream processing 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 mainly in 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

		31.12.2019		
Corporate name	**Currency**	**Number of Shares**	**Nominal value of share**	**Share capital**
<u>Subsidiaries:</u>				
FULGOR	Euro	3,868,647	2.94	11,373,822.18
LESCO OOD	Euro	5,850	51.13	299,110.34
HELLENIC CABLES AMERICA	USD	100	3,000.00	300,000.00

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 Oinofyta, Viotia (59th km of Athens-Lamia National Highway) where the plant of plastic and rubber compounds is located;
IV. a branch at Thiva, Viotia (69th km of Athens-Thiva Old National Highway) where the cable production plant is located;
V. a branch at Marousi (33, Amarousiou Halandriou Avenue) where the Company's principal establishment is located.

9. Subsequent events

As COVID-19 pandemic is still evolving and it is uncertain how long it will last, it is still hard to make any prediction about the full extent of its business and financial impacts. The Group and the Company have already activated protection mechanisms for their personnel in compliance with health authorities guidelines, while closely monitoring the developments and assessing the implications on their operations.

For energy projects business based on the nature of the projects assigned to and carried out by the Group and the Company, and the significant order backlog, the effects of the spread of COVID-19 on both business plans and financial results of 2020 are expected to be limited, under current circumstances. Cable products business seems to be affected more, as short term demand has declined. The key factors that will determine the duration and extent of any effects are related directly with the extect of the global economic crisis after the termination of restriction mesures imposed by state authorities.

Wishing to shield its business against any operational issues that may arise, the Group and the Company have secured sufficient raw materials that will ensure their smooth operation within the next months. During the period that the restrictions imposed by the state authorities were enforced, from March to mid-May 2020, both the Group and the Company, took all the necessary measures in a timely manner and did not face any problems in their supply chain. In addition, cash, operating flows and non-utilized credit lines of the Company and the Group will provide the necessary liquidity over the next twelve months for the smooth operation of both the Company and the Group. If any loan covenant is breached at the next measurement date, scheduled for December 31st, 2020, we will make every effort and obtain a waiver from our banking partners, as it has always been the case in the past, whenever such a waiver was necessary. In the unlikely event that no waivers will be obtained, the credit lines of the Company will cover any obligations that may arise from such breaches.Until and including May, the COVID-19 pandemic has not affected materially the Group's and the Company's financials.

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

Other than the above, there are no significant events in 2020 that could affect the Group's and the Company's financial position.

10. Conclusions

Dear Shareholders, we presented an account of the management of 2019, the risks and how these were managed together with the prospects and development of the Group and the Company for 2020.

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 2019.

Athens, 25 May 2020

The Chairman of the Board of Directors
Ioannis Batsolas

B. Annual Stand-Alone and Consolidated Financial Statements

ANNUAL FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

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

www.hellenic-cables.com

General Commercial Registry No. 117706401000

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Statements of Profit or Loss and Other Comprehensive Income

		GROUP		COMPANY	
Amounts in Euro	**Note**	**2019**	**2018***	**2019**	**2018***
Continuing operations					
Revenue	**6**	500,880,349	406,220,623	361,201,538	329,459,700
Cost of Sales	**9**	(441,130,887)	(377,493,766)	(340,025,713)	(312,855,881)
Gross Profit		**59,749,462**	**28,726,856**	**21,175,825**	**16,603,818**
Other income	**7**	2,446,080	2,219,268	8,181,386	7,416,409
Selling and distribution expenses	**9**	(5,620,004)	(5,471,367)	(3,103,759)	(3,102,484)
Administrative expenses	**9**	(11,288,650)	(9,656,588)	(4,770,816)	(4,111,493)
Reversal of / (Impairment loss) on receivables and contract assets	**30.1**	180,302	96,919	139,662	58,838
Other expenses	**8**	(2,538,290)	(3,657,245)	(7,882,051)	(8,619,568)
Operating profit		**42,928,900**	**12,257,843**	**13,740,247**	**8,245,521**
Finance income	**11**	13,381	164,599	5,603	157,060
Finance costs	**12**	(19,455,251)	(19,492,159)	(11,082,903)	(11,834,975)
Dividends		-	-	-	250,000
Profit/(Loss) before tax		**23,487,030**	**(7,069,718)**	**2,662,947**	**(3,182,394)**
Income tax	**20**	(7,315,649)	5,333,270	(1,692,929)	3,287,470
Profit/(loss) after taxes from continuing operations		**16,171,381**	**(1,736,447)**	**970,018**	**105,076**
Discontinued operations					
Profit/ (Loss) from discontinued operations	**32**	**2,486,460**	**(206,339)**	**2,415,275**	**(206,339)**
Profit/ (Loss) of the period		**18,657,841**	**(1,942,786)**	**3,385,293**	**(101,263)**
Other comprehensive income					
Items that will never be reclassified to profit or loss:					
Remeasurements of defined benefit liability	**27**	(689,801)	110,311	(278,971)	83,153
Related tax		162,953	(40,897)	65,588	(29,575)
		(526,848)	**69,414**	**(213,383)**	**53,578**
Items that are or may be reclassified to profit or loss:					
Foreign exchange differences		(1,819)	-	-	-
Cash flow hedges – effective portion of changes in fair value		(1,255,605)	(60,548)	(781,010)	429,782
Cash flow hedges – reclassified to profit or loss		60,548	(675,953)	(429,782)	(674,053)
Related tax		284,392	212,980	307,781	75,136
		(912,485)	**(523,521)**	**(903,011)**	**(169,134)**
Other comprehensive income after tax		**(1,439,333)**	**(454,107)**	**(1,116,394)**	**(115,556)**
Total comprehensive income after tax		**14,732,048**	**(2,190,554)**	**(146,376)**	**(10,480)**

Total comprehensive income of the period is attributable to:

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018***	**2019**	**2018***
Continuing operations	12,291,085	(1,984,216)	(2,561,652)	195,858
Discontinued operations	2,440,963	(206,339)	2,415,275	(206,339)
	14,732,048	**(2,190,554)**	**(146,376)**	**(10,480)**

** The Group and the Company applied IFRS 16 on 1 January 2019. Under the transition method chosen, the comparative information has not been restated (see Note 4.19). Certain information about the Group and the Company has been restated (see Note 4.20).*

The attached notes on pages 45 to 120 are an integral part of the Financial Statements.

Statements of Financial Position

		GROUP		COMPANY	
Amounts in Euro	**Note**	**2019**	**2018***	**2019**	**2018***
ASSETS					
Property, plant & equipment	**14**	219,827,305	204,723,375	60,102,364	65,701,856
Right of use assets	**15**	1,619,044	-	1,037,213	-
Intangible assets & goodwill	**16**	79,290,320	77,757,066	7,974,161	7,229,021
Investment property	**17**	796,012	831,726	194,611	204,105
Investment in subsidiaries	**18**	-	-	91,199,095	90,930,230
Other investments	**19**	219,636	218,136	219,636	218,136
Deferred tax assets	**20**	518,967	1,222,926	515,279	1,222,350
Contract costs	**13**	83,991	107,704	28,826	39,968
Other receivables	**22**	632,791	738,662	301,807	336,063
Non-current assets		**302,988,066**	**285,599,596**	**161,572,992**	**165,881,729**
Inventories	**21**	87,811,352	76,841,602	50,223,169	50,179,982
Trade and other receivables	**22**	87,640,218	114,709,627	47,579,264	75,932,736
Contract assets	**13**	55,357,982	42,913,207	49,643,650	28,095,087
Contract costs	**13**	138,860	1,506,151	61,945	145,293
Derivatives	**30.5**	-	429,782	-	429,782
Cash and cash equivalents	**23**	67,369,104	28,278,482	27,521,263	18,337,441
Total current assets		**298,317,516**	**264,678,851**	**175,029,291**	**173,120,321**
Total assets		**601,305,582**	**550,278,447**	**336,602,284**	**339,002,050**
EQUITY & LIABILITIES					
EQUITY					
Share capital	**24**	65,704,215	65,704,215	65,704,215	65,704,215
Reserves	**25**	32,138,244	35,417,307	32,372,015	35,641,604
Retained earnings/(losses)		(3,380,875)	(23,878,446)	(14,501,295)	(20,039,784)
Total equity		**94,461,584**	**77,243,076**	**83,574,934**	**81,306,036**
LIABILITIES					
Loans and borrowings	**26**	124,629,891	116,016,897	63,186,848	74,499,704
Lease liabilities	**15 / 26**	1,031,192	-	631,924	-
Employee benefits	**27**	3,194,379	2,590,722	1,556,859	1,399,656
Grants	**28**	13,945,859	14,561,380	3,623,137	4,094,640
Deferred tax liabilities	**20**	6,683,560	1,128,457	-	-
Contract liabilities	**13**	7,543,009	-	7,543,009	-
Other long-term liabilities	**29**	2,169,855	4,134,570	-	-
Total non-current liabilities		**159,197,745**	**138,432,026**	**76,541,776**	**79,994,000**
Loans and borrowings	**26**	163,675,390	168,743,063	92,006,117	105,732,790
Lease liabilities	**15 / 26**	614,110	-	422,399	-
Trade and other payables	**29**	140,445,034	106,467,392	69,717,620	56,024,473
Contract liabilities	**13**	41,470,164	58,863,973	13,372,477	15,916,805
Derivatives	**30.5**	1,441,554	528,917	966,959	27,946
Current liabilities		**347,646,252**	**334,603,345**	**176,485,573**	**177,702,014**
Total liabilities		**506,843,998**	**473,035,371**	**253,027,349**	**257,696,014**
Total equity and liabilities		**601,305,582**	**550,278,447**	**336,602,284**	**339,002,050**

** The Group and the Company applied IFRS 16 on 1 January 2019. Under the transition method chosen, the comparative information has not been restated (see Note 4.19).*

The attached notes on pages 45 to 120 are an integral part of the Financial Statements.

Statements of changes in Equity

GROUP:

Amounts in Euro	Share capital	Fair value reserves	Other reserves	Retained earnings/(losses)	Total equity
Balance on 01 January 2018	**65,704,215**	**608,667**	**35,332,161**	**(21,182,986)**	**80,462,057**
Change in accounting policy (IFRS 9)	**-**	**-**	**-**	**(822,088)**	**(822,088)**
Adjusted balance on 01 January 2018	**65,704,215**	**608,667**	**35,332,1 61**	**(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**
Balance on 01 January 2019	**65,704,215**	**85,146**	**35,332,161**	**(23,878,446)**	**77,243,076**
Profit for the period	-	-	-	18,657,841	**18,657,841**
Other comprehensive income	-	(910,666)	(1,819)	(526,848)	**(1,439,333)**
Total comprehensive income	**-**	**(910,666)**	**(1,819)**	**18,130,992**	**17,218,508**
Transactions with shareholders					
Disposal of subsidiary			(2,366,579)	2,366,579	-
Total transactions with shareholders	**-**	**-**	**(2,366,579)**	**2,366,579**	**-**
Balance on 31 December 2019	**65,704,215**	**(825,520)**	**32,963,764**	**(3,380,875)**	**94,461,584**

**The Group applied IFRS 16 on 1 January 2019. Under the transition method chosen, the comparative information has not been restated (see Note 4.19).*

The attached notes on pages 45 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 01 January 2018	**65,704,215**	**478,577**	**35,332,161**	**(19,228,363)**	**82,286,590**
Change in accounting policy (IFRS 9)	**-**	**-**	**-**	**(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**
Balance on 01 January 2019	**65,704,215**	**309,443**	**35,332,161**	**(20,039,784)**	**81,306,036**
Profit for the period	-	-	-	3,385,293	**3,385,293**
Other comprehensive income	-	(903,011)	-	(213,383)	**(1,116,394)**
Total comprehensive income	**-**	**(903,011)**	**-**	**3,171,910**	**2,268,899**
Transactions with shareholders					
Segment spin-off	-	-	(2,366,579)	2,366,579	-
Total transactions with shareholders	**-**	**-**	**(2,366,579)**	**2,366,579**	**-**
Balance on 31 December 2019	**65,704,215**	**(593,568)**	**32,965,583**	**(14,501,295)**	**83,574,934**

**The Company applied IFRS 16 on 1 January 2019. Under the transition method chosen, the comparative information has not been restated (see Note 4.19).*

The attached notes on pages 45 to 120 are an integral part of the Financial Statements.

