CORINTH PIPEWORKS
PIPE INDUSTRY S.A.

ANNUAL CONSOLIDATED FINANCIAL STATEMENTS
AS AT 31 DECEMBER 2019

According to the International Financial Reporting Standards

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

www.cpw.gr

General Commercial Registry No. 003978301000

CORINTH PIPEWORKS
PIPE INDUSTRY S.A.

TABLE OF CONTENTS

A. Annual Report by the Board of Directors

ANNUAL REPORT BY THE BOARD OF DIRECTORS OF
"CORINTH PIPEWORKS PIPE INDUSTRY S.A."
ON THE COMPANY'S AND THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE PERIOD FROM 1 JANUARY TO 31 DECEMBER 2019

Dear Shareholders,

In the context of the provisions of Law 2190/1920 as replaced by Law 4548/2018 and the relevant provisions of the Articles of Association of CORINTH PIPEWORKS PIPE INDUSTRY S.A. (previously named E.VI.KE. S.A., hereinafter called "Corinth Pipeworks" or the "Company") we hereby submit this Annual Financial Report of the Board of Directors on 2019, namely 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 Company is exempted from preparing consolidated financial statements because its financial statements are consolidated in the financial statements of parent companies Cenergy Holdings S.A. and VIOHALCO SA/NV. Management has decided to prepare consolidated financial statements in order to improve the quality of information received by users of the financial statements. Preparing consolidated financial statements improves the presentation of the Group's activities and financial position. Initial date for the preparation of consolidated financial statements is January 1st 2017.

The Company has a 100% participation in Warsaw Tubulars Trading Sp. Z.o.o. which is established in Poland (hereinafter "WTT"). WTT has a 100% participation in one subsidiary, namely CPW America Co. which is established in Houston, Texas USA (hereinafter "CPW America"). The Company also holds a 21.75% participation in one associated company namely DIAVIPETHIV S.A. which is established in Thisvi, prefecture of Viotia. The above participations form Corinth Pipeworks Group or the "Group". These Financial Statements present both the Company's and the Group's figures.

1. Report on the ending year

For Corinth Pipeworks, 2019 was a rather challenging year: strong protectionism measures, especially in the USA, limited considerably the company's scope of action. In this new environment, the company responded by focusing on the quality of its products and customer satisfaction and managed to maintain its market share and also enter new markets and new product sectors such as deep sea offshore high technology projects. During the year, the Company produced pipes for Karish, its first deep sea offshore project and an important breakthrough for the steel pipes segment. This is a strategic project in the South-eastern Mediterranean at a maximum depth of 1,750m, a highly complex work that only few companies worldwide could accomplish.

The Company achieved a high utilisation rate for its Thisvi plant and was present in all regional markets, mainly North and South Europe and Eastern Mediterranean.

In 2019, Corinth Pipeworks successfully completed:

- A number of reel lay projects in North Sea and the USA, as well as Zinia, the first LSAW offshore project for Total;
- Baltic Connector gas pipeline linking Finland to Estonia;
- NET4GAS projects in Czech Republic and Izostal in Poland, summing 34 kTns;
- Projects in Italy of Snam and SGI, including the TAP connection to the Italian grid (3 projects of 56" won by Corinth Pipeworks).

In 2019, Corinth Pipeworks was also awarded several major projects, including the following:

- Energinet, Baltic Pipe, a 114 km gas pipeline of 32-36" pipes;
- Midia Gas Development Project, a 145 km of 8" & 16" offshore pipeline in Romania;
- Snam, 150 km of gas pipeline of 26" pipes in Italy;
- I.G.B. (Gas Interconnector Greece-Bulgaria) project, a 187km gas pipeline of 32" pipes in Bulgaria and Greece.

Throughout the year, Corinth Pipeworks successfully advanced its intense programme of qualifications from the major oil and gas companies, and launched innovative programmes to enhance its competitiveness.

However, the global economic environment in which Corinth Pipeworks operates remains volatile. The imposition of tariffs and antidumping duties by the US triggered severe competitive pressure from local US mills on worldwide pipe makers and prevented the Company from achieving the revenue recorded in 2018.

Despite these headwinds, Corinth Pipeworks enters 2020 with a significant backlog of projects and expects to maintain high capacity utilisation. 2020 is also expected to be a transitional year with new or ongoing projects undertaken with greater efficiency, operational excellence and digitalisation.

Remarks on year results

Group's revenue amounted to EUR 378 million in 2019, a 20% decrease year-on-year (2018: EUR 475 million). Group's gross profit amounted to EUR 32.2 million in 2019, a 4% increase compared to 2018 (EUR 30.9 million), mainly driven by the different mix of energy projects undertaken by Corinth Pipeworks. Gross profit margin for the Group increased from 6.5% in 2018 to 8.5% in 2019, while profits before tax for the Group amounted to EUR 2.3 million, compared to profits before tax of EUR 6.7 million in 2018, decreased by EUR 4.4 million mainly attributable to: a) the projects in the US market which dropped considerably in 2019 compared to 2018; b) higher net finance costs of EUR 2.4 million; and c) the provision for doubtful debts of EUR 1.65 million, which was charged to 2019 company results.

The Company achieved profits before tax of EUR 1.8 million, compared to profits before tax of EUR 1 million in 2018, an increase of EUR 0.8 million due to the profitable projects executed by the Company in 2019, in terms of gross profit, the positive effect of which was counterbalanced by the increased finance cost and the provision for doubtful debts cited above.

At a consolidated level, adjusted earnings before interest, taxes, depreciation and amortisation (a-EBITDA) decreased by 8.1% in 2019, amounting to EUR 25.1 million, mainly attributable to the projects in the US market which were quite reduced in 2019 in relation to 2018, and the provision for customers impairment of EUR 1.65 million that took place in 2019.

At Company level, adjusted earnings before interest, taxes, depreciation and amortisation (a-EBITDA) increased considerably by 16.7% in 2019, amounting to EUR 24.4 million, mainly attributable to the profitable projects executed by the Company in 2019, in terms of gross profit, the positive effect of which was counterbalanced by the increased finance cost and the provision for doubtful debts cited above.

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 and reducing the cost of raw materials used to manufacture the Group's and the Company's products.

Remarks on the Statement of Financial Position

Net debt of the Group decreased by EUR 23.4 million to EUR 159.6 million mainly driven by the Company's decreased needs in working capital on 31 December 2019, compared to the needs in working capital on 31 December 2018.

The Group and the Company have available adequate credit lines to meet future financing needs, if necessary.

Investments

During 2019, the Group made investments totalling EUR 11 million which mainly concerned:

- the initiation of a new investment plan for a "double jointing" project that will position Corinth Pipeworks in the 500k Tns US pipe market of 24m length pipes. The investment is expected to be completed in 2020;
- selected strategic and operational investments in logistics equipment to enhance safety, optimise cost basis and improve quality of services and products provided;
- selected improvements in productivity optimisation and cost reduction schemes, across all bare and coating/lining production lines.

Alternative Performance Measures and Ratios

Group and Corinth Pipeworks 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	1.10	1.10	1.05	1.07

Leverage ratios: These ratios are an indicator of leverage and each ratio presented below is calculated as follows:

i. by the ratio of equity to debt;
ii. by the ratio of equity to net debt;
iii. by the ratio of net debt to adjusted EBITDA (a-EBITDA). The definitions of EBITDA and adjusted EBITDA are set out in the section on profitability ratios below.

The amounts are used as presented in the Consolidated and Company 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	
Leverage	**2019**	**2018**	**2019**	**2018**
Equity/Debt	0.81	0.66	0.76	0.62
Equity/Net debt	0.91	0.78	0.81	0.65
Net debt/a-EBITDA	6.34	6.67	6.87	9.76

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.

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

	GROUP		COMPANY	
Return on capital employed	**2019**	**2018**	**2019**	**2018**
Operating results / (Equity + Debt)	4.5%	4.6%	4.5%	3.1%

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

	GROUP		COMPANY	
Return on equity	**2019**	**2018**	**2019**	**2018**
Net Profit/Equity	1.1%	5.0%	0.9%	1.9%

Profitability:

	GROUP		COMPANY	
	2019	**2018**	**2019**	**2018**
Gross Profit Margin (Gross profit/Sales)	8.5%	6.5%	7.9%	4.8%
Net Profit Margin (Net profit after tax/Sales)	0.4%	1.5%	0.4%	0.6%
EBITDA	25,163,567	26,173,103	24,467,803	20,446,368
EBITDA margin* (EBITDA/Sales)	6.6%	5.5%	6.9%	4.8%
a–EBITDA	25,179,653	27,423,626	24,467,803	20,972,062
a–EBITDA margin** (a-EBITDA/Sales)	6.6%	5.8%	6.9%	4.9%

*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.

	GROUP		COMPANY	
	2019	**2018**	**2019**	**2018**
Profit before tax	**2,320,501**	**6,706,375**	**1,857,349**	**1,005,240**
Adjustments for:				
+Depreciation of tangible and intangible assets	10,456,374	9,332,300	10,275,254	9,305,530
- Interest income	(28,219)	(306,823)	(28,217)	(305,647)
+ Interest expense and related costs	12,363,444	10,441,251	12,363,417	10,441,244
+Gains/ (Losses) from associated companies	51,467	(24,227)	-	-
EBITDA	**25,163,567**	**26,148,876**	**24,467,803**	**20,446,368**

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

- Exceptional litigation fees and fines
- (Profit)/Loss from sale of property, plant & equipment
- Other extraordinary or one-off expenses

	GROUP		COMPANY	
	2019	**2018**	**2019**	**2018**
EBITDA	**25,163,567**	**26,148,876**	**24,467,803**	**20,446,368**
Adjustments for:				
+ Exceptional litigation fees and fines	-	905,813	-	182,083
+ (Profit)/Loss from the sale of property, plant and equipment	16,086	(19,064)	-	(20,161)
+ Other extraordinary or one-off expenses	-	363,773	-	363,773
a–EBITDA	**25,179,653**	**27,399,398**	**24,467,803**	**20,972,062**

2. Objectives and Outlook for 2020

The prediction of the full extent and duration of the business and economic impact that the spread of Covid-19 will have remains challenging. The Company's and the Group's production and commercial business has not been affected significantly until this report was drafted while the Company has already activated the protection mechanisms and measures required for its personnel and partners, while closely monitoring the developments and assessing the implications on its operations overall.

The effects of the spread of Covid-19 on both business and financial results of 2020 will depend on various factors, the most important of which are related to the restrictions imposed by competent authorities and any potential limitations of the supply chain.

Finally, the Company's solid organisational structure basis continues to provide resilience in this challenging environment, ensuring its long-term sustainable functioning and growth. It intensifies its efforts to enhance competitiveness and qualify for tenders offered from the largest oil & gas companies. This effort involves, among other projects, the "Manufacturing Excellence" programme, an attempt to promote digitisation and schemes to introduce Industry 4.0 into the Company's production lines. The transformation of Corinth Pipeworks into a company with a more diversified product profile is an essential part of its innovation agenda throughout 2019 and 2020. The Company maintains its positive outlook for 2020, with the execution of the I.G.B. project (Gas Interconnector Greece-Bulgaria) and other major, offshore and onshore, project awards expected.

3. Non-Financial Information

Business model

The principles of Sustainable Development are an integral part of the philosophy that guides the way in which the Company conducts business and are recognised as a prerequisite for its long-term growth along with prosperity of society as a whole. The Company seeks to generate added value for all stakeholders through its business activities. The Company has incorporated factors such as prompt response to market trends and customer needs, maintaining excellent relationships with its partners and the application of technological innovations in its business model and strategy. Through these practices, the Company aims to improve its business performance and increase its contribution to society.

CORINTH PIPEWORKS S.A.

Key partnerships

- Suppliers of top-quality raw materials
- Quality assurance bodies
- Research centres and organisations
- Specialists engaged to work on project implementation

Key activities

World's leading manufacturer of high-quality steel pipes, used to safely transport oil, gas and water and carry CO2 and slurry, and of hollow structural sections for building and construction projects.

Customer relationships

- Customer-oriented philosophy
- Customer satisfaction surveys, in accordance with international standards API Q1 and EN ISO 9001
- Well-trained project management team

Customer segments

- Oil and gas companies
- Construction companies
- Commercial firms

Channels

Sector trade shows
Tenders

"Delivering energy to the world"

Key resources

- Production facilities
- Top-level mechanical equipment
- Port facilities
- Highly trained personnel

Generating value and utility

Energy transport
One-stop-shop philosophy
Execution of major projects

Cost structure

- Investments in new production facilities
- Maintenance of production facility infrastructure and equipment
- Certification of products and facilities

Competitive advantages

- Innovation and technological superiority
- Research and development of new technologies
- Customer-oriented philosophy
- Strict production standards
- Accredited quality control lab, compliant with the ELOT EN ISO/IEC 17025 standard
- Global sales network in more than 40 countries
- 925,000 tons annual production capacity

Revenue streams

- Product sales
- Integrated services (one-stop-shop)

We believe that our growth and development should go hand in hand with Sustainable Development. We operate responsibly and focus on sound Corporate Governance, the prosperity of our people, health and safety at work, provision of high quality products in the market, care for the environment and support to local communities.

Sustainability issues management - Policies and Systems

The Company has put in place mechanisms and processes for highlighting and maintaining sustainable development issues with emphasis on work safety, environmental protection and society, while focusing on economic and sustainable operation. Management's commitment and the issues responsible management framework are reflected in the Code of Conduct and Business Ethics, and in the Sustainable Development Policy established and implemented by the Company.