Statements of Cash Flows

		GROUP		COMPANY	
Amounts in Euro	**Note**	**2019**	**2018**	**2019**	**2018**
Cash flows from operating activities:					
Profit/(loss) before tax from continuing operations		23,487,030	(7,069,718)	2,662,947	(3,182,394)
Profit/(loss) before tax from discontinued operations	**32**	2,430,277	(283,424)	2,328,387	(283,424)
Plus / less adjustments for:					
Depreciation of tangible, right of use and intangible assets - Continuing operations	**9**	14,490,492	12,529,761	7,333,528	6,140,469
Depreciation of tangible, right of use and intangible assets - Discontinued operations		519,089	476,477	429,560	476,477
Grants depreciation relating to continuing operations	**28**	(696,340)	(741,438)	(383,031)	(393,123)
Grants depreciation relating to discontinued operations		(8,175)	(6,894)	(5,745)	(6,894)
Unrealised (Gains)/ loss from valuation of derivatives		147,362	(15,630)	158,003	(24,982)
Interest income from continuing operations	**11**	(13,381)	(5,614)	(5,603)	(3,989)
Interest income from discontinued operations	**32**	(36)	-	-	-
Dividends		-	-	-	(250,000)
Interest charges and related expenses involving continuing operations	**12**	19,455,251	19,492,159	11,082,903	11,834,975
Interest charges and related expenses involving discontinued operations	**32**	353,721	577,577	343,672	577,577
(Profit)/loss from sale of property, plant & equipment	**7, 8**	(93,794)	(1,400)	(93,637)	(1,400)
Losses from the write-off of tangible fixed assets	**8**	80,361	-	80,361	-
(Gains) on sale of subsidiary	**32**	(3,364,571)	-	(2,976,184)	-
Impairment of investment property	**8**	35,714	-	9,494	-
Inventories impairment	**21**	-	713,140	-	198,980
Impairment / (Reversal of impairment) on receivables and contract assets	**30.1**	(155,108)	(96,919)	(135,235)	(58,838)
		56,667,893	**25,568,077**	**20,829,420**	**15,023,434**
Changes in:					
- Inventories		(13,946,207)	(7,270,264)	(3,019,645)	(4,333,273)
- Trade and other receivables		23,500,339	(30,363,394)	28,371,163	(21,494,151)
- Contract assets		(12,444,775)	(16,397,193)	(21,548,563)	(13,997,624)
- Trade and other payables		36,982,138	(1,078,463)	16,499,219	(1,848,023)
- Contract liabilities		(9,850,800)	57,253,711	4,998,681	14,461,774
- Contract costs		1,391,004	(403,331)	94,491	(185,262)
- Employee benefits		153,330	150,477	56,687	58,237
Cash flows from operating activities		***25,785,029***	***1,891,542***	***25,452,031***	***(27,338,321)***
Interest expense and related costs paid		(17,609,578)	(18,980,265)	(10,665,746)	(12,502,189)
Taxes paid		-	(55,994)	-	(53,809)
Net Cash flows (used in) / from operating activities		**64,843,344**	**8,423,360**	**35,615,705**	**(24,870,886)**
Cash flows from investing activities:					
Acquisition of property, plant & equipment		(37,104,410)	(36,628,658)	(7,458,345)	(5,335,802)
Acquisition of intangible assets	**15**	(2,294,992)	(3,325,744)	(1,206,669)	(2,470,545)
Proceeds from disposal of property, plant & equipment		1,060,608	1,400	1,015,608	1,400
Disposal of subsidiaries, net of cash disposed of	**32**	6,664,127	-	8,000,000	-
Dividend received		-	-	-	250,000
Interest received		13,417	5,615	5,603	3,989
Acquisition of subsidiary, net of cash acquired		(23,050)	-	-	-
Acquisition of financial assets	**17**	(1,500)	-	(302,765)	-
Net Cash flows used in investing activities		**(31,685,800)**	**(39,947,388)**	**53,432**	**(7,550,958)**

		GROUP		COMPANY	
Amounts in Euro	**Note**	**2019**	**2018**	**2019**	**2018**
Cash flows from financing activities:					
Proceeds from new borrowings	**25**	40,285,249	71,189,102	-	56,059,762
Repayment of borrowings	**25**	(33,932,072)	(20,489,950)	(25,800,358)	(11,766,445)
Principal elements of lease payments		(588,460)	-	(412,588)	-
Grants received		169,291	-	-	-
Net Cash flows from financing activities		**5,934,008**	**50,699,153**	**(26,212,946)**	**44,293,317**
Net (decrease) / increase in cash and cash equivalents		**39,091,552**	**19,175,125**	**9,456,191**	**11,871,474**
Cash and cash equivalents at the beginning of the year		28,278,482	9,103,357	18,337,441	6,465,967
Cash and cash equivalents contributed due to segment spin-off		-	-	(272,369)	-
Foreign exchange effect on liquid assets		(930)	-	-	-
Cash and cash equivalents at year's end	**22**	**67,369,104**	**28,278,482**	**27,521,263**	**18,337,441**

** The Group and the Company applied IFRS 16 on 1 January 2019. Under the transition method chosen, the comparative information has not been restated (see Note 4.19). Certain information about the Group and the Company has been restated (see Note 4.20).*

The attached notes on pages 45 to 120 are an integral part of the Financial Statements.

Notes to the Stand-Alone & Consolidated Financial Statements

1. Information for 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, Messoghion Avenue, Athens.

These Financial Statements (the "Financial Statements) of the year ended on 31 December 2019 include the separate and consolidated Financial Statements of Hellenic Cables. The names of subsidiaries and affiliated companies are presented in Note 18 to 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.

2. Presentation basis of financial statements

2.1 Statement of Compliance

The Financial Statements of the Group and the Company 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 2019 were approved by the Company's Board of Directors on 25 May 2020 and are subject to approval by the General Meeting of shareholders. The Financial Statements have been uploaded on the website at www.hellenic-cables.com. 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 on the going concern basis.

On 31 December 2019, the Group's current liabilities exceeded total current assets by EUR 49.3 million (31 December 2018: EUR 70.4 million).

However, the Group's financing in the near future is considered secure through the Group's operating profitability, the solid order backlog and the use of available credit lines from financial institutions. 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.

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 16);

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 20)

During the Group's and the Company'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 21)

The Group and the Company make estimates about the calculation of the realisable value.

(c) Impairment of non-financial assets

The Group and the Company make 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 16), the Group evaluates its 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 for doubtful debts (note 30.1)

Provisions for doubtful debts are presented based on estimates about the amounts that are likely to be recovered under the expected credit loss model. ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls, i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group or the Company expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

(e) Measurement of liabilities for employee benefits (Note 27);

This liability is based on key actuarial assumptions.

(f) Fair value measurement

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

When the fair value of an instrument or liability is measured, the 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 1 but are observable, either directly or indirectly, fall under Level 2. Over-the-counter derivative financial instruments based on prices obtained from brokers are classified in this level.

Unobservable prices are classified in Level 3. The fair value of shares that are not traded in an active market is measured on the basis of the Group's and 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 and the Company recognise 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 30.

(g) Useful life of depreciable tangible and intangible assets (notes 14 and 16).

(h) Estimates about the recoverability of deferred tax assets (note 20).

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

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 2018, with the exception of the changes 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 2019.
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.

<u>Standards and Interpretations effective for the current financial year</u>

IFRS 16 "Leases"

IFRS 16 was issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those leasing-related transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The effect of the standard on the Group's and the Company's financials is described in detail in note 4.19.

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 Stand-Alone and Consolidated Financial Statements:

IFRS 9 (Amendments) "Prepayment Features with Negative Compensation"

The amendments allow companies to measure particular prepayable financial assets with so-called negative compensation at amortised cost or at fair value through other comprehensive income if a specified condition is met instead of at fair value through profit or loss.

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

The amendments clarify that companies must account for long-term interests in an associate or joint venture, to which the equity method is not applied, using IFRS 9.

IFRIC 23 "Uncertainty over Income Tax Treatments"

The interpretation explains how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. IFRIC 23 applies to all aspects of income tax accounting where there is such uncertainty, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.

IAS 19 (Amendments) "Plan amendment, curtailment or settlement"

The amendments specify how companies determine pension expenses when changes to a defined benefit pension plan occur.

Annual Improvements to IFRS (2015-2017 Cycle)

The amendments set out below include changes to four IFRSs.

IFRS 3 "Business combinations"

The amendments clarify how a company remeasures its previously held interest in a joint operation when it obtains control of the business.

IFRS 11 "Joint Arrangements

The amendments clarify that a company does not remeasure its previously held interest in a joint operation when it obtains joint control of the business.

IAS 12 "Income taxes"

The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

IAS 23 "Borrowing Costs"

The amendments clarify that a company treats as part of general borrowings any borrowing originally made to develop an asset when the asset is ready for its intended use or sale.

Mandatory standards and Interpretations for subsequent periods

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

IFRS 17 "Insurance contracts" (effective for annual periods beginning on or after 01 January 2021)

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

IFRS 3 (Amendments) "Definition of business combination" (effective for annual periods beginning on or after 1 January 2020)

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

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

The amendments clarify the definition of material and how it should be used, while adding guidelines which were provided in other parts of the IFRS until now. Moreover, the clarifications associated with the definition have been improved. Finally, these amendments ensure that the definition of materiality is consistently applied in all IFRSs.

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

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

IAS 1 (Amendment) "Classification of Liabilities as Current or Non-Current" (effective for annual periods beginning on or after 01 January 2022):

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

4. Important 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, it is 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) Business Combinations 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 Group’s and 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

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

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 and the Company initially measure 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 and the Company the Company may irrevocably elect to present subsequent changes in the investment’s fair value in OCI. This election is made on an investment-by-investment basis.

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

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

The Group and the Company do not have any financial assets measured at FVTPL on 31 December 2019.

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

As regards investments traded in an active market, the fair value is based on market quoted prices. As regards investments for which there is no active market, the fair value is based on valuation techniques, unless the range of rational estimates of such fair value is significantly high and the likelihood of different estimates cannot be reasonably assessed and, thus, such investments must not be measured at fair value. The purchase or sale of a financial asset requiring delivery of the asset within a time frame established by regulation or convention in the marketplace concerned is recognised on the settlement date (namely the date on which the asset is transferred or delivered to the 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 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 and 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 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 or the Company neither transfers nor retains substantially all of the risks and rewards of the transferred asset and retains control of such asset, then the asset is recognised to the extent of the Company's continuing involvement in the specific asset. In this case, the Group and the Company also recognise 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 or the Company could be forced to refund.

Initial recognition and subsequent measurement of financial liabilities

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

(d) Derecognition of financial liabilities

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

(e) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the 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 and the Company hold 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 and the Company as hedges for the fair value of receivables, liabilities or commitments (fair value hedges) or very probable transactions (cash flow hedges).

When entering into transactions, the Group and the Company record 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 fixtures	2 - 10 years

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

4.7 Intangible assets

The 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 or the Company. Plots are assessed at cost less any impairment while buildings are depreciated using the straight-line method at equal annual instalments throughout their expected useful life.

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

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

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

4.13 Revenue

The Group and the Company recognise 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 and the Company recognise revenue when they transfer 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 and the Company use 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 and the Company sell 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 and the Company produce and sell customised products to customers for energy projects.

In addition, the Group and the Company produce and sell "turnkey" cable systems, i.e. supply and install 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 or the Company's failure to perform as promised.

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

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

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

- Production time elapsed, i.e. the ratio between the actual time spent on the production and the total number of scheduled production time. This method is used for submarine cables produced in long continuous lengths, since the production of such products normally 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 and the Company recognise 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 and the Company are mainly related with the products sold by its subsidiaries.

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

(d) Contract costs

The Group and the Company recognise 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 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 and the Company recognise government grants which meet the following criteria in aggregate: a) there is presumed certainty that the enterprise has complied or will comply with the terms of the grant; and b) the grant's 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 grants to the corresponding costs that are subsidised.

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

4.15 Leases

The policies applicable in 2018 are described in the 2018 Financial Statements of the Group and the Company and are available at the Company's website. The policies presented in this section are those in effect as of 1 January 2019. The changes in the accounting policy due to application of IFRS 16 are described in Note 4.19.

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

(a) Lease accounting policy when the Company is a lessee

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

(b) Right of use assets

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

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

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

The right-of-use assets are subject to a test for impairment as described in accounting policy "4.10 Impairment of non-financial assets".

(c) Lease liabilities

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

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

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

(d) Expenses from short-term leases and leases of low-value assets

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

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

(e) Presentation in Financial Statements

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

4.16 Finance income / costs & Borrowing costs

(a) 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. Dividend income is posted to the income statement on the date dividend distribution is approved.

(b) 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.

4.17 Income tax expense

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

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

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

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

4.18 Non-current assets held for sale

The Group and the Company classify a long-term asset or a group of assets and liabilities as held for sale if their value is expected to be recovered mainly through sale of such assets rather than their use, and the sale is considered very probable. Shortly before the initial classification of the long-term asset or group of assets and liabilities as held for sale, the asset (or all assets and liabilities included in the group) are measured in accordance with applicable IFRSs. Long-term assets (or the groups of assets and liabilities) classified as held for sale are measured at the lower of the carrying amount and their fair value less direct costs to sell while the resultant impairment losses are posted through profit or loss. Any eventual increase in fair value at a subsequent measurement will be recognised in the profit or loss to the extent it is not in excess of the impairment loss that was initially recognised. As of the day on which a long-term asset (or the long-term assets included in a group of assets and liabilities) is classified as held for sale, no depreciation or impairment is accounted for in relation to the said long-term assets.

4.19. Change in accounting policy

IFRS 16 "Leases".

IFRS 16 was issued in January 2016 and supersedes IAS 17. The objective of the standard is to ensure the lessees and lessors provide relevant information in a manner that faithfully represents those leasing-related transactions. IFRS 16 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

This note explains the effect the adoption of IFRS 16 "Leases" will have on the Group's and the Company's financial statements. The new accounting policies that have been put into effect as of 1 January 2019 are presented in note 4.15 Leases.

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

Group and Company leases and relevant accounting treatment

The Group and the Company lease various offices, warehouses, machinery and vehicles. Lease contracts are usually concluded for fixed periods of 15 years. The term of each lease is subject to negotiation on a separate basis and each contract may contain different terms and conditions. Lease contracts do not contain any penalties to maintain particular financial ratios and leased assets cannot be used as security for borrowing purposes.

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

As of 1 January 2019, the Group and the Company recognise a right to use an asset and a lease liability on the commencement date of the lease, as described in note 4.15 Leases.

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

Adjustments recognised upon adoption of IFRS 16

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

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

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

Amounts in Euro	**GROUP**	**COMPANY**
Operating lease commitments disclosed on 31.12.2018	*1,864,306*	*1,225,088*
Discounted amount based on the incremental borrowing rate on the date of initial application	1,706,628	1,171,490
Lease liabilities recognised on 1 January 2019	**1,706,628**	**1,171,490**
of which:		
Short-term lease liabilities	1,125,757	766,180
Long-term lease liabilities	580,871	405,309

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

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

	GROUP		**COMPANY**	
Amounts in Euro	**31.12.2019**	**01.01.2019**	**31.12.2019**	**01.01.2019**
Means of transport	1,619,044	1,706,628	1,037,213	1,171,490
Total right-of-use assets	**1,619,044**	**1,706,628**	**1,037,213**	**1,171,490**

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

- Right-of-use assets: increase by EUR 1,706,628 and EUR 1,171,490 for the Group and the Company, respectively
- Lease liabilities / Net debt: increase by EUR 1,706,628 and EUR 1,171,490 for the Group and the Company, respectively
- The net effect on equity for the Group and the Company was nil on 1 January 2019.

Effect on pre-tax profits and on earnings before interest, taxes, depreciation and amortisation (EBITDA)

The depreciation of the right-to-use assets for lease contracts treated in the past as an operating lease amounted to EUR

615 thousand and EUR 430 thousand for the Group and the Company, respectively for 2019 while interest expenses on lease liabilities arising from lease contracts treated in the past as operating leases amounted to EUR 67 thousand and EUR 43 thousand for the Group and the Company, respectively.

Overall, profit before tax decreased by EUR 26 thousand and EUR 17 thousand for the Group and the Company, respectively, for 2019 as a result of the adoption of IFRS 16 while the Group's and the Company's EBITDA appeared increased by EUR 655 thousand and EUR 456 thousand, respectively.

Applicable practical expedients

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

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

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

4.20. Restatement of comparative items

Due to the sale of Cablel Wires and, therefore, the Group's enamelled segment, both stand-alone and consolidated financial statements of 2018 were restated as follows. For more information please refer to note 32.

Income Statements

	GROUP			COMPANY		
Amounts in Euro	**2018 reported amounts**	**Adjustments**	**Restated amounts**	**2018 reported amounts**	**Adjustments**	**Restated amounts**
Revenue	443,382,727	(37,162,104)	406,220,623	366,618,507	(37,158,807)	329,459,700
Cost of Sales	(413,779,189)	36,285,423	(377,493,766)	(349,138,007)	36,282,126	(312,855,881)
Gross Profit	**29,603,538**	**(876,682)**	**28,726,856**	**17,480,500**	**(876,682)**	**16,603,818**
Other income	2,219,268	-	2,219,268	7,416,409	-	7,416,409
Selling and distribution expenses	(5,786,932)	315,565	(5,471,367)	(3,418,049)	315,565	(3,102,484)
Administrative expenses	(9,923,552)	266,964	(9,656,588)	(4,378,456)	266,964	(4,111,493)
(Impairment of) / Reversal of impairment on receivables and contract assets	96,919	-	96,919	58,838	-	58,838
Other expenses	(3,657,245)	-	(3,657,245)	(8,619,568)	-	(8,619,568)
Operating profit	**12,551,996**	**(294,153)**	**12,257,843**	**8,539,674**	**(294,153)**	**8,245,521**
Finance income	164,599	-	164,599	157,060	-	157,060
Finance costs	(20,069,736)	577,577	(19,492,159)	(12,412,552)	577,577	(11,834,975)
Dividends	-	-	-	250,000	-	250,000
Profit/(Loss) before tax	**(7,353,142)**	**283,424**	**(7,069,718)**	**(3,465,818)**	**283,424**	**(3,182,394)**
Income tax expense	5,410,356	(77,086)	5,333,270	3,364,556	(77,086)	3,287,470
Profit/(loss) after taxes from continuing operations	**(1,942,786)**	**206,339**	**(1,736,447)**	**(101,263)**	**206,339**	**105,076**
Profit/ (Losses) from discontinued operations	**-**	**(206,339)**	**(206,339)**	**-**	**(206,339)**	**(206,339)**
Profit/ (Losses) of the period	**(1,942,786)**	**-**	**(1,942,786)**	**(101,263)**	**-**	**(101,263)**

Statements of Cash Flows

	GROUP			COMPANY		
Amounts in Euro	**Amounts reported on 31.12.2018**	**Adjustments**	**Restated amounts**	**Amounts reported on 31.12.2018**	**Adjustments**	**Restated amounts**
Cash flows from operating activities:						
Profit/ (loss) before tax	(7,353,142)	7,353,142	-	(3,465,818)	3,465,818	-
Profit/(loss) before tax from continuing operations	-	(7,069,718)	(7,069,718)		(3,182,394)	(3,182,394)
Profit/(loss) before tax from discontinued operations	-	(283,424)	(283,424)	-	(283,424)	(283,424)
Plus / less adjustments for:						
Depreciation & amortisation	13,006,237	(13,006,237)	-	6,616,946	(6,616,946)	-
Depreciation of tangible, right-of-use and intangible assets - Continuing operations	-	12,529,761	12,529,761	-	6,140,469	6,140,469
Depreciation of tangible, right-of-use and intangible assets - Discontinued operations	-	476,477	476,477	-	476,477	476,477
Grants amortisation	(748,332)	748,332	-	(400,017)	400,017	-
Grants depreciation relating to continuing operations	-	(741,438)	(741,438)	-	(393,123)	(393,123)
Grants depreciation relating to discontinued operations	-	(6,894)	(6,894)	-	(6,894)	(6,894)
Unrealised (Gains)/ loss from valuation of derivatives	(15,630)	-	(15,630)	(24,982)	-	(24,982)
Interest income	(5,614)	5,614	-	(3,989)	3,989	-
Interest income from continuing operations	-	(5,614)	(5,614)	-	(3,989)	(3,989)
Dividends	-	-	-	(250,000)	-	(250,000)
Interest expense and related costs	20,069,736	(20,069,736)	-	12,412,552	(12,412,552)	-
Interest charges and related expenses involving continuing operations	-	19,492,159	19,492,159		11,834,975	11,834,975
Interest charges and related expenses involving discontinued operations	-	577,577	577,577	-	577,577	577,577
(Profit)/loss from sale of property, plant & equipment	(1,400)	-	(1,400)	(1,400)	-	(1,400)
Inventories impairment	713,140	-	713,140	198,980	-	198,980
Impairment / (Reversal of impairment) on receivables and contract assets	(96,919)	-	(96,919)	(58,838)	-	(58,838)
	25,568,077	-	**25,568,077**	**15,023,434**	-	**15,023,434**
Changes in working capital	1,891,542	-	1,891,542	(27,338,321)	-	(27,338,321)
Interest expense and related costs paid	(18,980,265)	-	(18,980,265)	(12,502,189)	-	(12,502,189)
Taxes paid	(55,994)	-	(55,994)	(53,809)	-	(53,809)
Net Cash flows (used in) / from operating activities	**8,423,360**	-	**8,423,360**	**(24,870,886)**	-	**(24,870,886)**
Net Cash flows used in investing activities	**(39,947,388)**	-	**(39,947,388)**	**(7,550,958)**	-	**(7,550,958)**
Net Cash flows from financing activities	**50,699,153**	-	**50,699,153**	**44,293,317**	-	**44,293,317**
Net (decrease) / increase in cash and cash equivalents	**19,175,125**	-	**19,175,125**	**11,871,474**	-	**11,871,474**
Cash and cash equivalents at the beginning of the year	9,103,357	-	9,103,357	6,465,967	-	6,465,967
Cash and cash equivalents at year's end	**28,278,482**	-	**28,278,482**	**18,337,441**	-	**18,337,441**

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.

Following the sale of the enamelled segment that took place in the end of 2019, the Group has two reportable operating segments, as described below, which are considered to be the Group's strategic segments. These segments produce different products that are managed separately by the Group 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.).
- **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.

The performance and assets of the enamelled segment **which includes the production and sale of** enamelled cables, which are copper wires, tin-plated copper conduits and enamelled wires are presented separately as discontinued operation (see also note 32).

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 2019 and 2018, and for the years then ended.

2019		**Reportable segments - Continuing operations**			**Discontinued operations**	
Amounts in Euro	**Note**	**Cables**	**Foundries**	**Total**	**Enamelled wires**	**Grand total**
Segment revenue		557,501,497	129,643,425	687,144,923	31,447,030	718,591,953
Inter-segment revenue		(114,275,053)	(71,989,521)	(186,264,574)	0	(186,264,574)
External revenue	**6**	**443,226,445**	**57,653,905**	**500,880,349**	**31,447,030**	**532,327,379**
Gross Profit		**58,524,189**	**1,225,273**	**59,749,462**	**87,425**	**59,836,887**
Operating profit		**41,799,687**	**1,129,214**	**42,928,900**	**2,783,963**	**45,712,863**
Profit/ (loss) before tax		**23,212,858**	**274,172**	**23,487,030**	**2,430,277**	**25,917,308**
Depreciation and amortisation		13,825,166	665,326	14,490,492	519,089	15,009,581
Total Assets		566,986,101	34,319,482	601,305,582	-	601,305,582
Total Liabilities		477,639,100	29,204,897	506,843,998	-	506,843,998
Capital expenditure		36,478,674	594,463	37,073,137	294,507	37,367,644

2018		**Reportable segments - Continuing operations**			**Discontinued operations**	
Amounts in Euro	**Note**	**Cables**	**Foundries**	**Total**	**Enamelled wires**	**Grand total**
Segment revenue		435,479,356	90,617,516	526,096,872	37,195,086	563,291,958
Inter-segment revenue		(81,972,688)	(37,903,561)	(119,876,249)	(32,982)	(119,909,231)
External revenue	**6**	**353,506,668**	**52,713,955**	**406,220,623**	**37,162,104**	**443,382,727**
Gross profit		**28,383,763**	**343,093**	**28,726,856**	**876,682**	**29,603,538**
Operating profit		**11,986,750**	**271,093**	**12,257,843**	**294,153**	**12,551,996**
Loss before tax		**(6,817,709)**	**(252,009)**	**(7,069,718)**	**(283,424)**	**(7,353,142)**
Depreciation and amortisation		11,862,151	667,609	12,529,761	476,477	13,006,237
Total Assets		507,574,361	31,441,440	539,015,801	11,262,646	550,278,447
Total Liabilities		440,163,113	26,601,027	466,764,141	6,271,230	473,035,371
Capital expenditure		38,273,058	628,287	38,901,344	789,041	39,690,385

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	**2019**	**2018**
Greece	219,557,677	199,236,465
Bulgaria	269,629	272,521
	219,827,305	**199,508,986**

Right-of-use assets

Amounts in Euro	**2019**	**2018**
Greece	1,619,044	-
Bulgaria	-	-
	1,619,044	**-**

Intangible assets & goodwill

Amounts in Euro	**2019**	**2018**
Greece	79,277,238	77,738,200
Bulgaria	13,081	14,763
	79,290,320	**77,752,963**

Investment property

Amounts in Euro	**2019**	**2018**
Greece	796,012	831,726
Bulgaria	-	-
	796,012	**831,726**

6. Revenue

A. Significant accounting policy

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

Copper and aluminium wires, and raw materials

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

C. Disaggregation of income

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

Primary geographical markets:

Amounts in Euro	GROUP 2019	GROUP 2018	COMPANY 2019	COMPANY 2018
Greece	230,562,071	133,517,311	141,834,982	112,260,194
Other European Union countries	262,063,715	260,276,835	211,927,090	204,834,625
Other European countries	4,786,230	11,025,635	3,885,772	11,025,635
Asia	528,677	735,502	614,039	673,906
America	165,500	9,462	165,500	9,462
Africa	2,718,648	534,088	2,718,648	534,088
Oceania	55,507	121,791	55,507	121,791
	500,880,349	**406,220,623**	**361,201,538**	**329,459,700**

Major products and service lines:

Amounts in Euro	GROUP 2019	GROUP 2018	COMPANY 2019	COMPANY 2018
Energy projects	217,786,875	101,756,466	125,499,629	85,623,339
Power & telecom cables	205,489,800	239,568,513	194,808,581	226,518,204
Sales of wires, raw materials, services and other products	77,603,674	64,895,643	40,893,328	17,318,156
	500,880,349	**406,220,623**	**361,201,538**	**329,459,700**

Timing of revenue recognition:

Amounts in Euro	GROUP 2019	GROUP 2018	COMPANY 2019	COMPANY 2018
Revenue recognised at a point in time	283,093,474	304,464,157	235,701,909	243,836,361
Revenue recognised over time	217,786,875	101,756,466	125,499,629	85,623,339
	500,880,349	**406,220,623**	**361,201,538**	**329,459,700**

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 161.2 million and EUR 54.2 million for the Group and the Company, respectively. An amount of EUR 154.5 million is expected to be recognised as Group income during 2020 and an amount of EUR 6.7 million will be recognised during 2021. As for the Company, the entire amount is expected to be recognised as income during 2020 based on the execution time schedules of the ongoing energy projects. The above amounts include the open contracts as of 31 December 2019, which have original 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**	**2019**	**2018**	**2019**	**2018**
Rental income		1,483	126,991	51,694	126,991
Amortisation of grants	**27**	696,340	741,438	383,031	393,123
Gain on disposal of fixed assets		93,794	2,174	93,637	1,400
Income from expenses recharged		1,126,642	828,385	7,375,349	6,341,221
Prior period income		316,676	223,612	190,538	299,095
Collection of indemnities		85,283	128,584	84,326	128,584
Other income		125,863	168,083	2,811	125,995
Total		**2,446,080**	**2,219,268**	**8,181,386**	**7,416,409**

8. Other expenses

		GROUP		COMPANY	
Amounts in Euro	**Note**	**2019**	**2018**	**2019**	**2018**
Expenses recharged		862,126	811,191	6,850,441	6,112,646
Taxes - duties		351,234	210,923	111,518	100,905
Penalty clauses		360,863	66,173	202,752	17,643
Employee benefits	**10**	147,544	142,023	56,687	58,237
Loss from sale of fixed assets		-	774	-	-
Loss from write-off of fixed assets		80,361	-	80,361	-
Impairment of investment property		35,714	-	9,494	-
Indemnities for civil liability damages		77,860	101,929	77,860	101,929
Loss from out-of-court settlement		-	2,000,000	-	2,000,000
Other expenses		622,587	324,232	492,939	228,208
Total		**2,538,290**	**3,657,245**	**7,882,051**	**8,619,568**

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

		GROUP		COMPANY	
Amounts in Euro	**Note**	**2019**	**2018**	**2019**	**2018**
Cost of inventories recognised as an expense		311,962,513	298,940,269	285,505,404	260,057,551
Employee benefits	**10**	32,575,200	25,566,030	13,636,256	11,996,970
Energy		6,175,080	4,851,158	2,456,479	2,196,550
Depreciation of tangible, right-of-use and intangible assets.		14,490,492	12,529,761	7,333,528	6,140,469
Amortisation of contract costs	**13.**	1,523,656	4,330	142,866	4,330
Taxes		740,021	608,706	310,828	282,280
Insurance		6,120,492	1,867,390	1,418,249	975,378
Rent		1,159,581	1,464,483	882,244	1,069,909
Transportation		7,076,822	6,846,804	5,935,311	5,927,013
Losses from derivatives		2,443,800	2,315,251	1,824,172	1,612,680
Commissions		1,060,313	1,782,034	605,470	493,920
Third party fees and benefits		70,565,688	32,636,999	27,130,981	27,900,319
Foreign exchange differences		(456,825)	432,688	(401,491)	497,793
Other		2,602,708	2,775,820	1,119,991	914,697
Total cost of sales, selling and distribution and administrative expenses		**458,039,542**	**392,621,721**	**347,900,288**	**320,069,858**

The Group and the Company 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 2019 is equal to EUR 3.0 million (2018: EUR 1.5 million) for the Group and EUR 1.0 million (2018: EUR 452 thousand) for the Company.