In detail, the Company's Code of Conduct and Business Ethics is presented on the website:

Wishing to reinforce its sound operation and driven by Sustainable Development, the Company has established specific policies and puts into practice adequate management systems and procedures that uphold responsible operation and define the way in which its goals are achieved. More specifically, the Company has established and implements the following codes and policies:

- Occupational Health & Safety
- Product quality
- Development and sustainability
- Customer-oriented philosophy
- Business excellence
- Digital transformation
- Product and service innovation
- Energy and emissions
- Waste management
- Business ethics and integrity
- Development and training
- Data protection
- Climate change
- Support to local communities
- Contact with stakeholders

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 issues. Corinth Pipeworks' 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 material issues in relation to stakeholders.

Integrated management of the Company's material issues is ensured through the Management Systems implemented by the same. The Company applies the following certified systems:

- Quality assurance system, according to ISO 9001
- Environmental Management System as per ISO 14001
- Work Health and Safety Management System as per OHSAS 18001

The following sections summarise the results of the policies and procedures applied by the Company, quoting relevant environmental and social performance reports (presentation of relevant non-financial indicators). A detailed report is included in the Company's Annual Sustainable Development Report

Sustainable development material issues

Corinth Pipeworks assesses the top material issues arising from its operation and activity for each Sustainable Development pillar recognised. The assessment of these issues, which is based on the guidelines of the Global Reporting Initiative (GRI Standards) and on international organisation AccountAbility's AA1000 Standard, is an important tool in finalising the Company's annual action plan and in shaping the content of the annual Sustainable Development Report.

The Company updates on an annual basis the map of its material issues, based on the information received from its stakeholder groups. During 2019, an electronic survey was conducted in order to verify and evaluate the Company's material issues from each stakeholder group. The top material issues of Corinth Pipeworks are summed up as follows:

- Business ethics and integrity
- Occupational health and safety
- Information security and data protection

- Equal opportunities at work and combating discrimination
- Employee training and development
- Support to local communities
- Risk management
- Research and Development - Innovation of products and services
- Customer-oriented philosophy
- Climate change and energy management
- Waste management and contribution to circular economy

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 of SDG	Material issues of Corinth Pipeworks
7 ΦΘΗΝΗ ΚΑΙ ΚΑΘΑΡΗ ΕΝΕΡΓΕΙΑ	SGD 7. Affordable and Clean Energy	Energy and emissions
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	Product quality Product and service innovation Supply Chain Responsibility Climate change
10 ΛΙΓΟΤΕΡΕΣ ΑΝΙΣΟΤΗΤΕΣ	SGD 10. Fewer inequalities	Equality and human rights
12 RESPONSIBLE CONSUMPTION AND PRODUCTION	SGD 12. Responsible Consumption and Production	Waste Management
16 ΕΙΡΗΝΗ, ΔΙΚΑΙΟΣΥΝΗ ΚΑΙ ΙΣΧΥΡΟΙ ΘΕΣΜΟΙ	SGD 16. Peace, Justice and Strong Institutions	Responsible growth Business excellence Ethical governance and integrity

The 2019 Sustainable Development Report of Corinth Pipeworks 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.cpw.gr/media-center/Publications/

Engagement and commitment to stakeholders

One of Corinth Pipeworks' priorities is to communicate and maintain an open dialogue with its stakeholder groups since this procedure helps the Company draw useful conclusions about the way and extent to which its activities affect such groups. In light of the above, the Company contributes to the effective management of social and environmental issues while identifying new challenges and new opportunities to operate. As a founding member of CSR Hellas, the Company also tries to assist in addressing social and other challenges through synergies and exchange of views within such network.

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.

Industrial Excellence Programme

The Industrial Excellence programme, which was launched in 2019 in the production plants of Corinth Pipeworks, aims to promote continuous improvement throughout all stages of the production 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 applies merit-based procedures to select, train and reward employees so as to develop their skills. In this way, the performance and level of commitment of the employees, as well as the Company's business development, are strengthened. Combined with the effective application of its policies, the Company has developed a Code of Conduct and Business Ethics which forms the framework of principles for the Company's smooth operation and serves as a key tool for shaping a unified corporate culture. Constantly oriented towards human values, the Company seeks to apply responsible work practices, focusing on important issues such as:

- ensuring of the health and safety of its employees and associates
- safeguarding of jobs
- providing equal opportunities for all employees
- applying fair and objective evaluation systems
- ensuring ongoing training and education

In 2019, the Company increased jobs by approximately 5% compared to 2018, creating 26 new posts.

Labour indicators	2019	2018	2017
Employee turnover (1)	3.1	2.7	2.8
% of women on total number of employees	9.7	8.6	8.5
Average training hours (2)	14.8	19.3	12.0

[1] Percentage of employees leaving the Company (due to resignation, dismissal, retirement, etc.) over total employees of the Company.
[1] The average arises from the total number of employees who received training to total employees of the Company.

Key elements of Human Resources

Personnel profile per gender	2019	2018	2017
Male	465	447	422
Female	50	42	39
Total	**515**	**489**	**461**

Corinth Pipeworks stands in every possible way by its people who are the key to its success.

Personnel profile per gender and age	2019			2018		
	<30	30-50	51+	<30	30-50	51+
Men	29	316	120	30	312	105
Female	5	40	5	4	36	2
Total	**34**	**356**	**125**	**34**	**348**	**107**

Personnel profile per gender and seniority	2019			2018		
	Men	Women	Total	Men	Women	Total
Managers	7	1	**8**	12	1	**13**
Senior executives	23	2	**25**	32	6	**38**
Employees and workers	435	47	**482**	403	35	**438**

The age range of the Company's employees is a key advantage as 69% of the Company's human resources is 30-50 years old, i.e. the productive age.

Employee evaluation and development

The Company uses a modern and interactive system – SuccessFactors platform - as a tool to manage human resources issues, which simplifies all HR procedures for the employees themselves and the Company's competent department. Annual evaluation and selection of training programmes take place, among others, through the system, while the role of supervisors becomes stronger.

The evaluation taking place through SuccessFactors platform helps recognise the employees' high performance, make communication with their evaluators stronger, identify their training needs and set professional and personal goals. During 2019, 8 managers, 37 senior executives of the Company together with 88 administrative employees and foremen were evaluated.

The training programmes prepared and implemented are both in-house and external, and are associated with the input arising from the evaluation procedure. They may refer to the acquisition of specialised training and/or the development of soft skills.

Training indicators	**2019**	**2018**	**2017**
Total training hours (participants * hours)	**8,339**	**9,440**	**5,402**
Managers	486	941	225
Senior executives	1,044	2,637	711
Employees and workers	6,809	5,862	4,446
Amount spent on training (in Euro)	76,965	186,058	127,121
Participation in in-house training programmes	1,396	2,026	1,100
Participation in third-party seminars-conferences	832	191	82
Total participation in training programmes	2,228	2,217	1,182
Training programmes carried out	378	336	188

Equal opportunities and respect for human rights

Corinth Pipeworks takes steps to maintain a working environment that will stand out not only for the high level of its executives and employees but also for equal opportunities for development, respect for diversity and safeguarding of human rights. The Company applies procedures that incorporate impartial criteria to hiring, remuneration, promotion and training which do not discriminate on the basis of gender, nationality, age, marital status or other characteristics.

Corinth Pipeworks has incorporated in the relevant human rights procedure the provisions required for addressing any issues that may arise while specifying the responsibilities and powers of executives and employees, in compliance with the principles of the UN Global Compact on the protection of human rights.

Helpline for psychological support

The Company provides its employees with access to a confidential and secure helpline for psychological support. The line is available free of charge on a 24/7 basis, throughout the whole year and is assumed by specialised and independent psychologists. Thus, the Company seeks to help employees smooth out or even resolve personal or family issues which may be related to stress, change management, diseases, depression, addictions or even mourning.

Occupational health and safety

Safeguarding employee health and safety across all Company activities, and the extinction of any employee incident or accident in its production facilities, have always been among the Company's unwavering objectives over time. In line with efforts to manage effectively all relevant issues, a comprehensive occupational health and safety management system (OHSMS) certified to the OHSAS 18001 international standard is implemented. This System focuses on prevention and ongoing application of measures to minimise occupational risks and accidents, and to promote a culture of prevention. Corinth Pipeworks prepares a prevention and accident decrease plan, and sets achievable goals of improvement.

The Company attaches great importance to the training and participation of its employees in related matters. In order to monitor and evaluate performance in the field of health and safety at work, the Company uses internationally applicable and measurable indicators.

Health and safety KPIs	**2019**	**2018**	**2017**
Incidents frequency rate (LTIR)	1	3.4	3
Incidents severity rate (SR)	106	118	375
Fatal accidents	0	0	0

LTIR: Lost time incident rate (number of lost time accident/incidents relating to safety issues per million hours worked)
SR: Severity rate (working days lost per million hours worked)

Environmental issues

For the Company, reducing its environmental footprint is a priority. The Company plans actions and sets goals to reduce air pollutants while making investments in practices and technologies leading to the global energy transition.

The initiatives taken by Corinth Pipeworks aim to protect natural environment while enhancing energy efficiency, reducing operational cost and maintaining the Company's capacity to develop business activities in the future. Continuous improvement of its environmental performance is based on the adoption of a specific environmental policy and the implementation of an integrated environmental management system. Corinth Pipeworks' Environmental Policy is available on the corporate website https://www.cpw.gr/sustainability/environment/management-and-compliance

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)*	2019	2018	2017
	0.007	0.086	0.074

** 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, Corinth Pipeworks must use water. The Company takes all necessary steps to ensure its efficient use and limit its consumption in compliance with its environmental policy.

Special water consumption (m^3/ton of product)	2019	2018	2017
	0.22	0.24	0.23

Waste Management

Corinth Pipeworks applies a specific waste management process in order to reduce their volume. The greatest proportion is recycled, a smaller part is forwarded for recovery (energy or other type of utilisation) and a very small portion is taken to landfills. Moreover, the Company has established partnerships solely and exclusively with adequately licensed companies to manage all types of waste.

Indicative KPIs	2019	2018	2017
Total generated waste (kg of waste/tn of production)	86	83	73
Quantities of reused waste* (kg)	99.3	99.5	99.3

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

Total waste generated (kg/tn of product)	2019	2018	2017
	86	83	73

Industrial Excellence Programme

In 2019, the Company started implementing operational excellence practices on a pilot basis, which span across a wide range of optimum applications and efficiency in production. More specifically, the Company applied a system of optimum arrangements and parameters to the production process in order to avoid any changes in production and reduce any unscheduled shutdown of welding machinery during product delivery. Moreover, a review takes place constantly and regulations are adjusted based on an analysis of shutdown reasons.

To ensure the smooth operation of the equipment and machinery of the production unit as a whole, the Company made investments in power transmission through an Extra-High Voltage Centre, which is a thoroughly effective application aiming to eliminate any unscheduled shutdown and spikes in power supply. Therefore, Corinth Pipeworks aims to terminate the use of supporting power generation machinery (diesel generators), thus resulting in significant decline of air pollutants.

Social matters

The Company strives for its business activities to be in a positive and productive interaction with the social environment in which it operates, to contribute to the overall development of the country and to benefit local communities through job creation (priority is given to the recruitment of employees local area) and the provision of business opportunities (through cooperation with local suppliers wherever possible).

Corinth Pipeworks supports the local communities close to which it operates, by working in collaboration and maintaining open lines of communication with them, so as to recognise their needs in a timely manner. The Company supports vulnerable social groups, undertakes sponsorships and makes donations to various bodies and actions of local communities, thus responding to a considerable range of needs. In particular, the Company's social actions are divided into the following areas: education, health, vulnerable social groups, culture, environment and sports.

Through its business activities, the Company generates multiple benefits for the community. In addition to the salaries and other benefits paid to its employees, the relevant taxes and social contributions are paid to the state, investments are made continuously as well as payments to the suppliers of materials and service providers. In this way, the overall positive impact of the Company on local communities as well as on the whole society is important.

	2019	2018	2017
% of employees from local communities	89.9%	90.4%	90.5%

Responsible management of the supply chain

The Company attaches particular emphasis to the cooperation with its suppliers. In order to achieve better communication and management of its suppliers, the Company categorises its suppliers, based on the type of supplies they provide, to those who provide raw materials, auxiliary materials, consumables and other materials and cooperates with those who meet specific qualitative criteria. The Company pays particular attention to the way suppliers are chosen as it aims to develop long-term relationships with them. As part of the certified Management Systems (ISO 9001, OHSAS 18001, ISO 14001, ISO 50001) implemented by the Company, it applies supplier evaluation procedures, seeking to collaborate with suppliers who apply responsible practices and ensuring that Sustainable Development principles are promoted to its partners.

The Company aims to strengthen the local economy by offering business opportunities to local suppliers. As such, it selects local suppliers and subcontractors, provided they can deliver the specific job or can supply the specific items under the same terms as non-local suppliers.

Anti-corruption actions and risk management

As economic growth and ensuring transparency in the Company’s management approach are important topics for Corinth Pipeworks, special emphasis is placed on taking all precautionary measures against potential risks. To this end, the Company has developed and implements an Integrity and Transparency Policy to combat corruption and bribery. Additionally, the Company is an active member of the “Business Integrity Forum” (“BIF”) of Transparency International, and closely monitors international trends.

Compliance with legislation is another critical issue for Corinth Pipeworks and, through effective management of risks, procedures and policies, the Company faithfully adheres to the current legislative and regulatory framework.

As timely and effective risk management enables the Company to achieve its strategic goals, Corinth Pipeworks adheres to a specific risk management programme. Through this programme and having adopted the Precautionary Principle, the Company promptly identifies and evaluates risks by area in order to safeguard the Company's effective operation and sustainability. In the area of operational risks, the procedures that are followed have been incorporated into the Company’s certified Management Systems (ISO 9001:2015, ISO 14001:2015 and OHSAS 18001:2007). Through these management systems, any risks the Company faces are identified and analysed, risk appetite is determined, and the appropriate precautionary and corrective measures are put in place. The Company’s priority is to continually evaluate the effectiveness of its risk management measures and the scope of their application.