The increase in “Third party fees and benefits” at Group level is attributed mainly to fees paid to subcontractors and installers for turnkey contracts executed during 2019 by the subsidiary Fulgor. Specifically, during 2019 the installation phases for the interconnection of the Kafireas wind park in Evia, Greece, with the national power grid via submarine cables, the 400kV submarine cable in Rio-Antirio, Greece and several land projects were executed by the Company, while during 2018, installation services provided in the context of energy projects assigned were more limited.

The “third party fees and benefits” account in the table above includes auditors’ fees of EUR 150,000 and EUR 95,000 for the Group and the Company, respectively for 2019.

10. Personnel expenses

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Salaries and wages	25,575,990	21,125,878	12,450,084	11,543,311
Contributions to social security funds	6,324,540	5,306,193	3,119,281	2,811,352
Other employee benefits	2,636,419	1,766,497	1,396,844	935,576
Provisions for termination benefits	276,718	291,114	138,006	181,649
Total	**34,813,666**	**28,489,682**	**17,104,216**	**15,471,888**

The personnel employed by the Group on 31 December 2019 numbered 973 persons (2018: 937). Accordingly, the personnel employed by the Company on 31 December 2019 numbered 450 persons (2018: 463).

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

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Cost of sales	26,440,631	19,984,330	10,976,630	9,650,631
Selling and distribution expenses	2,435,055	2,488,462	1,189,003	1,190,082
Administrative expenses	3,699,514	3,093,238	1,470,623	1,156,257
	32,575,200	*25,566,030*	*13,636,256*	*11,996,970*
Other expenses	147,544	142,023	2,607,609	2,407,063
Personnel expenses capitalised in both tangible and intangible assets	2,090,922	2,781,630	860,351	1,067,855
Total	**34,813,666**	**28,489,682**	**17,104,216**	**15,471,889**

Employee benefits were capitalised due to the development projects mainly for obtaining new certifications and licenses in the context of ongoing new products development.

11. Finance income

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Interest income	13,381	5,614	5,603	3,989
Foreign exchange differences	-	158,985	-	153,070
	13,381	**164,599**	**5,603**	**157,060**

12. Finance costs

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Interest expenses and related costs	19,427,619	19,333,094	11,055,271	11,681,286
Foreign exchange differences	27,632	159,065	27,632	153,689
	19,455,251	**19,492,159**	**11,082,903**	**11,834,975**

At Group level, net finance costs were stable compared to 2018, at EUR 19.4 million while at Company level, they amounted to EUR 11.0 million, reduced by 5% compared to 2018, as a result of improved interest rates currently secured and of lower net debt.

13. Contract assets, liabilities and costs

A. Contract assets & Contract liabilities

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

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Contract assets	55,357,982	42,913,207	49,643,650	28,095,087
Long-term contract liabilities	7,543,009	-	7,543,009	-
Current contract liabilities	41,470,164	58,863,973	13,372,477	15,916,805

The timing of revenue recognition, billings and cash collections 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 01.01.2019	**42,913,207**	**58,863,973**	**28,095,087**	**15,916,805**
Revenue recognised and included in the balance of contract liabilities at the beginning of the year	-	(30,263,366)	-	(10,817,274)
Increases due to advances, excluding amounts recognised as revenue during the period	-	20,412,566	-	15,815,955
Amounts billed during the year and transferred to receivables	(36,378,781)	-	(25,429,516)	-
Increases due to change in progress measurement	48,697,194	-	46,872,705	-
Reversal of loss of period impairment	126,363	-	105,374	-
Balance on 31.12.2019	**55,357,982**	**49,013,173**	**49,643,650**	**20,915,486**

B. Contract costs

The Group and the Company expect that fees and commissions associated with contracts for energy projects are recoverable (costs for contract award). Moreover, the costs for fulfilment of a contract that may include materials used in tests necessary for production, labour cost and other costs are capitalised if directly associated with the contract and are recoverable.

Therefore, on 31 December 2019 the Group and the Company had recognised the total amount of EUR 223 thousand and EUR 91 thousand as contract costs (31 December 2018: Group: EUR 1.61 million and Company: EUR 135 thousand).

Capitalised fees are recognised as expenses in the cost of goods sold when the relevant revenue is recognised. In 2019, there was no impairment loss related to capitalised cost while contract costs of EUR 1.52 million and EUR 143 thousand for the Group and the Company were depreciated.

14. Property, plant & equipment

GROUP:

Amounts in Euro	**Land & buildings**	**Machinery and mechanical equipment**	**Furniture and other fixtures**	**Fixed assets under construction**	**Total**
Acquisition cost					
Balance on 01.01.2018	**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
Revenue	-	-	(40,803)	-	(40,803)
Reclassifications*	5,343,846	5,842,507	88,003	(13,577,790)	(2,303,434)
Balance on 31/12/2018	**75,470,051**	**169,214,242**	**12,067,496**	**26,282,259**	**283,034,048**
Balance on 01.01.2019	**75,470,051**	**169,214,242**	**12,067,496**	**26,282,259**	**283,034,048**
Additions	88,337	3,054,069	1,103,802	30,531,936	34,778,145
Revenue	(1,028,797)	(76,875)	(2,186)	-	(1,107,858)
Disposals	-	-	(157,462)	(80,361)	(237,823)
Disposal of subsidiary	(3,927,735)	(4,319,558)	(577,824)	(108,465)	(8,933,582)
Reclassifications*	1,023,857	34,490,852	60,505	(36,627,225)	(1,052,011)
Balance on 31.12.2019	**71,625,713**	**202,362,731**	**12,494,330**	**19,998,145**	**306,480,919**
Depreciation/ Impairment					
Balance on 01.01.2018	**(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)
Revenue	-	-	40,803	-	40,803
Balance on 31/12/2018	**(17,065,015)**	**(52,023,988)**	**(9,221,669)**	**-**	**(78,310,673)**
Balance on 01.01.2019	**(17,065,015)**	**(52,023,988)**	**(9,221,669)**	**-**	**(78,310,673)**
Depreciation for the year	(2,293,216)	(9,599,232)	(833,653)	-	(12,726,101)
Revenue	106,825	32,031	2,186	-	141,043
Disposal of subsidiary	-	-	157,462	-	157,462
Disposals	783,093	2,740,991	560,570	-	4,084,655
Balance on 31.12.2019	**(18,468,313)**	**(58,850,197)**	**(9,335,103)**	**-**	**(86,653,614)**
Net book value					
On 31.12.2018	**58,405,035**	**117,190,254**	**2,845,827**	**26,282,259**	**204,723,375**
On 31.12.2019	**53,157,399**	**143,512,534**	**3,159,227**	**19,998,145**	**219,827,306**

*: 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 fixtures**	**Fixed assets under construction**	**Total**
Acquisition cost					
Balance on 01.01.2018	**28,036,144**	**52,861,520**	**6,470,116**	**4,560,965**	**91,928,745**
Additions	114,632	739,824	283,182	3,877,493	5,015,131
Revenue	-	-	(27,379)	-	(27,379)
Reclassifications*	55,113	2,055,804	33,479	(4,083,459)	(1,939,063)
Balance on 31/12/2018	**28,205,890**	**55,657,147**	**6,759,397**	**4,355,000**	**94,977,434**
Balance on 01.01.2019	**28,205,890**	**55,657,147**	**6,759,397**	**4,355,000**	**94,977,434**
Additions	23,151	673,018	660,082	5,859,683	7,215,934
Revenue	(1,028,797)	-	(2,186)	-	(1,030,983)
Disposals	-	-	(157,462)	(80,361)	(237,823)
Segment spin-off	(3,927,735)	(4,319,558)	(577,824)	(108,465)	(8,933,582)
Reclassifications*	12,816	489,505	1,290,004	(2,518,348)	(726,024)
Balance on 31.12.2019	**23,285,325**	**52,500,112**	**7,972,010**	**7,507,509**	**91,264,956**
Depreciation/ Impairment					
Balance on 01.01.2018	**(2,538,734)**	**(15,890,753)**	**(4,952,265)**	**-**	**(23,381,751)**
Depreciation for the year	(1,229,375)	(4,264,256)	(427,573)	-	(5,921,205)
Revenue	-	-	27,379	-	27,379
Balance on 31/12/2018	**(3,768,108)**	**(20,155,010)**	**(5,352,459)**	**-**	**(29,275,577)**
Balance on 01.01.2019	**(3,768,108)**	**(20,155,010)**	**(5,352,459)**	**-**	**(29,275,577)**
Depreciation for the year	(1,198,860)	(4,498,298)	(451,602)	-	(6,148,760)
Revenue	106,825	-	2,186	-	109,012
Disposals	-	-	157,462	-	157,462
Segment spin-off	749,116	2,692,492	553,664	-	3,995,271
Reclassifications	-	1,240,417	(1,240,417)	-	-
Balance on 31.12.2019	**(4,111,028)**	**(20,720,399)**	**(6,331,165)**	**-**	**(31,162,592)**
Net book value					
On 31.12.2018	**24,437,781**	**35,502,137**	**1,406,938**	**4,355,000**	**65,701,856**
On 31.12.2019	**19,174,297**	**31,779,713**	**1,640,845**	**7,507,509**	**60,102,364**

*: 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 31.2).

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 2019, as well as productivity upgrades and capacity improvement in the Group's plants.
The amount of EUR 36.7 million which was reclassified from the Group's property, plant and equipment under construction in 2019 mostly relates to the conclusion of improvements aiming at the upgrade of the Fulgor plant.
The borrowing costs capitalised during 2019 and related to the Group's property, plant and equipment under construction amounted to EUR 785 thousand and concerned the acquisition of new machinery. The discount rate used was 5.08%. At Company level, no borrowing costs were capitalised during 2019.

15. Right-of-use assets & Leases

This note includes information about leases in which the Group and the Company are lessees.

A. Amounts recognised in the Statement of Financial Position

Right-to-use assets:

	GROUP		COMPANY	
Amounts in Euro	**Means of transport**	**Total**	**Means of transport**	**Total**
Acquisition cost				
Balance on 01.01.2019	**-**	**-**	**-**	**-**
Change in accounting policy	1,706,628	1,706,628	1,171,490	1,171,490
Additions	561,376	561,376	318,730	318,730
Maturity	(40,649)	(40,649)	(21,164)	(21,164)
Disposal of subsidiary / Segment spin-off	(25,845)	(25,845)	(25,845)	(25,845)
Adjustments	1,526	1,526	594	594
Balance on 31.12.2019	**2,203,035**	**2,203,035**	**1,443,803**	**1,443,803**
Depreciation/ Impairment				
Balance on 01.01.2019	**-**	**-**	**-**	**-**
Depreciation for the year	(614,715)	(614,715)	(429,969)	(429,969)
Disposal of subsidiary / Segment spin-off	11,409	11,409	9,548	9,548
Maturity	19,315	19,315	13,832	13,832
Balance on 31.12.2019	**(583,991)**	**(583,991)**	**(406,590)**	**(406,590)**
Net book value				
Balance on 31.12.2019	**1,619,044**	**1,619,044**	**1,037,213**	**1,037,213**

Lease liabilities:

Amounts in Euro	GROUP		COMPANY	
	31.12.2019	**01.01.2019**	**31.12.2019**	**01.01.2019**
Long-term liabilities	1,031,192	1,125,757	631,924	766,180
Current liabilities	614,110	580,871	422,399	405,309
Total lease liabilities	**1,645,302**	**1,706,628**	**1,054,323**	**1,171,490**

Total cash outflow for lease payments in 2019 amounted to EUR 655 thousand and EUR 456 thousand at Group and Company level, respectively.

A. Amounts recognised in the Income Statement

Amounts in Euro	**GROUP**	**COMPANY**
	2019	**2019**
Depreciation of right-to-use assets	614,715	429,969
Interest on leases	66,641	43,312
Variable rental fees	50,495	35,972
Low value rental fees	87,900	22,015
Short-term rental fees	1,011,787	845,669
Profit due to difference between value of asset/liability at the time of early termination	(396)	(290)
Other expenses of lease contracts	22,669	14,415

For more information about the leasing policy and the changes brought about by the application of IFRS 16, please refer to notes 4.19 and 4.15.

16. Intangible assets & goodwill

GROUP:

Amounts in Euro	Goodwill	Trademarks & licenses	Software	Other	Total
Acquisition cost					
Balance on 01.01.2018	**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 on 31/12/2018	**67,388,311**	**13,264,460**	**5,768,304**	**304,181**	**86,725,255**
Balance on 01.01.2019	**67,388,311**	**13,264,460**	**5,768,304**	**304,181**	**86,725,255**
Additions	-	1,979,610	315,382	-	2,294,992
Disposal of subsidiary	-	(3,428)	(146,475)	-	(149,903)
Reclassifications	-	502,378	549,633	-	1,052,011
Balance on 31.12.2019	**67,388,311**	**15,743,020**	**6,486,843**	**304,181**	**89,922,355**
Depreciation/ Impairment					
Balance on 01.01.2018	**-**	**(4,090,646)**	**(3,671,596)**	**(186,473)**	**(7,948,715)**
Depreciation for the year	-	(698,191)	(308,303)	(12,981)	(1,019,475)
Balance on 31/12/2018	**-**	**(4,788,837)**	**(3,979,899)**	**(199,454)**	**(8,968,189)**
Balance on 01.01.2019	**-**	**(4,788,837)**	**(3,979,899)**	**(199,454)**	**(8,968,189)**
Depreciation for the year	-	(1,134,684)	(521,141)	(12,940)	(1,668,765)
Disposal of subsidiary		3,428	1,490		4,919
Balance on 31.12.2019	**-**	**(5,920,093)**	**(4,499,549)**	**(212,394)**	**(10,632,036)**
Net book value					
On 31.12.2018	**67,388,311**	**8,475,623**	**1,788,405**	**104,727**	**77,757,066**
On 31.12.2019	**67,388,311**	**9,822,927**	**1,987,295**	**91,787**	**79,290,320**

COMPANY:

Amounts in Euro	Trademarks & licenses	Software	Other	Total
Acquisition cost				
Balance on 01.01.2018	**6,392,215**	**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 on 31/12/2018	**9,830,713**	**5,155,183**	**20,206**	**15,006,102**
Balance on 01.01.2019	**9,830,713**	**5,155,183**	**20,206**	**15,006,102**
Additions	1,171,196	35,473	-	1,206,669
Segment spin-off	(3,428)	(4,539)	-	(7,967)
Reclassifications	436,679	289,344	-	726,024
Balance on 31.12.2019	**11,435,160**	**5,475,462**	**20,206**	**16,930,827**
Depreciation/ Impairment				
Balance on 01.01.2018	**(3,594,913)**	**(3,469,122)**	**(17,305)**	**(7,081,340)**
Depreciation for the year	(444,169)	(251,011)	(561)	(695,741)
Balance on 31/12/2018	**(4,039,083)**	**(3,720,133)**	**(17,866)**	**(7,777,082)**
Balance on 01.01.2019	**(4,039,083)**	**(3,720,133)**	**(17,866)**	**(7,777,082)**
Depreciation for the year	(787,520)	(396,319)	(520)	(1,184,358)
Segment spin-off	3,428	1,345	-	4,774
Balance on 31.12.2019	**(4,823,174)**	**(4,115,107)**	**(18,386)**	**(8,956,666)**
Net book value				
On 31.12.2018	**5,791,631**	**1,435,050**	**2,340**	**7,229,021**
On 31.12.2019	**6,611,986**	**1,360,355**	**1,820**	**7,974,161**

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 way since last year.

Goodwill impairment testing

In relation to the goodwill of EUR 67.4 million, on 31.12.2019 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 by the Company, 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 For testing goodwill impairment, additional income or benefits from cost savings as a result of the above capital expenditure were not taken into account.
- 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 1.38%, 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 10.9% to 8.9% for the five-year period and is 9.5% for the terminal value and was based on the following:

- Risk-free rate was determined according to AAA Eurozone rates in the range of -0.70% to -0.58% for the five years and -0.19% for the terminal value.
- The country risk for operating in Greece determined in the range of 1.5% to 1.7% for the first five years and 2.0% for the terminal value.
- The market risk premium was determined at 5.96%.

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 2019 exceeds the carrying amount of the CGU amounting to EUR 241 million by EUR 287 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	10.9% to 8.9%	+8.8%
Terminal growth	1.38%	-14.9%

17. Investment property

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Opening balance	**831,726**	**831,726**	**204,105**	**204,105**
Impairment	(35,714)	-	(9,494)	-
Closing balance	**796,012**	**831,726**	**194,611**	**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 Group and the Company test the value of real estate properties for impairment on an annual basis.

In the context of the annual impairment test, evidence of impairment of the properties' commercial value arose and impairment of EUR 35,714 and EUR 9,494 at Group and Company level was posted. The fair value of properties was fixed by external, independent property assessors who have adequate acknowledged professional qualifications and recent experience in the location and the category of the properties appraised. To determine the fair value of these properties, the market approach involving lots was applied. Fair value measurement based on the methods used was classified as Level 2 fair value according to the input of the valuation technique that was used. The input used to determine the fair value of lots was based on observable prices of similar properties. Such observable input was adjusted having regard to the condition of the properties and the volume of transactions, after exploring the prices in the real estate market for similar properties.

The fair value of properties on 31 December 2019 is equal to their book value while cumulative impairment involving investment property amounts to EUR 182 thousand and EUR 14 thousand for the Group and the Company, respectively.

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

18. Subsidiaries and joint operations

Subsidiaries

	COMPANY	
Amounts in Euro	**2019**	**2018**
Balance on 1 January	**90,930,230**	**90,930,230**
Share capital increase of Hellenic Cables America	268,865	-
Acquisition of V.E.MET. S.A.	32,400	-
Share capital increase through segment contribution	5,122,890	-
Sale of Cablel Wires	(5,155,290)	-
Balance on 31 December	**91,199,095**	**90,930,230**

During Q2 2019, Hellenic Cables acquired V.E.MET. S.A. from a related party in exchange for EUR 32.400. During their meeting on 30 May 2019, the Board of Directors of Hellenic Cables and V.E.MET. S.A. decided to spin off the branch in Livadia which constituted the parent company's enamelled segment and contribute it to the wholly-owned subsidiary V.E.MET. S.A. in accordance with the provisions of article 57 of Law 4601/2019 and the relevant tax provisions of article 52 of Law 4172/2013, based on the accounting statement as at 31 December 2018. All necessary regulatory approvals were issued on 31 October 2019. On 24 December 2019, Hellenic Cables sold 4,296,075 shares of Cablel Wires S.A. (100% subsidiary) to the related company ElvalHalcor S.A., for a cash consideration of EUR 8,000,000. For further information on this transaction and segment spin-off, please refer to note 32.

During Q4 2019, Hellenic Cables consolidated its presence in the US offshore wind market with the establishment of Hellenic Cables America Inc. (hereinafter "Hellenic Cables America"), a wholly owned subsidiary, providing US customers with direct support and expertise throughout the entire lifetime of their project. The initial share capital of the subsidiary was fixed at USD 300,000 (EUR 268,865) and was fully paid up on 21 October 2019.

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

Amounts in Euro	2019					
Corporate name	**Participation percentage**	**Acquisition cost**	**Total Assets**	**Total Liabilities**	**Revenue**	**Profit/ (Loss) after tax**
FULGOR S.A. (Greece)	100.00%	88,347,654	320,214,207	282,826,113	321,283,697	15,098,648
LESCO OOD (Bulgaria)	100.00%	2,582,576	3,502,320	1,482,789	4,659,687	56,860
HELLENIC CABLES AMERICA (USA)	100.00%	268,865	267,046	-	-	-
Total		**91,199,095**				

Amounts in Euro	2018					
Corporate name	**Participation percentage**	**Acquisition cost**	**Total Assets**	**Total Liabilities**	**Revenue**	**Profit/(Loss) after tax**
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**				

Joint operations

Hellenic Cables has a 62.52% interest in a joint arrangement 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 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 a 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).

19. 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	**2019**	**Participation percentage**	**2018**	**Participation percentage**
DIA.VI.PE.THIV	218,136	4.44%	218,136	4.44%
EDEP Ltd.	**1,500**		-	
	219,636		**218,136**	

20. Income tax expense

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

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Income tax expense	(83,914)	(55,994)	(72,793)	(53,809)
Deferred tax	(7,231,735)	5,389,264	(1,620,137)	3,341,279
Income tax expenses relating to continuing operations	**(7,315,649)**	**5,333,270**	**(1,692,929)**	**3,287,470**
Income tax expenses relating to discontinued operations	56,182	77,086	86,888	77,086
Total income tax for the period	**(7,259,467)**	**5,410,356**	**(1,606,041)**	**3,364,556**

B. Reconciliation of applicable tax rate

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Profit/(loss) before tax from continuing operations	23,487,030	(7,069,718)	2,662,947	(3,182,394)
Profit/(loss) before tax from discontinued operations	2,430,277	(283,424)	2,328,387	(283,424)
Profit/ (loss) before tax	**25,917,308**	**(7,353,142)**	**4,991,334**	**(3,465,818)**
Tax calculated by using the applicable tax rates 24% (2018: 29%)	(6,220,154)	2,132,411	(1,197,920)	1,005,087
Non-deductible tax expenses	(207,208)	(822,820)	(94,868)	(712,641)
Tax-exempt income	268,892	216,668	85,777	183,463
Change in prior year income tax	(131,994)	(224,869)	(112,328)	(172,148)
Effect of tax rate difference	(910,328)	1,095,548	(286,702)	89,488
Other taxes	-	(53,809)	-	(96,837)
Recognition of previously unrecognised tax losses	49,973	3,070,208	-	3,068,142
Effect of tax rates in foreign jurisdictions	9,119	(2,981)	-	-
Tax losses of current year in which no deferred tax asset is recognised	(51,833)	-	-	-
Derecognition of deferred tax asset on tax losses	(65,935)	-	-	-

carried forward				
Total income tax for the period	**(7,259,467)**	**5,410,356**	**(1,606,040)**	**3,364,555**
Effective tax rate	***(28.0%)***	***(73.6%)***	***(32.2%)***	***(97.1%)***

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

The effective tax rate of the Group and the Company is mainly influenced by the decrease in the income tax rate and the recalculation of deferred tax, which resulted in a deferred tax charge of EUR 910 thousand and EUR 287 thousand for the Group and the Company, respectively since deferred tax assets that had arisen from the revenue recognition as per IFRS 15 and were expected to be recovered during 2019 were finally recovered at a rate of 24% instead of 28%, as it had been calculated on 31 December 2018.

C. Deferred tax

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

GROUP:

2019		Continuing operations		Change in tax rate						
Amounts in Euro	**Balance on 01 January 2019**	**Recognised in profit or loss**	**Recognised in OCI**	**Recognised in profit or loss**	**Recognised in OCI**	**Year results of discontinued operations**	**Sale of subsidiary**	**Net balance on 31 December 2019**	**Deferred tax asset**	**Deferred tax liability**
Property, plant and equipment	(13,347,399)	(612,977)	-	437,858	-	132,991	529,056	**(12,860,470)**	-	(12,860,470)
Right-of-use assets	-	6,302	-	-	-	57	(57)	**6,302**	6,302	-
Intangible assets	7,773	(9,844)	-	(2,229)	-	-	-	**(4,300)**	11,449	(15,749)
Investment property	73,597	9,685	-	(2,944)	-	-	-	**80,338**	80,338	-
Derivatives	27,758	35,366	369,628	(1,543)	(85,236)	-	-	**345,973**	345,973	-
Inventories	199,679	(166,335)	-	(28,526)	-	(4,818)	-	**(0)**	-	-
Loans and borrowings	(2,445,097)	312,387	-	172,976	-	-	-	**(1,959,734)**	-	(1,959,734)
Employee benefits	645,195	34,407	159,240	(21,665)	(10,655)	(64)	(43,106)	**763,352**	763,352	-
Provisions	289,456	0	-	(11,578)	-	-	-	**277,877**	277,877	-
Contracts with customers	6,226,881	(5,786,567)	-	(889,554)	-	-	-	**(449,240)**	-	(449,240)
Other	(310,151)	68,829	-	47,768	-	-	-	**(193,554)**	57,244	(250,798)
Thin capitalisation interest	5,937,675	1,749,815	-	(254,728)	-	2,379	(2,379)	**7,432,762**	7,432,762	-
Tax losses	2,789,103	(1,939,838)	-	(378,801)	-	(74,363)	-	**396,102**	396,102	-
Total	**94,469**	**(6,298,769)**	**528,868**	**(932,966)**	**(95,891)**	**56,182**	**483,514**	**(6,164,593)**	**9,371,399**	**(15,535,992)**
Set-off tax									(8,852,432)	8,852,432
Net tax asset / (liability)									**518,967**	**(6,683,560)**

2018		Continuing operations		Change in tax rate						
Amounts in Euro	**Balance on 01 January 2018**	**Recognised in profit or loss**	**Recognised in OCI**	**Recognised in profit or loss**	**Recognised in OCI**	**Year results of discontinued operations**	**Change in accounting policy**	**Net balance on 31 December 2018**	**Deferred tax asset**	**Deferred tax liability**
Property, plant and equipment	(15,038,045)	(563,736)	-	2,177,297	-	77,086	-	**(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	**(5,879,731)**	**4,293,716**	**181,595**	**1,095,548**	**(9,512)**	**77,086**	**335,769**	**94,470**	**16,351,370**	**(16,256,900)**
Set-off tax									(15,128,443)	15,128,443
Net tax asset / (liability)									**1,222,926**	**(1,128,457)**

COMPANY:

2019		Continuing operations		Change in tax rate				
Amounts in Euro	**Balance on 01 January 2019**	**Recognised in profit or loss**	**Recognised in OCI**	**Recognised in profit or loss**	**Recognised in OCI**	**Year results of discontinued operations**	Segment **spin-off**	**Net balance on 31 December 2019**
Property, plant and equipment	(8,190,975)	426,387	-	410,574	-	90,263	571,784	**(6,691,966)**
Right-of-use assets	-	4,106	-	-	-	-	-	**4,106**
Intangible assets	20,920	(7,140)	-	(2,331)	-	-	-	**11,449**
Investment property	38,077	3,392	-	(1,523)	-	-	-	**39,946**
Derivatives	(112,514)	37,921	373,404	(1,118)	(65,623)	-	-	**232,070**
Inventories	55,714	(42,937)	-	(7,959)	-	(4,818)	-	**(0)**
Loans and borrowings	(247,178)	60,887	-	23,211	-	-	-	**(163,080)**
Employee benefits	349,914	12,161	75,382	(10,847)	(9,794)	1,444	(44,614)	**373,646**
Provisions	268,921	-	-	(10,757)	-	-	-	**258,164**
Contracts with customers	1,025,605	(1,010,951)	-	(146,515)	-	-	-	**(131,861)**
Other	(359,663)	54,023	-	54,841	-	-	-	**(250,798)**
Thin capitalisation interest	5,937,675	1,150,656	-	(254,728)	-	-	-	**6,833,603**
Tax losses	2,435,855	(2,021,941)	-	(339,551)	-	-	(74,363)	-
Total	**1,222,350**	**(1,333,435)**	**448,786**	**(286,702)**	**(75,417)**	**86,888**	**452,808**	**515,278**

2018		Continuing operations		Change in tax rate				
Amounts in Euro	**Balance on 01 January 2018**	**Recognised in profit or loss**	**Recognised in OCI**	**Recognised in profit or loss**	**Recognised in OCI**	**Year results of discontinued operations**	**Change in accounting policy**	**Net balance on 31 December 2018**
Property, plant and equipment	(9,719,221)	280,513	-	1,170,648	-	77,086	-	**(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	413,126	16,889	(24,114)	(50,526)	(5,461)	-	-	**349,914**
Provisions	-	-	-	(43,027)	-	-	311,948	**268,921**
Contracts with customers	(2,220,858)	3,283,092	-	(36,629)	-	-	-	**1,025,605**
Other	(826,001)	457,674	-	8,664	-	-	-	**(359,663)**
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	**(2,553,523)**	**3,294,819**	**46,724**	**46,461**	**(1,163)**	**77,086**	**311,948**	**1,222,351**

The provisions of article 49 of Law 4172/2013 on thin capitalisation were applied in 2019 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 reporting date are used.