Personal data protection

Corinth Pipeworks 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 implements a Personal Data Protection Policy and has set rigorous procedures for personal data protection across all its business units.

Non-financial risks and dealing with such risks

The Company operates in an economic and social environment characterised by various risks, financial and others. In this context, the Company has established procedures to control and manage both financial and non-financial risks. The main categories of non-financial risks that the Company faces are environmental risks and risks related to occupational health and safety. Managing these risks is considered a very important task by Company’s 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 clearly describe the areas of risk and include specific procedures that have been developed on the basis of the Precaution Principle in health and safety and environment management.

In addition, in the context of the certified Management Systems implemented by Corinth Pipeworks, 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) that Management has set.

NOTE:
The non-financial ratios for 2019 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). More details on performance in sustainability issues, and the actions of Corinth Pipeworks' responsible operation will be set forth in the 2019 Sustainable Development Report (July 2020). The Sustainable Development Report is an important tool as it reflects the way in which the Company responds to major issues and to the expectations of all its stakeholders.
All Sustainable Development Reports of the Company (pursuant to GRI guidelines) which have been published from 2008 to date are available on the website https://www.cpw.gr.

4. Main risks and uncertainties

The Group's risk management policies are designed and implemented in order to recognise and analyse risks faced by the Group 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 Group's activities.

The implementation of risk management policies and procedures is supervised by the Internal Audit department of Viohalco Group which performs ordinary and extraordinary audits relating to the implementation of procedures, whereas the results of such audits are notified to the Board of Directors

4.1 Credit risk

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

Trade and other receivables
Company exposure to credit risk is mainly affected by the characteristics of each customer. Whenever deemed necessary, additional insurance coverage is requested as credit guarantee. Receivables from clients established in Greece are a small percentage of the trade receivables of the Group, therefore there is limited exposure to revoked or delayed payments.

Considering that the nature of Group's activity mostly concerns clients established outside Greece, and its strong financial position, any negative development of the Greek economy is unlikely to have major impact on its operating activities. Notwithstanding the above, Management is constantly appraising the situation and its consequences and promptly ensures that the adequate measures are taken in order to minimise the impact on the Group's activities.

4.2 Liquidity risk

Liquidity risk is the risk that the Group may not be able to fulfil its financial obligations when these mature. The approach adopted by the Group for liquidity risk management is to ensure, by holding the necessary cash and cash equivalents and adequate credit limits from the cooperating banks, that it will always have sufficient liquidity to meet its obligations when they expire under normal but also difficult conditions, without incurring unacceptable damage or jeopardising Group 's reputation. The Group keeps most of its cash reserves deposited in systemic financial institutions in Greece and the USA.

In addition, liquidity risk management requires the provision of cash and the ability to finance the projects undertaken by the Group through sufficient credit limits. Due to the different working capital needs of each project, the Group analyses the data of each project and uses, whenever necessary, the credit lines secured from banks and other financial institutions for the utilisation of new short term finance and the refinance of existing short term loans. The Group estimates that the refinance of the short term loans will continue in the future if necessary.

4.3 Market risk

Market risk is the risk of a change in raw material prices, exchange rates and interest rates, which affects Group's results or the value of its financial instruments. Market risk management is aimed at controlling the exposure of the Group to such risks within a framework of acceptable parameters, in parallel with optimisation of performance. The Group uses transactions on derivative financial instruments in order to hedge part of market risks.

4.3.1 Foreign exchange risk

The Group is exposed to foreign exchange risk in connection with its sales and purchases. The currency used for such transactions is mainly the US dollar. Over time, the Group hedges the greatest part of its estimated exposure to foreign currencies in relation to the anticipated sales and purchases as well as receivables and liabilities in foreign currency. The Group mainly enters into foreign currency futures with its foreign counterparties in order to hedge the risk of exchange rate changes, which primarily mature in less than one year from the Financial Statements date. When necessary, such futures are renewed upon expiry.

4.3.2 Interest rate risk

The Group's interest rate risk arises from Corinth Pipeworks' borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. During the fiscal years of 2019 and 2018 Company's total borrowings were at variable interest rate (Euribor plus spread) and denominated in Euro.

4.3.3 Macroeconomic environment

The Group closely monitors and evaluates on a continuous basis the developments in the international and domestic environment and timely adapts its business strategy and risk management policies in order to minimise the impact of the macroeconomic conditions on its operations.

Concerning potential implications from Brexit, the Group is closely monitoring relevant developments and taking measures to mitigate any disruption. Although Brexit occurred on January 31, 2020, there is no agreement yet with regard to any potential trade barriers and custom duties that may be imposed by the EU or the United Kingdom. Exports to the United Kingdom accounted for approximately 16% of consolidated revenues for 2019 while most of the Group's direct competitors operate within the Eurozone. Thus, it is likely they will react to currency fluctuations accordingly. Based on the analysis performed up to date, Brexit is not expected to have any material adverse effect on the operations of the Group.

Finally, the macroeconomic and financial environment in Greece, where Corinth Pipeworks is located, is showing clear signs of improvement. The capital controls that were in force in Greece since June 2015 have now been abolished. The Group's cash flows from operational activities are not significantly affected by Greece's macroeconomic environment as more than 90% of sales in 2019 were directed to international customers. This also minimises the liquidity risk which may arise from any remaining uncertainty of the economic environment in Greece.

4.4 Operational risks

Most of the operational risks of the Group relate to preventing any disruption in Corinth Pipeworks' production plant in Greece and that the latter will not be affected by the existing capital controls. To this end, Corinth Pipeworks keeps most of its cash reserves in systemic Greek banks, ensuring they are always available for the repayment of its suppliers and employees. In addition, Corinth Pipeworks' exposure to the risks of local market over time is limited and does not exceed 10% of its sales, hence its domestic sales account for a small percentage of its profitability, while exports account for more than 90% of total sales, overt time.

4.5 Business risk

The Group operates in the international energy markets, which makes it more vulnerable to the prevailing competition. Possible decrease in capital expenditures undertaken by major energy companies and the protectionism of local producers of pipes are likely to hinder the competitive position of the Group. Furthermore, the fact that many core markets, as well as the cost structure of some major competitors are dollar based, in conjunction with a potential euro appreciation, ceteris paribus, dictates a more aggressive pricing policy that may lead to squeezed profit margins. Sales in the energy sector are made after evaluating the prospects and needs of each individual project, where both selling prices and cost of raw materials are fixed throughout the execution period.

Furthermore, freight rate, which is a major variable cost for the Group, has been extremely volatile in the last years. Even though the Group may enter into contracts on a project basis for a large part of its transportation requirements, there are cases when this is not possible and thus chartering is on the spot market, which in turn may affect projects' profitability.

5. Group's facilities and branches

The Group, through its wholly owned subsidiary Corinth Pipeworks privately owns a production plant located in the industrial area of Thisvi in the prefecture of Voiotia, on a total surface of 496,790 sq.m.

Corinth Pipeworks has the following branches:

1) a branch at Marousi (33, Amarousiou Halandriou Avenue) where the Company's headquarters are established;
2) Branch in Thisvi/ Voiotia, where the Company's production plant and warehouse are established.

6. Subsequent events after 31 December 2019

In early 2020, there was a global outbreak of coronavirus (COVID-19) that has resulted in changes in global supply and demand, including Greece and other countries in which the Group operates. The spread of COVID-19 is a non-adjusting post balance sheet event as of 31 December 2019.

As COVID-19 has not been tackled, it is difficult to predict the full extent and duration of its business and economic impact. The Company and the Group have already activated protection mechanisms for their human resources and their partners in compliance with health authorities' guidelines, while closely monitoring the developments and assessing the implications on their operations. At the same time, governments in the countries in which we operate (mainly Greece) have also announced the implementation of government assistance measures which may mitigate the impact of the COVID-19 pandemic on our results and liquidity. Currently, the Company and the Group investigate the extent to which they can apply for such government assistance in the countries in which they operate.

A prolonged spread of COVID-19 is expected to affect both business and financial results of 2020, but the extent of the impact depends on a number of factors such as government and administrative restrictions, and their duration. Regarding the energy projects business, given the existing backlog and the nature of projects assigned, the impact from COVID-19 outbreak on the Group's/Company's long term business plan and its short term financial results is expected to be limited, based on currently available data and information. However, given the current uncertainty, in case of a prolonged spread the impact could be more significant. On the other hand, the segment of hollow structural sections is expected to be affected more, as short term demand, linked to the construction sector, is expected to decline.

The Group/ Company has ensured the availability of raw materials for its smooth operation during the forthcoming months. In addition, the Company's and the Group's available cash and unutilised credit lines will provide the necessary liquidity for the following twelve months. If any covenant included in the Company's loan agreements is breached at the next measurement date, scheduled for December 31, 2020, every effort will be made to 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 are obtained by the banking partners, the Company's credit lines will cover any obligations that may arise from such breaches.

No other events occurred after the reporting date, which should be presented in these Financial Statements or would entail any adjustment to them.

24 June 2020

The Chairman of the Board of Directors
Meletios Fikioris

B. Annual Consolidated Financial Statements

CORINTH PIPEWORKS
PIPE INDUSTRY S.A.

TABLE OF CONTENTS

Statement of Financial Position (Company and Consolidated)

(Amounts in Euro)		GROUP		COMPANY	
		At 31 December		At 31 December	
ASSETS	**Note**	**2019**	**2018**	**2019**	**2018**
Property, plant and equipment	6	177,450,409	175,839,241	177,742,245	176,130,547
Right-of-use assets	7	1,393,880	-	1,000,676	-
Intangible assets	8	1,402,726	562,971	1,395,198	548,878
Investments in associated companies	10	1,061,916	1,114,467	1,073,950	1,073,950
Investments in subsidiaries	9	-	-	593,455	593,455
Other investments	11	8,160,412	11,337	8,160,412	11,337
Deferred tax assets	19	12,688	9,689	-	-
Other receivables	14	810,206	1,088,691	754,579	1,034,114
Non-current assets		**190,292,238**	**178,626,395**	**190,720,515**	**179,392,280**
Inventories	13	114,944,751	113,521,476	114,877,117	109,278,624
Trade and other receivables	14	24,469,486	86,336,911	22,373,479	120,507,802
Contract assets	24	63,215,494	69,454,752	63,082,691	40,336,970
Contract costs	24	373,385	366,111	373,385	366,111
Current tax assets		-	58,798	-	58,798
Derivatives	15	213,011	654,359	213,011	654,359
Cash and cash equivalents	16	19,792,067	34,665,804	10,894,701	13,044,227
Total current assets		**223,008,194**	**305,058,210**	**211,814,384**	**284,246,891**
Total assets		**413,300,432**	**483,684,606**	**402,534,899**	**463,639,171**
EQUITY AND LIABILITIES					
EQUITY					
Share capital	17	78,306,301	78,306,301	78,306,301	78,306,301
Reserves	17	21,140,417	44,480,254	20,900,847	44,233,950
Profits carried forward		46,534,104	20,116,959	37,236,174	11,385,139
Total equity		**145,980,822**	**142,903,514**	**136,443,322**	**133,925,389**
LIABILITIES					
Loans and borrowings	18	48,149,878	50,618,046	48,149,878	50,618,046
Lease liabilities	7	941,619	-	676,038	-
Deferred tax liabilities	19	12,545,871	11,777,173	12,643,050	11,779,005
Employee benefits	20	2,482,269	1,729,465	2,482,269	1,729,465
Provisions	22	-	97,934	-	97,934
Total non-current liabilities		**64,119,637**	**64,222,619**	**63,951,236**	**64,224,451**
Loans and borrowings	18	129,915,636	167,069,764	129,915,636	167,069,764
Lease liabilities	7	447,465	-	312,117	-
Trade and other payables	23	71,794,252	101,787,716	70,887,508	90,804,568
Contract liabilities	24	889,427	3,200,000	889,427	3,200,000
Current tax liabilities		17,540	85,995	-	-
Derivatives	15	135,653	4,414,999	135,653	4,414,999
Total current liabilities		**203,199,973**	**276,558,473**	**202,140,341**	**265,489,331**
Total liabilities		**267,319,610**	**340,781,092**	**266,091,577**	**329,713,782**
Total equity and liabilities		**413,300,432**	**483,684,606**	**402,534,899**	**463,639,171**

** 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 5).*

The attached notes on pages 28 to 90 are an integral part of the Consolidated Financial Statements.

Statement of Profit or Loss (Company and Consolidated)

(Amounts in Euro)	Note	GROUP For the year ended 31 December 2019	GROUP For the year ended 31 December 2018	COMPANY For the year ended 31 December 2019	COMPANY For the year ended 31 December 2018
Revenue	24	378,730,447	475,301,888	354,739,863	427,514,204
Cost of sales	25	(346,490,195)	(444,344,698)	(326,745,187)	(406,947,086)
Gross profit		**32,240,253**	**30,957,190**	**27,994,675**	**20,567,118**
Other income	25	1,394,109	1,910,575	1,094,203	1,910,575
Distribution expenses	25	(8,776,220)	(9,138,062)	(4,847,544)	(4,421,324)
Administrative expenses	25	(8,268,026)	(6,884,403)	(8,181,948)	(6,887,905)
Provision for receivables impairment		(1,650,935)	(50,704)	(1,650,935)	(50,704)
Other expenses	25	(231,987)	(191,497)	(215,902)	(190,400)
Operating profit		**14,707,193**	**16,603,098**	**14,192,549**	**10,927,360**
Finance income	26	28,219	306,823	28,217	305,647
Finance costs	26	(12,363,444)	(10,227,773)	(12,363,417)	(10,227,767)
Finance cost, net		**(12,335,225)**	**(9,920,950)**	**(12,335,200)**	**(9,922,119)**
Share of profit/(loss) of equity-accounted investees	10	(51,467)	24,227	-	-
Profit/(Loss) before tax		**2,320,501**	**6,706,375**	**1,857,349**	**1,005,240**
Income taxes	19	(703,814)	507,655	(614,754)	1,592,238
Profit / (loss) after taxes		**1,616,687**	**7,214,031**	**1,242,595**	**2,597,478**

** 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 5).*

The attached notes on pages 28 to 90 are an integral part of the Consolidated Financial Statements.