The variation noted in deferred tax balance from Contracts with customers in the tables above is mainly related to the decrease in contract liabilities, i.e. advance payment invoices related to contracts not yet executed which had been included in last year's taxable income, while revenue according to IFRS 15 was recognised during the execution of such contracts.

On 31 December 2019, the accumulated tax losses carried forward available for future use amounted to EUR 1.65 million for the Group while the Company had no tax losses to carry forward. In detail:

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

On 31 December 2019, the Group has recognised a deferred tax asset on all the aforementioned tax losses carried forward because Management believes that the recoverability of such asset is certain in the future and is mainly based on:

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

21. Inventories

	GROUP		**COMPANY**	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Raw materials, auxiliaries, spare parts & consumables	40,972,252	36,184,044	17,611,269	18,558,029
Finished goods	20,614,952	18,261,620	18,127,446	15,632,938
Semi-finished goods	18,143,346	16,991,812	12,140,989	14,011,911
Merchandise	3,645,381	2,742,907	1,133,908	632,325
By-products & scrap	4,435,420	2,661,219	1,209,557	1,344,779
	87,811,352	**76,841,602**	**50,223,169**	**50,179,982**

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 2019 the Group and the Company did not raise any provision for inventories write-down (2018: EUR 695,932 and EUR 181,772 for the Group and the Company respectively) since the prices of copper, aluminum and other metals traded in the LME were at the same or even higher levels compared to the average valuation price of such metals in the Company's inventories.

The consumption of inventories charged to the operating results of the year (cost of sales) for the Group and the Company amounts to EUR 312.0 million and EUR 285.5 million, respectively.

22. Trade and other receivables

Amounts in Euro	GROUP		COMPANY	
	2019	**2018**	**2019**	**2018**
Trade receivables	35,573,397	74,062,318	29,550,217	56,516,111
Less: Provisions for impairment	(3,086,383)	(4,024,496)	(1,979,995)	(2,827,856)
	32,487,014	**70,037,822**	**27,570,222**	**53,688,255**
Cheques and notes receivable	21,480	26,631	21,480	26,631
Guarantees from related parties	35,362,027	30,354,338	12,216,489	16,148,147
Other debtors	6,972,677	6,313,691	2,233,858	2,096,667
Less: Provisions for impairment	(261,294)	(120,000)	(89,062)	-
Other advance payments	244,904	2,186,151	57,786	141,241
Current tax assets	5,685,175	1,734,174	2,698,141	754,993
Guarantees	363,777	249,654	227,411	190,701
Other current receivables	7,243,221	4,176,820	2,898,230	3,076,802
Other long-term receivables	154,028	489,008	46,516	145,362
	88,273,009	**115,448,289**	**47,881,072**	**76,268,799**
Current assets - Trade and other receivables	87,640,218	114,709,627	47,579,264	75,932,736
Non-current assets - Trade and other receivables	632,791	738,662	301,807	336,063
	88,273,009	**115,448,289**	**47,881,072**	**76,268,799**

The Group and the Company have entered into accounts receivable assignment agreements with financial institutions without right of recourse which, on 31 December 2019, amounted to EUR 3,579 thousand (2018: EUR 21,579 thousand).

It has also entered into credit insurance agreements so as to minimise the risk from the non-collection of posted receivables (Note 30.1).

23. Cash and cash equivalents

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Cash in hand and in banks	9,079	13,744	5,729	8,774
Bank deposits	67,360,024	28,264,738	27,515,534	18,328,667
	67,369,104	**28,278,482**	**27,521,263**	**18,337,441**

24. Share Capital

On 31 December 2019, 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.

25. Reserves

	GROUP		COMPANY	
Amounts in Euro	2019	2018	2019	2018
Statutory reserve	-	-	-	-
Fair value reserves	(825,520)	85,146	(593,568)	309,443
Special reserves	8,032,900	8,295,404	8,032,900	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	10,843,942	12,948,017	10,843,942	12,948,017
Foreign exchang reserve	(1,819)	-	-	-
	32,138,244	**35,417,307**	**32,372,015**	**35,641,604**

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.

Foreign exchange reserve: This reserve is used for recording any resulting foreign exchange differences from the conversion of the financial statements of Group companies, which have a functional currency other than the Group's presentation currency.

26. Loans and Borrowings

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

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Non-current liabilities				
Bank loans	5,327,783	1,532,624	-	-
Bond loans	119,302,108	114,484,273	63,186,848	74,499,704
	124,629,891	**116,016,897**	**63,186,848**	**74,499,704**
Long-term lease liabilities	**1,031,192**	**-**	**631,924**	**-**
Total non-current liabilities	**125,661,083**	**116,016,897**	**63,818,772**	**74,499,704**
Current liabilities				
Bank loans	141,237,402	149,914,514	79,863,619	96,062,121
Factoring with recourse	8,193,423	8,947,289	717,375	3,471,344
Bond loans	14,244,566	9,881,260	11,425,123	6,199,324
	163,675,390	**168,743,063**	**92,006,117**	**105,732,790**
Short-term lease liabilities	**614,110**	**-**	**422,399**	**-**
Current liabilities	**164,289,500**	**168,743,063**	**92,428,517**	**105,732,790**
Total loans & borrowings	**289,950,583**	**284,759,960**	**156,247,289**	**180,232,494**

Maturity breakdown of non-current loan liabilities

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Between 1 and 2 years	14,800,233	16,691,462	10,187,677	11,312,856
Between 2 and 5 years	71,660,374	58,573,767	42,187,100	48,814,609
Over 5 years	39,200,475	40,751,668	11,443,995	14,372,239
Total	**125,661,083**	**116,016,897**	**63,818,772**	**74,499,704**

Terms and maturity of loans & borrowings repayments:

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

GROUP:

				31.12.2019	31.12.2018
	Currency	**Average interest rate 2019**	**Maturity year**	**Carrying amount**	**Carrying amount**
- Short-term borrowing	Euro	3.77%	2019	139,877,834	149,243,458
- Long-term borrowing	Euro	4.74%	2027	124,629,891	116,016,897
Factoring with recourse	Euro	4.35%	2019	8,193,423	8,947,289
Short-term instalment of long-term bank loans	Euro	4.53%	2019	1,359,568	671,055
Current portion of bond loans	Euro	4.70%	2019	14,244,566	9,881,260
				288,305,281	**284,759,960**

COMPANY:

				31.12.2019	31.12.2018
	Currency	**Average interest rate 2019**	**Maturity year**	**Carrying amount**	**Carrying amount**
- Short-term borrowing	Euro	3.97%	2019	79,863,619	96,062,121
- Long-term borrowing	Euro	4.22%	2025	63,186,848	74,499,704
Factoring with recourse	Euro	4.31%	2019	717,375	3,471,344
Current portion of bond loans	Euro	4.73%	2019	11,425,123	6,199,324
				155,192,966	**180,232,494**

During 2019, the Group obtained new bank and bond loans in Euro, which amounted to EUR 40.3 million, while the Group and the Company repaid bank loans and bonds of EUR 33.9 million and EUR 25.8 million, respectively with maturity date in 2019. The new loans of the Group mainly concern withdrawals from existing and new revolving credit lines of current bank loans having similar terms and conditions for project financing and three new long-term loans. The new loans and bonds concerned the following:

- A new five-year bond loan of EUR 10 million obtained from a major Greek bank for financing the fixed working capital of Fulgor.
- A new seven-year bond loan of EUR 11.4 million from a major Greek bank for financing the purchase of fixed machinery so as to increase the production capacity of Fulgor's submarine cables plant.
- A seven-year re-leasing financing agreement of EUR 5.3 million from a major Greek bank to finance purchases of Fulgor's fixed machinery.

Withdrawals of short-term loans from existing and new revolving credit facilities of short-term bank loans under similar terms and conditions for project financing also took place.

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

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.

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 121.4 million and EUR 70.4 million at Group and Company level, respectively (amount of EUR 21.5 million relates to pledged inventories of the Company and amounts of EUR 100.0 million and EUR 50.9 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 30.2.

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 2019 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:

Amounts in Euro	**2019**			**2018**		
	Loan liabilities	**Lease liabilities**	**Total**	**Loan liabilities**	**Lease liabilities**	**Total**
Total balance of loan liabilities on 1 January	**284,759,960**	**-**	**284,759,960**	**233,069,171**	**-**	**233,069,171**
Changes from financing activities:						
Proceeds from new borrowings	34,992,066	-	34,992,066	71,189,102	-	71,189,102
Repayment of borrowings	(33,932,072)	-	(33,932,072)	(20,489,950)	-	(20,489,950)
Proceeds from re-leasing financing agreements	5,293,183	-	5,293,183	-	-	-
Principal elements of lease payments	-	(588,460)	(588,460)	-	-	-
Total changes from financing activities:	**6,353,177**	**(588,460)**	**5,764,717**	**50,699,153**	**-**	**50,699,153**
Other changes:						
Interest expense	13,406,074	66,641	13,472,715	13,400,639	-	13,400,639
Interest paid	(11,991,601)	(66,641)	(12,058,242)	(12,888,229)	-	(12,888,229)
Capitalised borrowing costs	784,921	-	784,921	479,227	-	479,227

Amounts in Euro	2019			2018		
	Loan liabilities	**Lease liabilities**	**Total**	**Loan liabilities**	**Lease liabilities**	**Total**
Disposal of subsidiary	(5,007,250)	(14,674)	(5,021,924)	-	-	-
Change in accounting policy	-	1,706,628	1,706,628	-	-	-
New leases		561,376	561,376			-
Modifications	-	1,766	1,766	-	-	-
Terminations	-	(21,334)	(21,334)	-	-	-
Total balance of loan liabilities on 31 December	**288,305,282**	**1,645,302**	**289,950,583**	**284,759,960**	**-**	**284,759,960**

COMPANY:

Amounts in Euro	2019			2018		
	Loan liabilities	**Lease liabilities**	**Total**	**Loan liabilities**	**Lease liabilities**	**Total**
Total balance of loan liabilities on 1 January	**180,232,494**	**-**	**180,232,494**	**136,028,814**	**-**	**136,028,814**
Changes from financing activities:						
Proceeds from new borrowings	-	-	-	56,059,762	-	56,059,762
Repayment of borrowings	(25,800,358)	-	(25,800,358)	(11,766,445)	-	(11,766,445)
Principal elements of lease paymen	-	(412,588)	(412,588)	-	-	-
Total changes from financing activities:	**(25,800,358)**	**(412,588)**	**(26,212,946)**	**44,293,317**	**-**	**44,293,317**
Other changes:						
Interest expense	8,110,247	43,312	8,153,559	7,947,825	-	7,947,825
Interest paid	(7,349,418)	(43,312)	(7,392,730)	(8,037,462)	-	(8,037,462)
Segment spin-off	-	(16,569)	(16,569)	-	-	-
Change in accounting policy	-	1,171,490	1,171,490	-	-	-
New leases		318,730	318,730	-	-	-
Modifications	-	593	593	-	-	-
Terminations	-	(7,332)	(7,332)	-	-	-
Total balance of loan liabilities on 31 December	**155,192,966**	**1,054,323**	**156,247,289**	**180,232,494**	**-**	**180,232,494**

27. Employee benefits

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

According to the Greek Labour Law employees are entitled to compensation when dismissed or retiring, the level of which is related to employee salary, length of service and the mode of departure (dismissal or retirement). Employees who resign or are dismissed on specific grounds are not entitled to compensation. The compensation payable in the case of retirement is 40% of the amount which would have been paid for unjustified dismissal. The level of compensation finally paid by the 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 2019 and 2018 respectively.