Statement of Comprehensive Income (Company and Consolidated)

(Amounts in Euro)	Note	GROUP For the year ended 31 December 2019	GROUP For the year ended 31 December 2018	COMPANY For the year ended 31 December 2019	COMPANY For the year ended 31 December 2018
Profits of the period		**1,616,687**	**7,214,031**	**1,242,595**	**2,597,478**
Items that will never be reclassified to profit or loss:					
Actuarial gains/(losses)	20	(681,739)	46,152	(681,739)	46,152
Other movements		(1,083)	-	-	-
Related tax		361,625	(23,944)	361,625	(23,944)
		(321,197)	**22,208**	**(320,114)**	**22,208**
Items that are or may be reclassified to profit or loss:					
Foreign currency translation differences		192,878	573,425	-	-
Gain/ (loss) from derivatives valuation for hedging purposes - Effective portion		171,721	(2,034,645)	171,721	(2,034,645)
Gain/ (loss) from derivatives valuation for hedging purposes – reclassified to profit or loss		2,034,645	-	2,034,645	-
Other movements		(6,510)	26,484	-	-
Related tax		(610,914)	569,701	(610,914)	569,701
		1,781,820	**(865,036)**	**1,595,452**	**(1,464,944)**
Other comprehensive income after tax		**1,460,622**	**(842,828)**	**1,275,338**	**(1,442,736)**
Total comprehensive income after tax		**3,077,309**	**6,371,203**	**2,517,933**	**1,154,742**

** 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 5).*

The attached notes on pages 28 to 90 are an integral part of the Consolidated Financial Statements.

CORINTH PIPEWORKS
PIPE INDUSTRY S.A.

Statement of Changes in Equity

GROUP

(Amounts in Euro)	Share capital	Reserves	Results carried forward	Translation reserve	Total Equity
Balance as at 1 January 2018	**78,306,301**	**45,698,895**	**12,922,198**	**(327,121)**	**136,600,273**
Change in accounting policy	-	-	(67,962)	-	(67,962)
Adjusted balance as at 1 January 2018	**78,306,301**	**45,698,895**	**12,854,236**	**(327,121)**	**136,532,310**
Other comprehensive income	-	(1,464,944)	48,692	573,425	(842,828)
Net profit of the period	-	-	7,214,031	-	7,214,031
Total recognised net profit of the period	**-**	**(1,464,944)**	**7,262,722**	**573,425**	**6,371,203**
Balance as at 31 December 2018	**78,306,301**	**44,233,950**	**20,116,958**	**246,304**	**142,903,513**
Balance at 01 January 2019	**78,306,301**	**44,233,950**	**20,116,958**	**246,304**	**142,903,513**
Other comprehensive income	-	1,595,452	(321,199)	192,878	1,467,131
Foreign exchange gains/(losses)	-	-	193,103	(199,612)	(6,509)
Net profit of the period	-	-	1,616,687	-	1,616,687
Total recognised net profit of the period	**-**	**1,595,452**	**1,488,591**	**(6,734)**	**3,077,309**
Transfer of reserves	-	(24,928,555)	24,928,555	-	-
Balance as at 31 December 2019	**78,306,301**	**20,900,848**	**46,534,104**	**239,569**	**145,980,822**

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

The attached notes on pages 28 to 90 are an integral part of the Consolidated Financial Statements.

COMPANY

(Amounts in Euro)	Share capital	Reserves	Results carried forward	Total Equity
Balance as at 1 January 2018	**78,306,301**	**45,698,894**	**8,833,415**	**132,838,609**
Change in accounting policy	-	-	(67,962)	**(67,962)**
Adjusted balance as at 1 January 2018	**78,306,301**	**45,698,894**	**8,765,452**	**132,770,647**
Other comprehensive income	-	(1,464,944)	22,208	(1,442,737)
Net profit of the period	-	-	2,597,478	2,597,478
Total recognised net profit of the period	**-**	**(1,464,944)**	**2,619,686**	**1,154,742**
Balance as at 31 December 2018	**78,306,301**	**44,233,950**	**11,385,139**	**133,925,389**
Balance at 01 January 2019	**78,306,301**	**44,233,950**	**11,385,139**	**133,925,389**
Other comprehensive income	-	1,595,452	(320,114)	1,275,338
Net profit of the period	-	-	1,242,595	1,242,595
Total recognised net profit of the period	**-**	**1,595,452**	**922,481**	**2,517,933**
Transfer of reserves	-	(24,928,555)	24,928,555	-
Balance as at 31 December 2019	**78,306,301**	**20,900,847**	**37,236,174**	**136,443,322**

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

The attached notes on pages 28 to 90 are an integral part of the Consolidated Financial Statements.

Statement of Cash Flows (Company and Consolidated)

(Amounts in Euro)	Note	GROUP For the year ended 31 December 2019	GROUP 2018	COMPANY For the year ended 31 December 2019	COMPANY 2018
Cash flows from operating activities:					
Profit / (loss) after taxes		1,616,687	7,214,031	1,242,595	2,597,479
Plus/less adjustments for:					
Income taxes		703,814	(507,655)	614,754	(1,592,238)
Depreciation of tangible assets	6,7	10,189,533	9,214,565	10,020,647	9,222,985
Depreciation of intangible assets	8	266,841	95,693	254,607	82,545
Finance costs-net	26	12,335,225	9,922,117	12,335,200	9,922,119
(Profits)/Losses from associated companies	10	51,467	(24,227)	-	-
(Profit) / loss from sale of tangible assets		16,086	(19,064)	-	(20,161)
Losses from write-off of tangible fixed assets		56,788	-	56,788	-
(Profit) / loss from derivatives valuation		(1,631,632)	1,732,854	(1,631,632)	1,732,854
Impairment of inventories		261,522	173,373	261,522	173,373
Impairment of receivables	14	1,650,935	73,325	1,650,935	50,704
		25,517,267	27,875,012	24,805,417	22,169,660
Changes in working capital:					
Decrease/(increase) in inventories		(5,135,798)	(25,837,698)	(9,311,015)	(22,286,000)
Decrease/(increase) in receivables		52,230,249	(28,386,018)	88,725,793	(60,194,886)
(Decrease) / increase in liabilities (except banks)		(29,859,301)	16,394,291	(20,116,358)	13,370,705
(Decrease) / Increase in employee benefits		71,065	(200,850)	71,065	(200,850)
Decrease/(increase) in contract assets		6,239,258	(29,479,564)	(22,745,722)	(12,336,931)
Decrease/(increase) in contract costs		(7,274)	(366,111)	(7,274)	(366,111)
(Decrease) / Increase in contract liabilities (409.126		(2,310,573)	(409,126)	(2,310,573)	218,142
Cash flows from operating activities		46,744,893	(40,410,064)	59,111,334	(59,626,271)
Interest charges & related expenses paid		(11,148,730)	(10,810,701)	(11,148,725)	(10,810,701)
Income tax paid		(630,909)	(1,148,429)	-	(119,597)
Total inflow/ (outflow) from operating activities		**34,965,253**	**(52,369,194)**	**47,962,609**	**(70,556,569)**
Cash flows from investing activities:					
Purchase of tangible assets	6	(8,376,505)	(3,542,774)	(8,336,700)	(3,558,042)
Purchase of intangible assets	8	(1,011,971)	(487,195)	(1,004,994)	(487,195)
Sales of tangible and intangible assets		-	19,751	-	20,849
Interest received		28,222	82,287	28,217	82,285
Acquisition of other investments		-	(800)	-	(800)
Total (outflow) from investing activities		**(9,360,254)**	**(3,928,730)**	**(9,313,476)**	**(3,942,903)**
Cash flows from financing activities:					
Loans received	18	12,570,600	49,316,441	12,570,600	49,316,441
Repayment of borrowings	18	(53,078,941)	(17,118,551)	(53,078,941)	(17,118,551)
Repayment of lease principal	18	(431,457)	-	(290,317)	-
Total inflow/ (outflow) from financing activities		**(40,939,797)**	**32,197,890**	**(40,798,658)**	**32,197,890**
Net (decrease) / increase in cash and cash equivalents		**(15,334,798)**	**(24,100,033)**	**(2,149,526)**	**(42,301,581)**
Cash and cash equivalents at the beginning of period		34,665,804	58,170,543	13,044,227	55,345,808
Foreign exchange effect on Cash and Cash equivalents		**461,061**	595,295	**-**	**-**
Cash and cash equivalents at the end of period	16	**19,792,067**	**34,665,804**	**10,894,701**	**13,044,227**

** 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 5).*

The attached notes on pages 28 to 90 are an integral part of the Consolidated Financial Statements.

Notes on Company & Consolidated Financial Statements

1. Information on the Company and the Group

"CORINTH PIPEWORKS PIPE INDUSTRY S.A." CORINTH PIPEWORKS PIPE INDUSTRY S.A. (hereinafter "Corinth Pipeworks" or the "Company") was established and operates in Greece, at 2-4 Mesogeion Ave., Athens. The Company's Commercial Registry Number is 003978301000 and its web address is www.cpw.gr.

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

The Company has a 100% participation in Warsaw Tubulars Trading Sp. Z.o.o. which is established in Poland (hereinafter "WTT"). WTT has a 100% participation in CPW America Co. which is established in Houston, Texas USA. The Company also holds a 21.75% participation in DIAVIPETHIV S.A. The above participations form the Group of Corinth Pipeworks Companies or hereafter the "Group".

The Company/Group is primarily operating in the production of high-quality medium and large-diameter steel pipes that are used in the petrochemical industry to transfer liquid and gas fuels. The Company/Group is also operating in the construction of hollow structural sections which are used in construction works.

2. Presentation basis of Financial Statements

The Company is exempted from preparing consolidated financial statements because its financial statements are consolidated in the financial statements of parent companies Cenergy Holdings S.A. and VIOHALCO SA/NV. Management has decided to prepare consolidated financial statements in order to improve the quality of information received by users of the financial statements. Preparing consolidated financial statements improves the presentation of the Group's activities and financial position. Initial date for the preparation of consolidated financial statements is January 1st 2017.

2.1 Statement of Compliance

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

These annual Financial Statements were approved by the Group's Board of Directors on June 24, 2020 and have been uploaded on the Company's web page www.cpw.gr where they will remain for at least 5 years from publication date.

2.2 Basis of measurement

The Consolidated Financial Statements have been prepared according to the principle of historical cost, with the exception of the valuation of specific financial assets and financial liabilities (including derivative instruments) and defined benefit plans which are measured at their fair value.

2.3 Functional and presentation currency

Consolidated Financial Statements of the Group's subsidiaries are measured using local currency of the countries where they operate, which is their functional currency. The Consolidated Financial Statements are presented in Euro (€), which is the Company's functional currency.

2.4 Use of estimates and assumptions

The preparation of financial statements according to the IFRS requires the use of estimations and the adoption of assumptions by Management which may affect the accounting balances of assets and liabilities as well as the income and expense figures. The actual results may differ from these estimations.

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 the current period or even future periods.

The accounting decisions made by Management when applying the accounting policies and expected to affect mostly the Consolidated 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 for unaudited tax years;
- the recoverability of the deferred tax asset;
- use of going concern assumption.

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

1) Measurement of provision for doubtful debts (Note 14).

The Group/Company raises a provision for impairment losses when there is an objective indication that the Group/Company is not in a position to collect all the amounts that are due pursuant to contractual terms. The objective indication that receivables have been impaired includes information coming to the attention of the Group concerning the following events: i) Considerable financial distress of the customer, ii) possibility to start bankruptcy procedures or any other financial restructuring of the customer as well as iii) unfavourable changes in the ordinary commercial terms of customers.

2) Income tax expense (Note 19).

During the Group's normal business operations, there are many transactions and calculations due to which final tax calculation is uncertain. The Group recognises tax liabilities, based on accounting estimations on possible future tax burden and tax assets related to future offsets of tax losses carried forward. If the final tax is different from the initially recognised tax, the difference shall affect the income tax and the provisions for deferred taxation of the period.

3) Estimate about the recoverability of deferred tax assets (Note 19).

4) Measurement of liabilities for employee benefits (Note 20).

This liability is based on key actuarial assumptions.

5) 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. Fair value is classified in hierarchy levels as follows:

Level 1: Quoted prices (unadjusted) in an active market for identical assets and liabilities.
Level 2: Inputs that are observable either directly or indirectly.
Level 3: Unobservable inputs for assets and liabilities.

Inputs that do not meet the respective criteria and cannot be classified in Level 1 but are observable, either directly or indirectly, fall under Level 2. Over-the-counter derivative financial instruments based on prices obtained from brokers are classified in this level.
Unobservable prices are classified in Level 3. The fair value of shares that are not traded in an active market is measured on the basis of the Company’s forecasts for the issuer’s future profitability, having taken into consideration the expected growth rate of its activities and the discount rate. The fair values of financial liabilities are estimated based on the present value of future cash flows that arise from specific contracts using the current interest rate that is available for the Company for the use of similar financial instruments.

The Group recognises transfers between fair value levels at the end of the reporting period in which a change took place.

Further information on the assumptions of measurement at fair value is included in Note 12.

3. New standards, interpretations and amendment of existing standards

During 2019, a number of new standards or amendments to standards became effective for 2019 and following fiscal years while the Group/Company was forced to change its accounting policy in relation to the application of IFRS 16 “Leases”.

The effect of applying IFRS 16 is described below. The other standards reported as being in effect as of 2019 had no impact on the financial statements of the Group and the Company.

Standards and interpretations effective for the current financial year

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 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 Group/Company initially applied IFRS 16 on 1 January 2019. The effect of the above standard on the Group's and the Company’s Financial Statements is described in detail in Note 5.