A. Change in the present value of the obligation

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Changes in net liability recognised in the Balance Sheet				
Net Liability at the beginning of the year	2,590,723	2,550,557	1,399,656	1,424,572
Benefits paid	(124,543)	(143,528)	(81,320)	(126,303)
Total expenditure recognised in the income statement	277,873	294,005	138,006	184,540
Total expenditure recognised in the statement of profit or loss and OCI	689,801	(110,311)	278,971	(83,153)
Disposal of subsidiary / Segment spin-off	(239,475)	-	(178,455)	-
Net Liability at year-end	**3,194,379**	**2,590,723**	**1,556,858**	**1,399,656**
Breakdown of amounts recognised in the income statement as expenses				
Current service cost	176,252	152,233	72,148	69,927
Past service cost during the period	1,100	13,659	-	12,892
Interest cost	41,663	37,771	22,534	21,369
Curtailment/settlement/termination cost	58,858	90,342	43,324	80,352
Total expenditure recognised in the income statement	**277,873**	**294,005**	**138,006**	**184,540**

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Breakdown of amounts recognised in the statement of profit or loss and OCI				
Actuarial loss/(gain) - demographic assumptions	30,640	(188,892)	-	(103,265)
Actuarial loss/(gain) - financial assumptions	490,332	(42,466)	226,799	(22,651)
Actuarial loss / (gain) – experience in the period	168,830	121,047	52,172	42,763
Total amounts recognised in the statement of profit or loss and OCI	**689,801**	**(110,311)**	**278,971**	**(83,153)**

The cost of curtailment/settlement/termination of service amounting to EUR 58,858 and EUR 43,334 for the Group and the Company, respectively (2018: EUR 90,342 and EUR 80,352, respectively) arises from the fact that in 2019 the Group and the Company paid a total amount of EUR 124,543 and EUR 81,320, respectively (2018: EUR 143,528 and EUR 126,303, respectively) 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 58,858 and EUR 43,334 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	
	2019	**2018**	**2019**	**2018**
Discount rate	0.76%	1.61%	0.77%	1.61%
Inflation	1.29%	1.50%	1.30%	1.50%
Future wage increase	1.98%	1.75%	2.00%	1.75%
Plan duration	13.84	14.69	15.25	14.40

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	**Αύξηση**	**Μείωση**	**Αύξηση**	**Μείωση**
Discount rate (0.5% movement)	(259,942)	288,777	(113,651)	126,106
Future salary growth (0.5% movement)	272,680	(248,755)	112,094	(104,310)

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 527,293 and EUR 154,129 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	**2019**	**2018**	**2019**	**2018**
Up to 1 year	76,814	73,327	23,577	-
Between 1 and 2 years	73,909	27,640	40,599	17,333
Between 2 and 5 years	121,920	147,154	111,440	117,550
Over 5 years	3,356,012	3,201,830	1,582,557	1,723,275
Total	**3,628,657**	**3,449,950**	**1,758,173**	**1,858,159**

28. Grants

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

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Balance on 1 January	**14,561,380**	**15,309,712**	**4,094,640**	**4,494,657**
Grants amortisation relating to continuing operations	(696,340)	(741,438)	(383,031)	(393,123)
Grants amortisation relating to discontinued operations	(8,175)	(6,894)	(5,745)	(6,894)
Disposal of subsidiary / Segment spin-off	(80,297)	-	(82,727)	-
Grants received	169,291	-	-	-
Balance on 31 December	**13,945,859**	**14,561,380**	**3,623,137**	**4,094,640**

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

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

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

During 2019, Fulgor received a grant of EUR 169,000 in relation to research and development of new innovative products.

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

29. Trade and other payables

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Suppliers	68,398,199	51,758,440	20,555,873	24,178,747
Notes payable	42,672,570	29,819,649	6,153,714	13,918,403
Payables to related parties	18,984,654	19,753,286	39,158,062	14,078,341
Sundry creditors	1,377,709	1,801,163	1,079,032	1,680,394
Accrued expenses	8,204,619	1,951,518	1,450,719	889,824
Social security funds	1,499,844	1,383,912	746,268	754,347
Other taxes-duties	1,477,292	4,133,993	573,952	524,418
	142,614,889	**110,601,962**	**69,717,620**	**56,024,473**
Current liabilities	140,445,034	106,467,392	69,717,620	56,024,473
Non-current liabilities	2,169,855	4,134,570	-	-
	142,614,889	**110,601,962**	**69,717,620**	**56,024,473**

30. 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. 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 and the Company are closely monitoring relevant developments and taking measures to mitigate any potential disruption. Although Brexit occurred on January 31st 2020, there is no agreement yet with regard to any potential trade barriers and custom duties that may be imposed by both the EU and the United Kingdom. Exports to the United Kingdom accounted for approximately 5.6% of consolidated revenues for 2019 while most of direct competitors operate within the Eurozone. Thus, it is likely they will react to currency fluctuations accordingly To summarise, from 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.

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 (ADMIE S.A.) due to the execution of a number of energy projects in Greece during 2019. 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 € ,000)	**2019**	**2018**	**2019**	**2018**
Total loans & borrowings (including lease liabilities:	289,951	284,760	156,247	180,232
Less: Cash	(67,369)	(28,278)	(27,521)	(18,337)
Net debt	**222,581**	**256,481**	**128,726**	**161,895**
Total equity	94,462	77,243	83,575	81,306
Debt to equity ratio	**2.36**	**3.32**	**1.54**	**1.99**

The above ratio was improved due to the high operational profitability, which was translated into important free cash flows, which reduced net debt.

30.1 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	**2019**	**2018**	**2019**	**2018**
Trade and other receivables Non-current assets	632,791	738,662	301,807	336,063
Trade and other receivables - Current assets	87,640,218	114,709,627	47,579,264	75,932,736
Contract assets	55,357,982	42,913,207	49,643,650	28,095,087
	143,630,991	**158,361,496**	**97,524,722**	**104,363,886**
Less:				
Prepayments	(244,904)	(2,186,151)	(57,786)	(141,241)
Current tax assets	(5,685,175)	(1,734,174)	(2,698,141)	(754,993)
Other current receivables	(7,243,221)	(4,176,820)	(2,898,230)	(3,076,802)
Total	**130,457,690**	**150,264,351**	**91,870,565**	**100,390,851**

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

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Greece	58,389,542	72,581,200	36,797,833	38,294,331
Other European Union countries	71,125,575	75,697,306	54,132,364	60,110,675
Other European countries	810,134	575,093	810,134	575,093
Americas	514	982,139	514	982,139
Other countries	131,925	428,612	129,720	428,612
Total	**130,457,690**	**150,264,351**	**91,870,565**	**100,390,851**

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 2019	GROUP 2018	COMPANY 2019	COMPANY 2018
Neither past due nor impaired	121,569,009	135,728,328	84,153,629	87,355,869
- Overdue up to 6 months	6,042,669	11,145,265	6,005,351	10,772,818
- Overdue over 6 months	2,846,012	3,390,758	1,711,585	2,262,163
Total	**130,457,690**	**150,264,351**	**91,870,565**	**100,390,851**

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

GROUP:

Amounts in Euro	2019			2018		
	Trade and other receivables	**Contract assets**	**Total**	**Trade and other receivables**	**Contract assets**	**Total**
Balance on 1 January	4,144,496	241,669	4,386,165	3,325,262	-	3,325,262
Amounts recognised in the income statement						
Balance impairment loss from continuing operations	136,867	-	136,867	-	97,317	97,317
Reversal of provision for impairment	(190,806)	(126,363)	(317,169)	(190,346)	(3,890)	(194,236)
	(53,939)	*(126,363)*	*(180,302)*	*(190,346)*	*93,427*	*(96,919)*
Balance impairment loss from discontinued operations	25,195	-	25,195	-	-	-
	(28,745)	**(126,363)**	**(155,108)**	**(190,346)**	**93,427**	**(96,919)**
Other movements:						
Write-off	(182,691)	-	(182,691)	-	-	-
Disposal of subsidiary	(585,381)	-	(585,381)	-	-	-
Change in accounting policy	-	-	-	1,009,579	148,242	1,157,821
Balance on 31 December	**3,347,677**	**115,306**	**3,462,984**	**4,144,496**	**241,669**	**4,386,165**

COMPANY:

Amounts in Euro	2019			2018		
	Trade and other receivables	**Contract assets**	**Total**	**Trade and other receivables**	**Contract assets**	**Total**
Balance on 1 January	2,827,855	220,679	3,048,534	2,031,691	-	2,031,691
Amounts recognised in the income statement						
Balance impairment loss from continuing operations	84,633	-	84,633	-	97,317	97,317
Reversal of provision for impairment	(118,921)	(105,374)	(224,295)	(156,155)	-	(156,155)
	(34,288)	*(105,374)*	*(139,662)*	*(156,155)*	*97,317*	*(58,838)*
Balance impairment loss from discontinued operations	4,428	-	4,428	-	-	-
	(29,861)	**(105,374)**	**(135,234)**	**(156,155)**	**97,317**	**(58,838)**
Λοιπές κινήσεις:						
Write-off	(164,324)	-	(164,324)	-	-	-
Segment spin-off	(564,614)	-	(564,614)	-	-	-
Change in accounting policy	-	-	-	952,319	123,363	1,075,682
Balance on 31 December	**2,069,056**	**115,305**	**2,184,361**	**2,827,855**	**220,679**	**3,048,534**

The greatest part of trade receivables is insured by insurance companies in case collection thereof fails. On 31 December 2019, 83% and 92% 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	**2019**	**2018**	**2019**	**2018**
Collateral with credit guarantee	2,953,037	5,071,552	2,953,037	5,071,552
Liabilities that may be offset against receivables	1,857,801	8,412,661	1,857,801	8,312,347

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 31.12.2019 reflects the best possible estimate and the accounting balance of trade and other receivables approaches their fair value.

30.2 Liquidity risk

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

GROUP

Amounts in Euro	2019 Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total 31.12.2019
Bank loans & factoring without recourse	150,595,306	2,111,345	2,999,217	1,334,593	**157,040,461**
Lease liabilities	667,995	689,019	395,882	-	**1,752,896**
Bond loans	25,680,615	16,021,731	73,780,858	45,239,170	**160,722,375**
Derivatives	1,441,554	-	-	-	**1,441,554**
Trade and other payables	141,034,936	1,952,976	216,879	-	**143,204,791**
Total	**319,420,406**	**20,775,071**	**77,392,837**	**46,573,763**	**464,162,077**

Amounts in Euro	2018 Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total 31.12.2018
Bank loans & factoring without recourse	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**
Trade and other payables	106,467,392	2,148,098	2,265,043	-	**110,880,533**
Total	**280,073,111**	**23,542,539**	**70,993,583**	**54,235,799**	**428,845,032**

COMPANY

Amounts in Euro	2019 Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total 31.12.2019
Bank loans & factoring without recourse	81,480,455	-	-	-	**81,480,455**
Lease liabilities	456,269	503,684	160,736	-	**1,120,688**
Bond loans	12,529,179	12,757,741	47,697,191	11,892,300	**84,876,411**
Derivatives	966,959	-	-	-	**966,959**
Trade and other payables	69,717,620	-	-	-	**69,717,620**
Total	**165,150,482**	**13,261,424**	**47,857,927**	**11,892,300**	**238,162,133**

Amounts in Euro	2018 Up to 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total 31.12.2018
Bank loans & factoring without recourse	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**
Trade and other payables	56,024,473	-	-	-	**56,024,473**
Total	**165,200,471**	**14,466,169**	**55,024,241**	**15,395,550**	**250,086,431**

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.

30.3 Foreign exchange risk

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

GROUP

31.12.2019

Amounts in Euro	USD	GBP	OTHERS	TOTAL
Trade and other receivables	1,565,399	5,953,586	-	**7,518,985**
Contract assets	-	-	-	**-**
Cash	1,917,534	765,355	-	**2,682,890**
Loans & lease liabilities	-	(321,523)	-	**(321,523)**
Trade and other payables	(1,296,475)	(169,045)	(45,566)	**(1,511,086)**
Contract liabilities	-	-	-	**-**
	2,186,458	**6,228,373**	**(45,566)**	**8,369,265**
Derivatives for hedging of the above risks (Nominal value)	(1,644,925)	(6,912,542)	-	**(8,557,467)**
	541,533	**(684,169)**	**(45,566)**	**(188,202)**

31.12.2018

Amounts in Euro	USD	GBP	OTHERS	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 & lease liabilities	-	(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)**

COMPANY

31.12.2019

Amounts in Euro	USD	GBP	OTHERS	TOTAL
Trade and other receivables	1,539,531	5,953,586	-	**7,493,117**
Contract assets	-	-	-	**-**
Cash	1,488,173	491,299	-	**1,979,472**
Loans & lease liabilities	-	(321,523)	-	**(321,523)**
Trade and other payables	(230,489)	(154,267)	1,897	**(382,859)**
Contract liabilities	-	-	-	**-**
	2,797,215	**5,969,095**	**1,897**	**8,768,207**
Derivatives for hedging of the above risks (Nominal value)	(1,644,925)	(6,912,542)	-	**(8,557,467)**
	1,152,290	**(943,448)**	**1,897**	**210,740**

31.12.2018

Amounts in Euro	USD	GBP	OTHERS	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 & lease liabilities	-	(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)**

The exchange rates used per fiscal year are as follows:

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

Sensitivity analysis:

GROUP

	Profit or loss		Equity	
Amounts in Euro	**Improvement**	**Weakening**	**Improvement**	**Weakening**
2019				
USD (10% change)	60,170	(49,230)	60,170	(49,230)
GBP (10% change)	(76,019)	62,197	(76,019)	62,197
2018				
USD (10% change)	175,557	(143,638)	175,557	(143,638)
GBP (10% change)	(318,350)	260,468	(318,350)	260,468

COMPANY

	Profit or loss		Equity	
Amounts in Euro	**Improvement**	**Weakening**	**Improvement**	**Weakening**
2019				
USD (10% change)	128,032	(104,754)	128,032	(104,754)
GBP (10% change)	(104,828)	85,768	(104,828)	85,768
2018				
USD (10% change)	7,872	(6,441)	7,872	(6,441)
GBP (10% change)	(318,637)	260,703	(318,637)	260,703

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.

30.4 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	**2019**	**2018**	**2019**	**2018**
Fixed rate				
Liabilities	37,560,839	36,419,941	-	-
Floating rate				
Liabilities	252,389,744	248,340,019	156,247,289	180,232,494
	289,950,583	**284,759,960**	**156,247,289**	**180,232,494**

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.

GROUP

	31.12.2019		31.12.2018	
Effect on Euro in operating results and Equity	**Increase by 0.25%**	**Decrease by 0.25%**	**Increase by 0.25%**	**Decrease by 0.25%**
Floating rate financial instruments	(744,468)	744,468	(626,572)	626,572

COMPANY

	31.12.2019		31.12.2018	
Effect on Euro in operating results and Equity	**Αύξηση κατά 0.25%**	**Μείωση κατά 0.25%**	**Αύξηση κατά 0.25%**	**Μείωση κατά 0.25%**
Floating rate financial instruments	(478,473)	478,473	(480,755)	480,755

30.5 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 37.6 million as of 31 December 2019), the fair value test based on current market rates indicates that their fair value also approximates their carrying amount.

Equity investments at FVOCI include mainly the investment in DIA.VI.PE.THIV (carrying amount of investment as of 31 December 2019: 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 2018.