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

IAS 28 (Amendments) “Long-term Interests in Associates and Joint Ventures”
The amendments clarify that companies 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. The application of this interpretation did not have any effect on the Group's and the Company’s financial statements.

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.

<u>IFRS 3 “Business combinations”</u>
The amendments clarify that a company remeasures its previously held interest in a joint operation when it obtains control of the business.

<u>IFRS 11 “Joint Arrangements”</u>
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.

<u>IAS 12 “Income taxes”</u>
The amendments clarify that a company accounts for all income tax consequences of dividend payments in the same way.

<u>IAS 23 “Borrowing Costs”</u>
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.

Standards and Interpretations effective for subsequent periods

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 yet been endorsed by the EU.

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 applied by including in the definition guidance which until now was featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS.

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 some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBOR reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

On 31 December 2019, the Company/Group did not have any interest rate risk hedging instruments and, thus, the application of the above amendments is not expected to have any impact.

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

The amendment clarifies that liabilities are classified as either current or non-current depending on the rights that exist at the end of the reporting period. Classification is unaffected by the expectations of the entity or events after the reporting date. The amendment also clarifies what IAS 1 means when it refers to the 'settlement' of a liability. The amendment has not yet been adopted by the European Union.

4. Significant accounting policies

The accounting principles described below have been consistently applied to all the periods presented in these Consolidated Financial Statements by the Company and its subsidiaries and associated companies, except for the changes described in Note 5.

4.1 Consolidation basis

(1) 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.
Transaction costs are expensed as incurred. Any eventual acquisition consideration is recognised at its fair value on the acquisition date.

At the reporting date, the Group has not recognised any goodwill in the Consolidated Financial Statements.

(2) Business combinations under common control

A business combination, in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and when control is not transitory, is a common control transaction. The Group has chosen to account for such common control transactions at book value (carry-over basis). The identifiable net assets acquired are not measured at fair value but recorded at their carrying amounts; intangible assets and contingent liabilities are recognised only to the extent that they were recognised before the business combination in accordance with applicable IFRS. Any difference between the consideration paid and the capital of the acquiree is presented in retained earnings within equity.

Transaction costs are expensed as incurred.

(3) Subsidiaries

Subsidiaries are entities controlled by the Group. Subsidiaries are fully consolidated (total consolidation) from the date they acquire control over them and are no longer consolidated from the date when such control no longer exists.

The Company measures its investments in subsidiaries at their acquisition cost in its financial statements.

(4) Loss of control

When Group loses control over a subsidiary, the assets and liabilities of the subsidiary and any related NCI are derecognised. Any resulting gain or loss is recognised in profit or loss. Any interest retained by the Group in the former subsidiary is measured at fair value when control is lost. It is subsequently measured using the equity method for an associated company or a financial asset depending on the percentage of participation preserved.

(5) Associates

Associates are those entities in which the Group has significant influence, but not control; 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, after initially being recognised at cost. Investments in associates also include the goodwill that arose upon acquisition. In the Consolidated Financial Statements, the Group presents the ratio in profit or loss and total income after any adjustments of accounting principles so that they are comparable with those of the Group as of the date significant influence was acquired. If the Group's share in the losses of an investee is higher than the value of its investment therein, no additional losses are recognised, unless payments have been made or further commitments have been assumed on behalf of the investee.
In its Consolidated Financial Statements, the Company recognises interest in investees at their acquisition cost less any impairment.

(6) Elimination of intra group transactions

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.

4.2 Foreign currency

(1) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group's companies at the exchange rates at the dates of the transactions. The resulting foreign currency gains and losses are recognised and classified in the Statement of Profit or Loss. Foreign currency gains and losses are posted in profit or loss.

(2) Transactions with Group companies in foreign currency

Translation of the financial statements of the Group's companies (none of which had a currency in a hyperinflationary economy) which have a different functional currency from the presentation currency of the Group is performed as follows:

- Assets and liabilities, including goodwill and fair value adjustments arising on consolidation, are translated into Euro on the basis of the official foreign exchange rate ruling on the Consolidated Statement of Financial Position date.
- Revenues and expenses of foreign subsidiaries are translated into Euro at the average rate of the foreign currency during the period and
- The resulting foreign exchange differences are recognised in other comprehensive income on the line "Foreign exchange differences" and transferred to the income statement on the sale of those companies.

4.3 Revenue recognition

The Group recognises revenue from the following major sources:
- Energy projects related to high end projects of customised welded oil or gas pipelines
- Sale of products

- Rendering of services
- Dividends

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

Final consideration can vary because of trade discounts, volume rebates, returns or other similar events. Depending on the type of variable consideration the most appropriate method for measuring this variable consideration is used.

4.3.1 Energy projects

The Company produces and sells customised welded steel pipes to customers for 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 Company's failure to perform as promised.

Revenue from such projects is therefore recognised over time.

For distinct performance obligations identified, the most appropriate method to measure progress is used. Progress is measured based on the quantity of manufactured and tested steel pipes compared with the total quantity to be produced according to the contract. This method is used for customised welded steel pipes, 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.

Management considers that this method is appropriate for the measurement of progress towards complete satisfaction of these performance obligations under IFRS 15.

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances (contract liabilities). These contract assets and contract liabilities are presented on the Statement of Financial Position in the lines "Contract assets" and "Contract liabilities" respectively.

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.

Contract costs
Group recognises the incremental costs of obtaining contracts with customers and the costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset, if those costs are expected to be recoverable, and record them in the line "Contract costs" in Company's and Consolidated Statements 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 based on the portion of revenue recognised during the execution of the related contract.

4.3.2 Sale of products

The Group sells the following products:
- hollow structural sections for the construction sector,
- steel pipes which during production did not meet the technical specifications of the Group's customers. These pipes are sold at relatively lower prices than the pipes that meet the criteria of the Group's customers because they can be used in different uses than those originally intended.

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.

4.3.3 Rendering of services

The Group recognises the revenue from the provision of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed on the basis of the inspections carried out.

If the payment for the services is not due to the customer until their service is completed, a corresponding claim on clients' contracts is recognised for the period in which these services are provided and which reflects the right to remuneration for services rendered up to that date. Receivables from contracts with customers are presented in the statement of financial position on the line "Receivables from contracts with customers".

4.3.4 Dividends

Dividends are recognised as income when the right to receive them is established.

4.4 Employee benefits

(1) Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group and its companies have a present 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.

(2) Defined-contribution plan
Defined-contribution plans are plans for the period after the employee has ceased to work during which the Company pays a defined amount to a third legal entity without any other obligation. The accrued cost of defined-contribution programmes is recorded as an expense in the period that the related service is provided.

(3) Defined-benefit plan
Group’s net obligation in respect of defined-benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets. The discount rate is based on high-quality corporate bonds that are denominated in the currency in which the benefits will be paid.

The calculation of defined benefit obligations is performed annually by a qualified actuary using the projected unit credit method.

Past service cost is recognised in profit or loss on:

- the date the amendment or curtailment takes place, or
- the date on which the Group recognises the cost of the relevant restructuring, whichever happens earlier.

Net interest expense is calculated as the net amount between the liability for the defined benefit plan and the fair value of plan assets multiplied by the discount rate. The Group recognises the following changes to the defined benefit liability in the statement of profit or loss in the lines below:

- Service cost consisting of current service cost and past service cost, curtailment profit or loss and extraordinary settlements in other operating income/expenses
- Net finance income or costs in financial expenses.

Remeasurements which comprise actuarial gains and losses are recognised immediately in the Statement of Financial Position by debiting or crediting accordingly the retained earnings through other comprehensive income in the period in which they are incurred. Remeasurements are not reclassified in profit or loss at subsequent periods.

(4) Termination benefits
Termination benefits are paid to employees when they terminate their employment with the Group, before the retirement date. Termination benefits are expensed at the earlier of when the Group can no longer withdraw the offer of those benefits and when they recognise costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting date, then they are discounted. In the case of employment termination in which the Group 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.

4.5 Finance income and finance costs

Group's finance income and finance costs mainly include:

- finance income;
- finance costs;
- foreign currency gains and losses from deposits valuation.

Finance income/costs is/are recognised using the effective interest method. The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

4.6 Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in OCI.

4.6.1 Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year, based on the tax rates enacted on the Financial Statements reporting date, and any adjustment to the tax payable or receivable in respect of previous years.

4.6.2 Deferred tax

Deferred income tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for: (a) temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; (b) temporary differences related to investments in subsidiaries to the extent that temporary differences will not be reversed; (c) taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the period in which the asset (liability) will be realised (settled). Future tax rates are determined according to laws passed on the date the Financial Statements are prepared.

Deferred tax assets are recognised only to the extent it is probable that future taxable profits will suffice for offsetting temporary differences. Deferred tax assets are reduced when the relevant tax benefit is realised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

4.7 Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined by applying the method of weighted average cost and includes the cost to buy, produce or manufacture and other expenses required to bring inventories at their current condition and location, and the ratio of production expenses. The cost may include any transfer from the cash flow hedging reserve. The net realisable value is estimated based on the inventory's current sales price, in the ordinary course of business activities, less any possible selling expenses, whenever such a case occurs.

4.8 Property, plant and equipment

a) Recognition and measurement

Property, plant and equipment include: land, buildings, machinery, transportation equipment, furniture and other equipment. Property, plant and equipment are presented at their acquisition cost less accumulated depreciation. The acquisition cost includes all expenses that are directly associated with the asset's acquisition. The acquisition cost also includes any transfer from equity of any gains/losses on cash flow hedging for the acquisition of property, plant and equipment in foreign currency.

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group and their cost can be reliably measured. The book value of the portion of the replaced fixed asset is derecognised.

Repair and maintenance costs are recorded in profit or loss when they are incurred.

The book value of a fixed asset is impaired at the recoverable amount when its book value exceeds the estimated recoverable amount.

On the sale of property, plant and equipment, any difference that may arise between the price that is received and the carrying amount thereof is recorded through profit or loss in the category "Other operating income (expenses)".

b) Depreciation

Land is not depreciated. Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. The expected useful life of assets is as follows:

Administrative buildings	33-40 years
Plants	33-40 years
Heavy machinery	15-28 years
Light machinery	8-18 years
Furniture	5 years
Other equipment	5-10 years
Transportation means	8-10 years

Residual values and useful lives of property, plant and equipment are reviewed and adjusted at each reporting date of Financial Statements, if appropriate.

4.9 Intangible assets

a) Recognition and measurement

Research and development: Expenditure on research activities is recognised in the Statement of Profit and Loss and Other Comprehensive Income as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is feasible in technical and commercial terms, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Software programmes: Software licenses are recorded at their acquisition cost, less accumulated amortisation and any accumulated impairment. These assets are amortised on the straight-line method over their useful life, which ranges between 3 to 5 years.

Expenses required for the maintenance of software programmes are recognised in the Statement of Profit or Loss and Other Comprehensive Income in the year in which they are incurred.

b) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

c) Amortisation and useful lives

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss. The expected useful life of assets is as follows:

- Intangible assets associated with development expenses 3 – 5 years
- Software programmes 3 – 5 years

4.10 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and deposits as well as short-term highly liquid deposits such as money market instruments and bank deposits with a maturity of three months or less.

4.11 Impairment

A. Non-derivative financial assets

Financial instruments and contract assets (Policy in effect after 1 January 2018)

The Group recognises provisions for expected credit losses (ECLs) on:

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

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

The Group considers a financial asset to be in default when the borrower is unlikely to pay its credit obligations in full, without recourse by Group companies to actions such as realising security (if any is held). The maximum period considered when estimating ECLs is the maximum contractual period over which Group companies 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 (i.e. the difference between the cash flows due to the entity 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, Group companies 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 Group companies on terms that the Company/Group would not consider 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 such assets.
Impairment losses related to trade and other receivables, including contract assets, are presented separately in the statement of profit or loss.

Write-offs

The gross carrying amount of a financial asset is written off when the Company/Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. Company subsidiaries make an assessment on an individual basis with respect to the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Company/Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

B. Non-financial assets

At each reporting date, the Group and its companies review the carrying amounts of their non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill and intangible assets with indefinite useful life are tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.
An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss under “Other expenses”. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.12 Leases

A. Policy effective until the year ended on 31 December 2018

Leases of property, plant and equipment, in which the Company/Group substantially obtains all the risks and benefits of ownership, are classified as finance leases. The leased asset is recognised from the moment the lease begins at the lower of the fair value and the present value of the minimum lease payments. The lease liability is initially recognised at the same amount. The reduction of the lease liability is recognised under the effective interest method. Items of property, plant and equipment under finance lease are depreciated over the shorter period between the useful lives thereof and the term of their lease. However, if at inception of the lease it is reasonably certain that the lessee will obtain ownership of the asset by the end of the lease term, then the asset is depreciated over its expected useful life.

Leases, in which the lessor substantially maintains all the risks and benefits of ownership, are classified as operating leases. The rental expense with regard to operating leases is recognised on a straight-line basis over the lease term.

B. Effective policy as of 1 January 2019

The change in the applicable accounting policy as of January 1, 2019 due to application of IFRS 16 is mentioned in Note 5 below.

IFRS 16 “Leases” which applies to the period beginning on January 1, 2019, supersedes IAS 17 and the relevant interpretations, and changes considerably the way lease payments are reported by lessees. The Standard removes the distinction between operating and finance leases and requires companies to recognise all relevant leases according to a single accounting model, save the cases cited below.

According to IFRS 16, a contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. In respect of such contracts, the new model requires lessees to recognise right-of-use assets and lease liabilities. The right-of-use assets are depreciated and liabilities generate interest.

When applying IFRS 16, the Group uses the following exceptions:
• lease with a term of 12 months or less, without purchase options;
• leases in which the underlying asset is of low value, up to ca. EUR 4.5 thousand. When assessing the value of an asset, the value of the new asset is always taken into account.

Moreover, the Group does not apply IFRS 16 to leases of intangible assets.

The Group as lessee

At the commencement date of the lease, the Group measures the lease liabilities at the present value of the outstanding lease payments on such date. Lease payments are discounted using the interest rate implicit in the lease or, when this cannot be readily determined, the incremental borrowing rate of the asset included in the lease contract. In general, the Group uses the incremental borrowing rate as discount rate. This is the rate of interest that the lessee 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. The following payments are included in valuation of the lease liability:

• fixed payments (including in-substance fixed payments), less any lease incentives receivable;
• variable lease payment based on an index or a rate;
• the amounts expected to be payable by the lessee under residual value guarantees;
• the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
• payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The above payments are discounted over the lease term. The lease term is the non-cancellable period of the lease. Any periods covered by options held by the Group are included in the lease liability only if it is reasonable that the options will be exercised. Moreover, the periods covered by the option held by the Group to terminate the lease are included only if the Group is reasonably certain that these options will not be exercised. The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured if there is a modification that is not accounted for as a separate lease; when there is a change in future lease payments arising from a change in an index or rate; a change in the estimate of the amount expected to be payable under a residual value guarantee; and changes in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Right-of-use assets are measured at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability. They are depreciated using the straight-line method to the earlier of the end of the lease term or the end of the useful life of the asset. If the cost of right-of-use assets reflects the exercise of a purchase option by the Group, they are depreciated over the useful life of the underlying asset.

Short-term leases and leases of low value assets

Payments associated with short-term leases and leases of low value assets are recognised on a straight-line basis in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low value assets comprise IT equipment, small items of office furniture and other equipment.

The Company leases administration offices and warehouses by the ultimate parent company Viohalco SA/NV and other related companies. No contract for administration offices and warehouses includes any early termination penalty clauses and they are cancellable at any time. For this reason, all intercompany contracts for administration offices and warehouses are considered as short term and the Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

4.13 Financial assets and financial liabilities

4.13.1 Initial recognition and measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

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

4.13.2 Classification and subsequent measurement

<u>Financial assets</u>

On initial recognition, a financial asset is classified as measured either at: a) non-amortised cost, or b) fair value through other comprehensive income (FVOCI), or c) fair value through profit or loss (FVTPL).

Financial assets are not reclassified subsequent to their initial recognition, unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at non-amortised cost if it meets all of the following conditions:

- it is not designated by Management as an asset measured at FTVPL;

- it is not held within a business model whose objective is to hold financial assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

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

For the subsequent measurement of financial assets and liabilities, the following accounting principles are applied:

Financial assets – Subsequent measurement and gains and losses

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

Financial liabilities

Financial liabilities are classified as measured at amortised cost.

All financial liabilities (except derivatives held for hedging purposes) are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

4.13.3 Derecognition

Financial assets

The Group derecognises a financial asset when:

- the contractual rights to the cash flows from the financial asset expire, or

- it transfers the rights to receive the contractual cash flows in a transaction

- in which substantially all of the risks and rewards of ownership of the financial asset are transferred or
- in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognised in its Consolidated Statement of Financial Position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

4.13.4 Offsetting

Financial assets and financial liabilities are offset and the net amount is presented in the Consolidated Statement of Financial Position when, and only when, the Group currently 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.

4.13.5 Derivatives and hedge accounting

The Group has elected not to adopt the provisions of IFRS 9 regarding the hedge accounting and continues to apply IAS 39. The Group holds derivative financial instruments designated as cash flow hedges. Derivatives are used to cover risks arising from changes in fluctuations of foreign exchange rates. Derivatives are initially measured at fair value; any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and the effective portion of changes in the fair value of derivatives is recognised in the "Hedging reserve". Any ineffective proportion is recognised immediately in profit or loss.

<u>Cash flow hedge</u>

The effective portion of changes in the fair value of derivatives designated as cash flow hedges is recognised in the "Hedging reserve". Any ineffective proportion is recognised immediately in profit or loss. The amounts recognised in the "Hedging reserve" are reclassified to the profit or loss in the same periods during which the hedged item affects profit or loss. In the case of a hedge on a forecast future transaction which results in the recognition of a non-monetary asset (e.g. Inventory) or liability, the profit or loss recognised in the 'Hedging reserve' is reclassified to the acquisition cost of the resultant non-financial asset.

When a hedge item matures or is sold or when the hedge no longer meets the hedge accounting criteria, the profits and losses accrued to 'Equity' remain as a reserve and are reclassified to profit or loss when the hedged asset affects profit or loss. In the case of a hedge on a forecast future transaction which is no longer expected to occur, amounts recorded in 'Hedging reserve' are reclassified to profit and loss.

The Group examines the effectiveness of the cash flow hedges at inception (prospectively) by comparing the critical terms of the hedging instrument with the critical terms of the hedged item, and then at every reporting date (retrospectively), the effectiveness of the cash flow hedges is examined by applying the dollar offset method on a cumulative basis.

4.14 Share capital

Share capital consists is composed of ordinary shares. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

4.15 Provisions

Provisions are measured by discounting the expected future cash flows at an appropriate pre-tax rate. The discount rate used for the determination of present value reflects current market assessments of the time value of money and the risks specific to the obligation.

Provisions are recognised when:

i. There is a present legal or constructive obligation as a result of past events.
ii. Payment is probable to settle the obligation.
iii. The amount of the payment in question can be reliably estimated.

Provisions for pending court rulings are recognised when it is more likely than not, that a present obligation from this litigation exists, and payment is probable.

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating a contract and the expected net cost of continuing with the contract. Before the provision is established, the Group recognises any impairment loss on the associated assets with the contract.

4.16 Operating profit

Operating profit is the result generated from the continuing principal revenue-producing activities of the Group, as well as other income and expenses related to operating activities. Operating profit excludes net finance costs, share of profit of equity-accounted investees and income taxes.

4.17 Fair value measurement

'Fair value' is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Group has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Group measures the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as 'active' if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, the Group uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Group measures assets and long positions at a bid price and liabilities and short positions at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price – i.e. the fair value of the consideration given or received. If the Group determines that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

4.18 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.

5. Change in accounting policy

IFRS 16 "Leases"

The Group has adopted retrospectively and initially applied IFRS 16 "Leases" on 1 January 2019. Therefore, the effect of the standard's application was recognised on the date of initial application (01.01.2019) but the information concerning 2018 has not been restated but was reflected in line with the previous relevant standards and interpretations.

A. Group leases and accounting treatment

Group companies lease various offices, warehouses, machinery and cars. Rental contracts are usually made for periods of 1 to 5 years. Lease terms and conditions are negotiated on a separate basis and include a wide range of different terms and conditions. The lease contracts do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

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

From 1 January 2019, the Group recognises a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is initially measured at cost, comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs

Subsequently, the right-of-use asset is measured at cost less any accumulated depreciation and impairment losses, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the following lease payments:
• fixed payments (including in-substance fixed payments) less any lease incentives receivable;
• variable lease payments that are based on an index or a rate;
• amounts expected to be payable by the lessee under residual value guarantees;
• the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
• payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments are discounted using the interest rate implicit in the lease or, when this cannot be readily determined, the incremental borrowing rate of the asset included in the lease contract. In general, the Group uses the incremental borrowing rate as discount rate. This is the rate of interest that the lessee 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.

The lease liability is subsequently increased by the interest cost on the lease liability and decreased by lease payment made. It is remeasured:

- if there is a modification that is not accounted for as a separate lease;
- when there is a change in future lease payments arising from a change in an index or rate;
- a change occurs in the estimate of the amount expected to be payable under a residual value guarantee;
- and changes are made in the assessment of whether a purchase or extension option is reasonably certain to be exercised or a termination option is reasonably certain not to be exercised.

Lease liabilities and right-of-use assets are presented separately in the Statement of Financial Position. The Group elected not to separate non-lease components from lease components.

The Group has applied judgement to determine the lease term for some lease contracts in which it is a lessee that include renewal options. The assessment of whether the Group is reasonably certain to exercise such options impacts the lease term, which, in turn, significantly affects the amount of lease liabilities and right-of-use assets recognised. The application of judgment to determine lease terms was rather limited, without significant impact on the Company's and the Group's financial statements.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment, small items of office furniture and other equipment, and are valued ca. at EUR 4.5 thousand.

The Company leases administration offices and warehouses by the ultimate parent company Viohalco SA/NV and other related companies. No contract for administration offices and warehouses includes any early termination penalty clauses and they are cancellable at any time. For this reason, all intercompany contracts for administration offices and warehouses are considered as short term and the Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

The Company/Group has elected to present interest paid related to lease liabilities in the Statement of Cash Flows, within the line "Interest charges & related expenses paid" in operating activities.

B. Adjustments recognised on adoption of IFRS 16

On adoption of IFRS 16, the Company/Group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities are measured at the present value of the remaining lease payments, discounted using lessee's incremental borrowing rate at the date of initial application.

The Company's and its subsidiaries' incremental borrowing rate of interest is determined by using maturity-related risk-free interest rates for the period specified on the lease contract, which are increased with the Company's and each subsidiary's specific derived credit spread and adjusted with a liquidity risk premium. On 1 January 2019, the discount rate applied was between 3.2% and 4.2% depending on the specific characteristics of each lease contract.

Amounts in Euro	GROUP	COMPANY
Operating lease commitments disclosed at 31 December 2018	2,444,702	1,888,623
Discounted using the incremental borrowing rate at the date of initial application	1,581,445	1,039,378
Lease liabilities recognised at 1 January 2019	1,581,445	1,039,378
Of which:		
Current lease liabilities	400,221	271,246
Non-current lease liabilities	1,170,999	768,133

Right-of-use assets were measured at an amount equal to the lease liability recognised in the Company and Consolidated Statement of Financial Position on 1 January 2019.

The recognised right-of-use assets relate to the following types of assets:

GROUP

Right-of-use assets	**31.12.2019**	**01.01.2019**
Buildings	325,292	446,202
Transportation means	852,831	990,332
Other equipment	215,757	144,912
Total	**1,393,880**	**1,581,445**

COMPANY

Right-of-use assets	**31.12.2019**	**01.01.2019**
Transportation means	784,919	894,467
Other equipment	215,757	144,912
Total	**1,000,676**	**1,039,378**

The change in accounting policy with respect to the application of IFRS 16 affected the following items in the Company and Consolidated Statement of Financial Position on 1 January 2019:

Amounts in Euro	GROUP	COMPANY
Right-of-use assets – increase/(decrease)	1,581,445	1,039,378
Lease liabilities	1,581,445	1,039,378
Equity	-	-

C. *Effect on Profits before tax, Earnings before interest, taxes, depreciation and amortisation (EBITDA), total Assets and Liabilities due to application of IFRS 16*

EBITDA, total assets and liabilities all increased for the period ended on 31 December 2019 because of the application of IFRS 16 while profits before tax were decreased by approximately EUR 34 thousand and EUR 13 thousand for the Group and the Company, respectively. These changes are presented in the table below:

Amounts in Euro	GROUP	COMPANY
EBITDA	448,584	305,769
Profits before tax - increase/(decrease)	(33,930)	(13,523)
Total assets	1,393,880	1,000,676
Total liabilities	1,389,083	988,155

D. Practical expedients applied

In applying IFRS 16 for the first time, the Company and the Group have used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- the accounting for operating leases with a remaining lease term of less than 12 months at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use assets at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

6. Property, plant & equipment

GROUP

Amounts in Euro	Land and buildings	Machinery and mechanical equipment	Furniture and other equipment	Fixed assets under construction	Total
Acquisition Cost					
Balance at 1 January 2018	**70,135,777**	**243,939,374**	**6,138,885**	**1,898,282**	**322,112,319**
Foreign exchange gains/(losses)	2,043	-	10,240	-	**12,283**
Additions	399,324	1,280,368	503,241	3,534,268	**5,717,202**
Sales of fixed assets	-	-	(113,216)	-	**(113,216)**
Reclassifications	1,450,527	83,778	(100,563)	(1,469,325)	**(35,583)**
Balance at 31 December 2018	**71,987,672**	**245,303,521**	**6,438,588**	**3,963,225**	**327,693,006**
Balance as at 1 January 2019	**71,987,672**	**245,303,521**	**6,438,588**	**3,963,225**	**327,693,006**
Foreign exchange gains/(losses)	1,362	-	3,922	-	**5,283**
Additions	166,162	4,486,793	848,790	4,339,249	**9,840,994**
Sales of fixed assets	(37,940)	-	(98,898)	-	**(136,838)**
Disposals	-	-	-	(56,788)	**(56,788)**
Reclassifications	121,029	2,230,582	(1,183,113)	(688,444)	**480,054**
Balance at 31 December 2019	**72,238,285**	**252,020,896**	**6,009,288**	**7,557,242**	**337,825,711**
Accumulated depreciations					
Balance at 1 January 2018	**(26,814,478)**	**(110,583,255)**	**(5,354,836)**	**-**	**(142,752,569)**
Foreign exchange gains/(losses)	(1,259)	-	(6,191)	-	**(7,450)**
Depreciation of the period	(1,229,093)	(7,737,154)	(248,319)	-	**(9,214,565)**
Sales of fixed assets	-	-	112,049	-	**112,049**
Reclassifications	(40,029)	-	48,799	-	**8,771**
Balance at 31 December 2018	**(28,084,858)**	**(118,320,409)**	**(5,448,498)**	**-**	**(151,853,764)**
Balance as at 1 January 2019	**(28,084,858)**	**(118,320,409)**	**(5,448,498)**	**-**	**(151,853,764)**
Foreign exchange gains/(losses)	(887)	-	(2,537)	-	**(3,424)**
Depreciation of the period	(1,315,224)	(8,153,904)	(293,226)	-	**(9,762,354)**
Sales of fixed assets	29,673	-	84,475	-	**114,148**
Reclassifications	(7,981)	(39,966)	1,178,040	-	**1,130,093**
Balance at 31 December 2019	**(29,379,277)**	**(126,514,279)**	**(4,481,747)**	**-**	**(160,375,302)**
Carrying amount at 31 December 2018	**43,902,815**	**126,983,112**	**990,090**	**3,963,225**	**175,839,241**
Carrying amount at 31 December 2019	**42,859,009**	**125,506,617**	**1,527,541**	**7,557,242**	**177,450,409**