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

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

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

GROUP	**2019**			**2018**		
	Level 1	Level 1	Level 1	Level 1	Level 2	Level 3
Other investments	-	-	219,636	-	-	218,136
Derivative financial assets	-	-	-	-	429,782	-
Derivative financial liabilities	(1,255,605)	(185,949)	-	(27,946)	(500,971)	-
Total	**(1,255,605)**	**(185,949)**	**219,636**	**(27,946)**	**(71,189)**	**218,136**

COMPANY	**2019**			**2018**		
	Level 1	Level 1	Level 1	Level 1	Level 2	Level 3
Other investments	-	-	219,636	-	-	218,136
Derivative financial assets	-	-	-	-	429,782	-
Derivative financial liabilities	(781,010)	(185,949)	-	(27,946)	-	-
Total	**(781,010)**	**(185,949)**	**219,636**	**(27,946)**	**429,782**	**218,136**

31. Commitments and contingent liabilities

31.1 Commitments

The Group and the Company had the following capital commitments on the reporting date:

	GROUP		**COMPANY**	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Property, plant and equipment	8,556,786	5,869,314	410,313	1,209,924

31.2 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:

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Guarantees given for securing payables to suppliers	4,598,115	8,346,270	4,413,141	7,749,296
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	126,175,395	89,008,158	102,765,104	68,681,054
Guarantees for subsidies	13,929,024	13,929,024	5,217,024	5,217,024
Other payables	9,017,315	9,338,910	2,977,315	6,518,210
	294,566,650	**261,469,162**	**207,219,385**	**180,012,384**

31.3 Unaudited tax years

Greek tax laws and the relevant provisions are subject to interpretations by tax authorities and administrative courts. Income tax returns are submitted each year. The profits and losses declared for taxation purposes remain temporarily open until tax authorities audit the tax returns and books of the Company and its subsidiaries at which time the relevant taxation obligations will be finalised.

According to applicable tax laws (article 36 of law 4174/2013), Greek tax authorities may impose additional taxes and fines following their audit, within the prescribed statute-barring period which, in principle, is set at five years from the end of the following year which sees the expiration of the deadline for submitting the income tax return. Based on the above, in principle and based on the general rule, the years up to 2013 are considered as prescribed.

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 by Greek tax authorities.

Annual tax certificate

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

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.

Years 2011, 2012, 2013, 2014 and 2015 have been audited for the subsidiary Fulgor by the statutory auditor elected as per Codified Law 2190/1920, namely the audit firm of certified public accountants "Deloitte C τακτικό ελεγκτή, δηλαδή την ελεγκτική εταιρία ορκωτών ελεγκτών λογιστών, «Deloitte Certified Public Accountnts S.A." (statutory auditor), in accordance with article 82 of Law 2238/1994 and Article 65a of Law 4174/2013. The relevant tax compliance certificates were issued on the basis of "unqualified opinion" and did not include any qualifications.

Circular No. 1034/2016 brought significant modifications to the annual certificate issued by statutory auditors and audit firms. As a result, the provisions of article 65a of Law 4174/2013 have been modified with respect to tax years 1.1.2016 – 31.12.2016, 1.1.2017 – 31.12.2017 and 1.1.2018 – 31.12.2018 and the issue of a tax compliance certificate is no longer required from the Company's statutory auditor.

The relevant tax compliance certificates for 2017 and 2018 were issued "without qualifications" and there were no reservations regarding the Company while the relevant tax compliance certificates that concerned the subsidiary Fulgor for 2017 and 2018 were issued "without qualifications regarding matter of emphasis" by "KPMG Certified Auditors SA", i.e. the Company's and Fulgor's statutory auditor, for these years.

As for 2019, the Company and its subsidiary Fulgor have fallen under the tax audit of Certified Public 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 2019 are published. It is estimated that the audit result will not have a significant effect on the stand-alone or consolidated financial statements.

In addition, based on risk analysis criteria, the Greek tax authorities may select the Company or any subsidiary 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.

32. Discontinued operations & Segment spin-off

A. Segment spin-off

During Q2 2019, Hellenic Cables acquired V.E.MET. S.A. from a related party in exchange for EUR 32.400.

During their meeting on 30 May 2019, the Board of Directors of Hellenic Cables and V.E.MET. S.A. decided to spin off the branch in Livadia which constituted the parent company's enamelled segment and contribute it to the wholly-owned subsidiary V.E.MET. S.A. in accordance with the provisions of article 57 of Law 4601/2019 and the relevant tax provisions of article 52 of Law 4172/2013, based on the accounting statement as at 31 December 2018.

All necessary regulatory approvals were issued on 31 October 2019.

The assets and liabilities of the spin-off segment on 31 December 2018, i.e. the compilation date of the Accounting Statement used for the relevant Report of Independent Certified Public Accountants S.A. on review of the Draft Company Spin-off Contract by ORION CERTIFIED AUDITORS S.A., and on 31 October 2019, i.e. the date on which the spin-off was completed, are presented in the table below:

Amounts in Euro		
ASSETS	**31/10/2019**	**31.12.2018**
Property, plant & equipment	4,954,608	5,214,390
Intangible assets & goodwill	3,193	4,103
Other receivables	68,640	68,015
Non-current assets	**5,026,442**	**5,286,507**
Inventories	2,976,458	2,800,580
Trade and other receivables	3,761,408	3,052,102
Cash and cash equivalents	272,369	123,457
Total current assets	**7,010,235**	**5,976,139**
Total assets	**12,036,677**	**11,262,646**

LIABILITIES

Employee benefits	178,455	172,680
Grants	82,727	88,472
Deferred tax liabilities	452,808	539,696
Total non-current liabilities	**713,990**	**800,848**
Loans and borrowings	-	408,525
Lease liabilities	16,569	-
Trade and other payables	6,314,702	5,061,857
Current liabilities	**6,331,271**	**5,470,382**
Total liabilities	**7,045,261**	**6,271,230**

The results of the parent company HELLENIC CABLES S.A. for the year ended on 31 December 2019 include the results of the enamelled segment for the period from 1 January 2019 to 31 October 2019, given that until the date the contributed segment was absorbed, all segment -related acts and transactions of the contributing company are considered as taking place on behalf of the same in accounting terms, while the financial results generated during that period benefited the contributing parent company.

During November 2019, V.E.MET. S.A. was renamed into "Cablel Wires S.A." following resolution of the extraordinary general meeting of the subsidiary's shareholders. A.E. μετονομάστηκε σε Cablel Wires A.E.

B. Sale of subsidiary - Description of transaction

On 24 December 2019, Hellenic Cables sold 4,296,075 shares of Cablel Wires S.A. (100% subsidiary) to the related company ElvalHalcor S.A., for a cash consideration of EUR 8,000,000. The consideration received was in accordance with the valuation provided by an independent valuation expert according to the provisions of Greek Law 4548/2018, articles 99-101 of Law 4548/2018.

The date of disposal was determined in accounting terms as the closest to the monthly closing, upon the provision of the necessary approvals i.e. on 31 December 2019.

The results of Cablel Wires S.A. are included in the consolidated Statement of Profit or Loss for the entire year, as the transaction took place substantially at year's end. The segment is presented both in the current period and in the comparable period as discontinued operation.

For more information about the discontinued operations, please refer to the section below.

C. Information on the result and cash flows of discontinued operations

Amounts in Euro	GROUP		COMPANY	
	2019	**2018**	**2019**	**2018**
Revenue	31,447,030	37,162,104	27,393,696	37,158,807
Cost of sales	(31,359,605)	(36,285,423)	(27,208,406)	(36,282,126)
Gross Profit	**87,425**	**876,682**	**185,290**	**876,682**
Other income	11,122	-	5,745	-
Selling and distribution expenses	(334,886)	(315,565)	(288,149)	(315,565)
Administrative expenses	(310,581)	(266,964)	(196,807)	(266,964)
Impairment of receivables	(25,195)	-	(4,428)	-
Other expenses	(8,493)	-	(5,775)	-
Operating profit	**(580,608)**	**294,153**	**(304,124)**	**294,153**
Finance income	36	-	-	-
Finance costs	(353,721)	(577,577)	(343,672)	(577,577)
Profit/(Loss) before tax	**(934,294)**	**(283,424)**	**(647,797)**	**(283,424)**
Income tax	56,182	77,086	86,888	77,086
Profit/(Loss) after tax	**(878,111)**	**(206,339)**	**(560,909)**	**(206,339)**
Gain on sale of the subsidiary	3,364,571	-	2,976,184	-
Profit/(loss) after taxes from continuing operations	**2,486,460**	**(206,339)**	**2,415,275**	**(206,339)**
Other comprehensive income				
Items that will never be reclassified to profit or loss:				
Remeasurements of defined benefit liability	(59,864)	-	-	-
Related tax	14,367	-	-	-
Other comprehensive income after tax	**(45,497)**	**-**	**-**	**-**
Total comprehensive income of the period from discontinued operations	**2,440,963**	**(206,339)**	**2,415,275**	**(206,339)**

Amounts in Euro	GROUP		COMPANY	
	2019	**2018**	**2019**	**2018**
Net Cash flows (used in) / from operating activities	(3,091,837)	914,231	710,008	914,231
Net Cash flows used in investing activities	(294,471)	(789,041)	(152,571)	(789,041)
Net Cash flows from financing activities	4,598,725	(511,733)	(408,525)	(511,733)
Net (decrease) / increase in cash and cash equivalents	**1,212,417**	**(386,543)**	**148,913**	**(386,543)**

D. Result from disposal of subsidiary

Amounts in Euro	**2019**
Property, plant and equipment	4,848,927
Right-of-use assets	14,437
Intangible assets & goodwill	144,984
Other long-term receivables	68,640
Inventories	2,895,151
Trade and other receivables	6,323,342
Cash and cash equivalents	1,335,874
Total Assets	**15,631,355**
Deferred tax liabilities	(469,146)
Employee benefits	(239,475)
Grants	(80,297)
Loans and borrowings	(5,007,250)
Lease liabilities	(14,674)
Trade and other payables	(5,185,085)
Total liabilities	**(10,995,926)**
Net assets on the selling date	**4,635,429**
Cash consideration	8,000,000
Gain on sale of the subsidiary	**3,364,571**
Cash inflow from disposal of subsidiary, net of cash disposed of	**6,664,127**

On a stand-alone basis, the result from the subsidiary’s sale amounted to EUR 2,976,184.

33. Transactions with related parties

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

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

I. Transactions with subsidiary companies

	GROUP		COMPANY	
Amounts in Euro	2019	2018	2019	2018
Receivables	-	-	55	2,813,659
Liabilities	-	-	28,709,602	1,836,871
Sales of products and other income	-	-	39,314,349	28,688,033
Purchases of products and other expenses	-	-	150,020,922	97,470,842

II. Transactions with the parent company*

	GROUP		COMPANY	
Amounts in Euro	2019	2018	2019	2018
Receivables	-	-	-	-
Liabilities	1,557,233	2,036,311	558,406	688,844
Sales of products and other income	80,161	80,538	80,161	80,538
Purchases of products and other expenses	184,650	254,802	183,554	254,802

*: 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	2019	2018	2019	2018
Receivables	35,362,027	30,354,338	12,216,434	13,334,488
Liabilities	17,427,421	17,716,975	9,890,054	11,552,625
Sales of products and other income	165,563,254	150,001,469	104,726,685	93,704,665
Purchases of products and other expenses	55,968,250	65,844,731	23,179,825	39,598,343

IV. BoD members

	GROUP		COMPANY	
Amounts in Euro	2019	2018	2019	2018
Fees	801,752	842,963	558,789	561,662

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.

34. Subsequent events

As COVID-19 pandemic is still evolving and it is uncertain how long it will last, it is still hard to make any prediction about the full extent of its business and financial impacts. The Group and the Company have already activated protection mechanisms for their personnel in compliance with health authorities guidelines, while closely monitoring the developments and assessing the implications on their operations.

For energy projects business based on the nature of the projects assigned to and carried out by the Group and the Company, and the significant order backlog, the effects of the spread of COVID-19 on both business plans and financial results of 2020 are expected to be limited, under current circumstances. Cable products business seems to be affected more, as short term demand has declined. The key factors that will determine the duration and extent of any effects are related directly with the extect of the global economic crisis after the termination of restriction mesures imposed by state authorities.

Wishing to shield its business against any operational issues that may arise, the Group and the Company have secured sufficient raw materials that will ensure their smooth operation within the next months. During the period that the restrictions imposed by the state authorities were enforced, from March to mid-May 2020, both the Group and the Company, took all the necessary measures in a timely manner and did not face any problems in their supply chain. In addition, cash, operating flows and non-utilized credit lines of the Company and the Group will provide the necessary liquidity over the next twelve months for the smooth operation of both the Company and the Group. If any loan covenant is breached at the next measurement date, scheduled for December 31st, 2020, we will make every effort and obtain a waiver from our banking partners, as it has always been the case in the past, whenever such a waiver was necessary. In the unlikely event that no waivers will be obtained, the credit lines of the Company will cover any obligations that may arise from such breaches.Until and including May, the COVID-19 pandemic has not affected materially the Group's and the Company's financials.

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

Other than the above, there are no significant events in 2020 that could affect the Group's and the Company's financial position.

* *

Athens, 25 May 2020

THE CHAIRMAN OF THE BOARD OF DIRECTORS	A MEMBER OF THE BOARD OF DIRECTORS	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 auditor's report

To the Shareholders of "Hellenic Cables SA"

Report on the audit of the separate and consolidated financial statements

Our opinion

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

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

Basis for opinion

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

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

Independence

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

Other Information

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

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

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the Other Information identified above and, in doing so, consider whether the Other Information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

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

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

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

- The Board of Directors' Report has been prepared in accordance with the legal requirements of articles 150 and 153 of Law 4548/2018.

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

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

The Board of Directors 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 comply with the requirements of Law 4548/2018, and for such internal control as the Board of Directors determines is necessary to enable the preparation of 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, the Board of Directors is responsible for assessing the Company's and 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 Board of Directors either intends to liquidate the Company and Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate and consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and 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 auditor's 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 auditor's report. However, future events or conditions may cause the Company and 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 the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company and Group audit. We remain solely responsible for our audit opinion.

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

Report on other legal and regulatory requirements

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

pwc

Athens, 29 Μαΐου 2020
The Certified Auditor Accountant

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