COMPANY

Amounts in Euro	Land and buildings	Machinery and mechanical equipment	Furniture and other equipment	Fixed assets under construction	Total
Acquisition Cost					
Balance at 1 January 2018	**70,575,820**	**243,939,374**	**5,852,250**	**1,898,283**	**322,265,727**
Additions	399,324	1,280,368	486,102	3,534,268	**5,700,063**
Sales of fixed assets	-	-	(90,634)	-	**(90,634)**
Reclassifications	1,385,547	83,778	-	(1,469,325)	**-**
Balance at 31 December 2018	**72,360,691**	**245,303,521**	**6,247,719**	**3,963,226**	**327,875,156**
Balance as at 1 January 2019	**72,360,691**	**245,303,521**	**6,247,719**	**3,963,226**	**327,875,156**
Additions	149,216	4,486,793	825,930	4,339,249	**9,801,189**
Destruction/ Disposals	-	-	-	(56,788)	**(56,788)**
Reclassifications	121,029	2,230,582	(1,183,113)	(688,444)	**480,054**
Balance at 31 December 2019	**72,630,936**	**252,020,896**	**5,890,535**	**7,557,242**	**338,099,610**
Accumulated depreciations					
Balance at 1 January 2018	**(26,842,365)**	**(110,583,255)**	**(5,185,808)**	**-**	**(142,611,428)**
Depreciation of the period	(1,251,135)	(7,737,154)	(234,697)	-	**(9,222,985)**
Sales of fixed assets	-	-	89,805	-	**89,805**
Balance at 31 December 2018	**(28,093,500)**	**(118,320,409)**	**(5,330,700)**	**-**	**(151,744,608)**
Balance as at 1 January 2019	**(28,093,500)**	**(118,320,409)**	**(5,330,700)**	**-**	**(151,744,608)**
Depreciation of the period	(1,298,458)	(8,153,904)	(290,488)	-	**(9,742,850)**
Reclassifications	(7,981)	(39,966)	1,178,040	-	**1,130,093**
Balance at 31 December 2019	**(29,399,939)**	**(126,514,279)**	**(4,443,148)**	**-**	**(160,357,365)**
Carrying amount at 31 December 2018	**44,267,191**	**126,983,112**	**917,019**	**3,963,226**	**176,130,547**
Carrying amount at 31 December 2019	**43,230,998**	**125,506,617**	**1,447,388**	**7,557,242**	**177,742,245**

On 31.12.2019 fixed assets under construction mainly concerned machinery in the Thisvi-based plant of the Company.

Mortgages and pledges in favour of banks of EUR 22,360,000 have been recorded on the Company's real estate properties.

7. Leases

A. Amounts recognised in the Statement of Financial Position

The amount of right-of-use assets recognised on 1.1.2019 is equal to the amount of the respective lease liability. The right-of-use assets recognised by the Group and the Company relate to the following categories:

GROUP

Amounts in Euro

Right-of-use assets	**31.12.2019**	**01.01.2019**
Buildings	325,292	446,202
Transportation means	852,831	990,332
Other equipment	215,757	144,912
Total	**1,393,880**	**1,581,445**

Lease liabilities	**31.12.2019**	**01.01.2019**
Current lease liabilities	447,465	400,221
Non-current lease liabilities	941,619	1,181,225
Total	**1,389,083**	**1,581,445**

COMPANY

Amounts in Euro

Right-of-use assets	**31.12.2019**	**01.01.2019**
Transportation means	1,000,676	1,039,378
Total	**1,000,676**	**1,039,378**

Lease liabilities	**31.12.2019**	**01.01.2019**
Current lease liabilities	312,117	271,246
Non-current lease liabilities	676,038	768,133
Total	**988,155**	**1,039,378**

Additions to the right-of-use assets during 2019 were EUR 254 thousand for the Group and the Company.

In the previous years, the Company and the Group had not recognised finance leases. For adjustments recognised in the Financial Statements on adoption of IFRS 16, please refer to Note 5.

B. Amounts recognised in the Statement of profit or loss

The following amounts were recognised in the Statement of profit or loss:

GROUP

Amounts in Euro

Depreciation charge of right-of-use assets	**2019**	**2018**
Buildings	121,331	-
Transportation means	305,847	-
Total	**427,178**	**-**

	2019	**2018**
Finance costs	55,336	-
Variable rental fees	89,332	-
Low value rental fees	1,217	-
Short-term rental fees	483,603	-
Other expenses of lease contracts	91,095	-
Total	**720,583**	**-**

COMPANY

Amounts in Euro

Depreciation charge of right-of-use assets	**2019**	**2018**
Transportation means	277,797	-
Total	**277,797**	**-**

	2019	**2018**
Finance costs	41,496	-
Variable rental fees	87,884	-
Low value rental fees	1,217	-
Short-term rental fees	383,930	-
Other expenses of lease contracts	91,095	-
Total	**605,621**	**-**

8. Intangible assets

GROUP

Amounts in Euro	Development costs	Software	Total
<u>**Acquisition cost**</u>			
Balance at 1 January 2018	**554,529**	**-**	**554,529**
Foreign exchange gains/(losses)	-	1,119	1,119
Additions	487,195	-	487,195
Reclassifications	-	35,583	35,583
Balance at 31 December 2018	**1,041,723**	**36,701**	**1,078,424**
Balance as at 1 January 2019	**1,041,723**	**36,701**	**1,078,424**
Foreign exchange gains/(losses)	-	797	797
Additions	510,009	501,962	1,011,970
Sales of intangible assets	-	(33,379)	(33,379)
Reclassifications	-	1,274,715	1,274,715
Balance at 31 December 2019	**1,551,732**	**1,780,797**	**3,332,529**
<u>**Accumulated depreciation**</u>			
Balance at 1 January 2018	**(410,300)**	**-**	**(410,300)**
Foreign exchange gains/(losses)	-	(689)	(689)
Depreciation of the period	(82,544)	(13,148)	**(95,693)**
Reclassifications	-	(8,771)	(8,771)
Balance at 31 December 2018	**(492,845)**	**(22,608)**	**(515,453)**
Balance as at 1 January 2019	**(492,845)**	**(22,608)**	**(515,453)**
Foreign exchange gains/(losses)	-	(503)	**(503)**
Depreciation of the period	(170,513)	(96,328)	**(266,841)**
Sales of intangible assets	-	31,776	**31,776**
Reclassifications	-	(1,178,782)	**(1,178,782)**
Balance at 31 December 2019	**(663,358)**	**(1,266,445)**	**(1,929,803)**
Carrying amount at 31 December 2018	**548,878**	**14,093**	**562,971**
Carrying amount at 31 December 2019	**888,374**	**514,352**	**1,402,726**

CORINTH PIPEWORKS
PIPE INDUSTRY S.A.

COMPANY

Amounts in Euro	**Development costs**	**Software**	**Total**
Acquisition cost			
Balance at 1 January 2018	**554,529**	**-**	**554,529**
Additions	487,195	-	487,195
Balance at 31 December 2018	**1,041,724**	**-**	**1,041,724**
Balance as at 1 January 2019	**1,041,724**	**-**	**1,041,724**
Additions	510,009	494,984	**1,004,993**
Reclassifications	-	1,274,715	**1,274,715**
Balance at 31 December 2019	**1,551,732**	**1,769,699**	**3,321,432**
Accumulated depreciation			
Balance at 1 January 2018	**(410,301)**	**-**	**(410,301)**
Depreciation of the period	(82,544)	-	**(82,544)**
Balance at 31 December 2018	**(492,845)**	**-**	**(492,845)**
Balance as at 1 January 2019	**(492,845)**	**-**	**(492,845)**
Depreciation of the period	(170,513)	(84,094)	**(254,607)**
Reclassifications	-	(1,178,782)	**(1,178,782)**
Balance at 31 December 2019	**(663,358)**	**(1,262,876)**	**(1,926,234)**
Carrying amount at 31 December 2018	**548,878**	**-**	**548,878**
Carrying amount at 31 December 2019	**888,374**	**506,824**	**1,395,198**

9. Subsidiaries

			2019				
Company Name	**Acquisition cost at December 31**	**Total Assets**	**Total Liabilities**	**Revenue**	**Profits/Losses**	**Direct Holding Percentage**	**Indirect Holding Percentage**
WARSAW TUBULARS TRADING Sp. Z.o.o. (Poland)	593,455	663,219	7,361	-	(12,234)	100%	-
CPW AMERICA CO (America)	-	14,286,263	3,873,475	103,350,628	465,591	-	100%
Total	**593,455**	**14,949,482**	**3,880,836**	**103,350,628**	**453,357**		

			2018				
Company Name	**Acquisition cost at December 31**	**Total Assets**	**Total Liabilities**	**Revenue**	**Profits/Losses**	**Direct Holding Percentage**	**Indirect Holding Percentage**
WARSAW TUBULARS TRADING Sp. Z.o.o. (Poland)	593,455	663,496	2,216	-	(11,869)	100%	-
CPW AMERICA CO (America)	-	90,126,011	80,364,880	253,597,401	4,531,793	-	100%
Total	**593,455**	**90,789,507**	**80,367,096**	**253,597,401**	**4,519,924**		

The Company has a 100% participation in Warsaw Tubulars Trading Sp. Z.o.o. which is established in Poland. Warsaw Tubulars Trading Sp. Z.o.o. has a 100% participation in the share capital of CPW America Co. which is established in Houston, Texas USA. Neither of the two aforementioned companies is listed in any stock exchange market.

10. Associated companies

A. Reconciliation of carrying amount

(Amounts in Euro)	**2019**	**2018**
Balance at 1 January	1,114,467	1,090,239
Share in profit/ (loss) after taxes	(51,467)	24,227
Share in other comprehensive income	(1,083)	-
Balance at 31 December	**1,061,916**	**1,114,467**

B. Financial reporting on associated companies

The tables below present key financials for the Group's unique associated company. The financial reporting presented has been obtained from such company's financial statements.

Amounts in Euro

Company Name	**Country of establishment**
DIA.VI.PE.THIV	Greece

	At 31 December	
	2019	**2018**
Revenue	2,130,350	2,590,622
Profit/Losses from continuing operations	(236,631)	112,526
Total comprehensive income after tax	(241,610)	111,390
Holding percentage	21.75%	21.75%
Current assets	2,077,259	2,826,753
Non-current assets	12,232,484	12,010,820
Current liabilities	592,497	858,784
Long-term liabilities	8,312,504	8,332,438

DIAVIPETHIV SA is established in Greece and sets, as Thisvi industrial zone’s administrator, the boundaries of the statutory and regulatory frame in which the companies being settled in the industrial zone are operating, as well as the rights and responsibilities of the administrating and managing entity.

11. Other investments

Reconciliation of carrying amount

Company and consolidated figures

(Amounts in Euro)	2019	2018
Balance at 1 January	11,337	10,537
Additions	8,149,076	800
Balance at 31 December	**8,160,412**	**11,337**

Other investments of the Group and the Company are equity investments measured at fair value in other comprehensive income and include the following:

Amounts in Euro	At 31 December	
Shares of unlisted companies	**2019**	**2018**
Shares of Greek unlisted companies	11,337	11,337
Shares of unlisted companies seated beyond Greece	8,149,076	-
Total	**8,160,412**	**11,337**

On 27 December 2019, the Company acquired an interest of 8.29% of the affiliate company International Trade S.A. for a consideration of EUR 8,149,076 by the related company Sidenor S.A. The acquisition of the above percentage is recorded on the purchase price, which was determined by an independent valuation expert, according to the provisions of the Greek Law 4548/2018, articles 99-101. 45482018

The main assumptions used to determine the fair value of the securities acquired are the following:

- EBDA margin: 0.66% - 0.85%
- Perpetuity growth rate: 1.55%
- Weighted average capital cost: 7.08%

Fair value sensitivity analysis

A reasonably possible change of 0.5% in WACC or perpetuity growth rate at the valuation date would have increased / (decreased) the amount recorded as revaluation in OCI by the amount shown below. This analysis assumes that all other variables remain constant.

	Change in perpetuity growth rate		
Change in WACC	**-0.5%**	**0.0%**	**0.5%**
-0.5%	(27,833)	555,988	1,267,435
0.0%	(488,780)	-	585,858
0.5%	(879,805)	(463,663)	27,833

12. Financial instruments

A. Accounting classification and fair value

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including the levels in the fair value hierarchy, for both the Group and the Company.

On 31 December 2019

Amounts in Euro	Carrying amount	Level 1	Level 2	Level 3	Total
Equity investments at FVOCI	8,160,412	-	-	8,160,412	**8,160,412**
Derivative financial assets	213,011	-	213,011	-	**213,011**
Derivative financial liabilities	135,653	-	135,653	-	**135,653**
	8,509,076	**-**	**348,664**	**8,160,412**	**8,509,076**

On 31 December 2018

Amounts in Euro	Carrying amount	Level 1	Level 2	Level 3	Total
Equity investments at FVOCI	11,337	-	-	11,337	**11,337**
Derivative financial assets	654,359	-	654,359	-	**654,359**
Derivative financial liabilities	4,414,999	-	4,414,999	-	**4,414,999**
	5,080,694	**-**	**5,069,357**	**11,337**	**5,080,694**

Τα διάφορα επίπεδα έχουν οριστεί ως εξής:
- 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.

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

- Trade and other receivables
- Cash and cash equivalents
- Trade and other payables
- Debt

Specifically, the carrying amount of loans and borrowings is considered as a good approximation of their fair value as, with the exception of lease liabilities, all the remaining consolidated and company loans and borrowings concern floating-rate debt, which is a very good approximation of current market rates.

The following table shows the reconciliation between opening and closing balances for Level 3 financial assets, which are classified as equity investments at fair value through other comprehensive income.

Amounts in Euro	2019	2018
Balance at 1 January	**11,337**	**10,537**
Additions	8,149,075	800
Balance at 31 December	**8,160,412**	**11,337**

B. Fair value measurement

(a) Valuation techniques and significant unobservable inputs

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.

The financial assets, such as unlisted shares that are not traded in an active market whose measurement is based on Group companies' and the Company's forecasts for the issuer's future profitability are classified under Level 3.

The following table shows the valuation techniques used in measuring fair values, as well as the significant unobservable inputs used:

Type	Valuation techniques	Significant observable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Forward exchange contracts	***Market comparison technique:*** The fair values are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.	Broker quotes	Not applicable.
Equity securities not traded in active markets	***Discounted cash flows:*** The fair value of shares not traded in an active market is defined based on the Company's estimates for the future profitability of the issuer after taking into account the expected growth rate of its operations, as well as the discounted interest rate.	- EBDA margin: 0.66% - 0.85% - Perpetuity growth rate: 1.55% - Weighted average capital cost: 7.08%	• the expected market growth rate increase (decrease) • the estimated cash flows increase (decrease) • the risk-adjusted discount rate was lower (higher)

Equity investments at FVOCI mainly include the investment in INTERNATIONAL TRADE S.A. (carrying amount of investment at 31 December 2019: EUR 8,149,076), an affiliate of Viohalco.

(b) Transfers between Levels 1 and 2

There were no transfers from Level 2 to Level 1 or from Level 1 to Level 2 in 2019 and no transfers in either direction in 2018.

C. Financial risk management

The Group and the Company are exposed to credit, liquidity and market risk due to the use of financial instruments. This Note sets forth information on their exposure to each one of the above risks, their objectives, the policies and procedures applied to risk measurement and management and the Group's Capital Management (section D of the Note).

The risk management policies are applied in order to identify and analyse the risks facing the Group and the Company, set risk-taking limits and apply relevant control systems. The risk management policies and relevant systems are reviewed on a periodic basis so as to take into account any changes in the market and the companies' activities.

The implementation of risk management policies and procedures is supervised by the Internal Audit department of VIOHALCO Group, which performs recurring and non-recurring audits and the results of such audits are notified to the Board of Directors of each Company.

C.1 Credit Risk

Credit risk is the risk that the Group and 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. Credit risk mainly arises from receivables from customers and contract assets. The carrying amount of financial assets represents the maximum credit exposure.

GROUP

Amounts in Euro	Note	At 31 December 2019	2018
Trade and other receivables	14	25,279,692	87,425,602
Contract assets	24	63,215,494	69,454,752
Sub-total		**88,495,186**	**156,880,354**
Less:			
Down payments	14	(1,728,662)	(1,193,629)
Current tax assets	14	(598,648)	(1,069,334)
Other receivables	14	(1,956,572)	(2,357,892)
Sub-total		**(4,283,882)**	**(4,620,855)**
Financial assets with financial risk		**84,211,304**	**152,259,500**

COMPANY

Amounts in Euro	Note	At 31 December 2019	2018
Trade and other receivables	14	23,128,058	121,541,916
Contract assets	24	63,082,691	40,336,970
Sub-total		**86,210,749**	**161,878,885**
Less:			
Down payments	14	(391,649)	-
Current tax assets	14	(599,249)	(1,069,334)
Other receivables	14	(1,841,322)	(2,357,681)
Sub-total		**(2,832,220)**	**(3,427,015)**
Financial assets with credit risk		**83,378,529**	**158,451,870**

(1) Trade and other receivables

Group's and Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, the companies' Management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate. Commercial risk is spread over a large number of clients. However, due to the fact that the Company's business is project oriented, there are cases where the 10% threshold of consolidated sales is individually exceeded for a short period of time. For 2019, this threshold was exceeded from only one client of the Company (SNAM), due to projects executed by the Company.

The Group 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 are proposed to such customer. The Group's review includes external ratings, if they are available, and in some cases bank references. Credit limits are set for each customer, which are reviewed in accordance with current circumstances and the terms of sales and collections are readjusted, if necessary. As a rule, the credit limits of customers are set on the basis of the insurance limits received for them from insurance companies and, subsequently, receivables are insured according to such limits.

When monitoring the credit risk of customers, the latter are grouped according to their credit characteristics, the maturity characteristics of their receivables and any past problems of recoverability they have shown. Any customers characterised as being "high risk" are included in a special list of customers and subsequent sales must be paid in advance. Depending on the background of the customer and its status, the Group's subsidiaries demand real or other security (e.g. letters of guarantee) in order to secure its receivables, if possible.

The Group records an impairment that represents its estimate of expected credit losses in respect of trade and other receivables.

At 31 December, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

GROUP

Amounts in Euro	2019	2018
Greece	13,961,271	18,687,560
Other EU Member States	65,481,163	41,851,757
Other European countries	1,194,669	23,546,180
Asia	396,750	2,019,456
America	3,157,237	62,028,042
Africa	20,214	4,126,504
Total	**84,211,304**	**152,259,500**

COMPANY

Amounts in Euro	2019	2018
Greece	13,961,271	18,590,316
Other EU Member States	65,481,163	41,851,757
Other European countries	1,194,669	23,546,180
Asia	396,750	2,019,456
America	2,324,463	68,317,657
Africa	20,214	4,126,504
Total	**83,378,529**	**158,451,870**

At 31 December, the ageing of trade and other receivables that were not impaired was as follows:

GROUP

Amounts in Euro	2019	2018
Neither past due nor impaired	80,164,636	152,148,561
Overdue		
- Up to 6 months	4,009,703	107,664
- Over 6 months	36,965	3,274
Total	**84,211,304**	**152,259,500**

COMPANY

Amounts in Euro	2019	2018
Neither past due nor impaired	79,331,862	158,340,932
Overdue		
- Up to 6 months	4,009,703	107,664
- Over 6 months	36,965	3,274
Total	**83,378,529**	**158,451,870**

Group companies' Management believes that the non-impaired amounts that are past due up to 6 months and over 6 months are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, if they are available.

On 31 December 2019 and 2018, the remaining receivables past due but not impaired mainly related to leading energy groups.

Group companies insure the majority of their receivables in order to be secured in case of default. As of 31 December 2019, 78% of the balances owed by third parties were insured.

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 & other receivables	
Balance at 1 January	**20,320,492**	**19,545,707**
Change in accounting policy	-	67,963
Restated balance at 1 January	**20,320,492**	**19,613,670**
Recognised provision	1,650,935	50,704
Write-offs	-	(209,824)
Foreign exchange gains/(losses)	383,972	863,199
Other changes	-	2,743
Balance at 31 December	**22,355,399**	**20,320,492**

COMPANY

Amounts in Euro	2019	2018
	Trade & other receivables	
Balance at 1 January	**20,317,663**	**19,545,707**
Change in accounting policy	-	67,963
Restated balance at 1 January	**20,317,663**	**19,613,670**
Recognised provision	1,650,935	50,704
Write-offs	-	(209,824)
Foreign exchange gains/(losses)	383,917	863,113
Balance at 31 December	**22,352,516**	**20,317,663**

The allowance for expected credit losses for trade receivables and contract assets is calculated at the level of each subsidiary 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 in macroeconomic factors affecting the credit risk, such as country risk and customers' industry related risks.

(2) Cash and cash equivalents

The Group and the Company held cash and cash equivalents of EUR 19.7 million and EUR 10.9 million, respectively, at 31 December 2019. The cash and cash equivalents are held with bank and financial institution counterparties, which are rated from A+ to CCC+ based on ratings of Fitch.

C.2. Liquidity risk

Liquidity risk is the risk that the Group and the Company will encounter difficulty in meeting the obligations associated with their financial liabilities that are settled by delivering cash or another financial asset. The approach to manage liquidity is to ensure, as much as possible, that the Group and the Company will have sufficient liquidity to meet their liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to their reputation.

In order to avoid liquidity risks, the Group and the Company estimate the expected cash flows for the next year when preparing the annual budget and monitor the monthly rolling forecast of its cash flows for the next quarter, so as to ensure sufficient cash on hand to meet 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.

Exposure to liquidity risk
Financial liabilities and derivatives based on contractual maturity are broken down as follows:

CORINTH PIPEWORKS
PIPE INDUSTRY S.A.

GROUP

31/12/2019

Amounts in Euro	Carrying amount	Contractual cash flows: Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Bank loans	135,985,860	120,320,234	5,629,376	10,827,433	-	**136,777,042**
Finance lease liabilities	1,389,084	746,811	329,150	366,007	-	**1,441,968**
Bond issues	42,079,654	11,252,748	13,253,476	17,630,315	3,727,680	**45,864,220**
Derivatives	135,653	135,653	-	-	-	**135,653**
Trade and other payables	71,811,792	71,811,792	-	-	-	**71,811,792**
	251,402,043	**204,267,239**	**19,212,002**	**28,823,754**	**3,727,680**	**256,030,675**

31.12.2018

Amounts in Euro	Carrying amount	Contractual cash flows: Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Bank loans	180,212,868	160,776,303	5,755,106	16,458,112	-	**182,989,521**
Bond issues	37,474,943	9,524,431	9,146,293	22,785,546	-	**41,456,269**
Derivatives	4,414,999	4,414,999	-	-	-	**4,414,999**
Trade and other payables	101,873,711	101,873,711	-	-	-	**101,873,711**
	323,976,520	**276,589,443**	**14,901,399**	**39,243,658**	**-**	**330,734,500**

COMPANY

31/12/2019

Amounts in Euro	Carrying amount	Contractual cash flows: Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Bank loans	135,985,860	120,320,234	5,629,376	10,827,433	-	**136,777,042**
Finance lease liabilities	988,155	345,882	329,150	366,007	-	**1,041,039**
Bond issues	42,079,654	11,252,748	13,253,476	17,630,315	3,727,680	**45,864,220**
Derivatives	135,653	135,653	-	-	-	**135,653**
Trade and other payables	70,887,508	70,887,508	-	-	-	**70,887,508**
	250,076,830	**202,942,025**	**19,212,002**	**28,823,754**	**3,727,680**	**254,705,461**

31.12.2018

Amounts in Euro	Carrying amount	Contractual cash flows: Up to 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total
Bank loans	180,212,868	160,776,303	5,755,106	16,458,112	-	**182,989,521**
Bond issues	37,474,943	9,524,431	9,146,293	22,785,546	-	**41,456,269**
Derivatives	4,414,999	4,414,999	-	-	-	**4,414,999**
Trade and other payables	90,804,568	90,804,569	-	-	-	**90,804,569**
	312,907,378	**265,520,301**	**14,901,399**	**39,243,658**	**-**	**319,665,358**

The Company has syndicated loans that contain loan covenants. A future breach of covenants may require the Company to repay the loans earlier than indicated in the above table.

Under the agreement, the covenants are monitored on a regular basis and regularly reported to Company management to ensure compliance with the agreements.

C.3. Market risk

Market risk is the risk that changes in the market prices – such as foreign exchange rates and interest rates - will affect the Group's and the Company's income or the value of their financial instruments. The Group and the Company use derivatives to manage market risk.

(1) Foreign exchange risk

The Group and the Company are exposed to currency risk in relation to the sales and purchases carried out and the loans issued in a currency other than the functional currency of the Group and the Company, which is mainly EUR. The most important currencies in which these transactions are held are mainly EUR and USD.

Over time, the Company and the Group hedge the greatest part of their estimated exposure to foreign currencies in relation to the anticipated sales and purchases, as well as to the receivables and liabilities in foreign currency. Group companies enter mainly into forward contracts with external counterparties so as to deal with the risk of the exchange rates varying, which mainly expire within less than a year from the reporting date. When deemed necessary, these contracts are renewed upon expiry.

Loan interest is denominated in the same currency as that of cash flows that arise from the Company's operating activities, as the subsidiary CPW America has not taken out any loans on the reporting dates.

The investments of the Group in other subsidiaries are not hedged, because these exchange positions are considered to be long-term.

The summary quantitative data about the Group's and the Company's exposure to currency risk is as follows:

GROUP

31/12/2019

Amounts in Euro	**USD**	**GBP**	**Other items**	**Total**
Trade and other receivables	2,399,426	5,598	-	**2,405,024**
Contract assets	4,470,410	-	-	**4,470,410**
Cash and cash equivalents	8,950,192	727	22,783	**8,973,702**
Loans and borrowings	(400,928)	-	-	**(400,928)**
Trade and other payables	(10,751,015)	(48,786)	(7,362)	**(10,807,163)**
	4,668,085	**(42,461)**	**15,421**	**4,641,045**
Derivatives for risk hedging (Nominal value)	(8,776,927)	-	-	**(8,776,927)**
Total risk	**(4,108,842)**	**(42,461)**	**15,421**	**(4,135,883)**

31/12/2018

Amounts in Euro	**USD**	**GBP**	**Other items**	**Total**
Trade and other receivables	30,495,472	69,148	211	**30,564,830**
Contract assets	47,113,050	-	-	**47,113,050**
Cash and cash equivalents	22,406,236	9,249	32,420	**22,447,906**
Loans and borrowings	(48,586,031)	-	-	**(48,586,031)**
Trade and other payables	(32,453,053)	(14,296)	(37,565)	**(32,504,914)**
	18,975,674	**64,101**	**(4,934)**	**19,034,841**
Derivatives for risk hedging (Nominal value)	(86,148,472)	-	-	**(86,148,472)**
Total risk	**(67,172,797)**	**64,101**	**(4,934)**	**(67,113,631)**

COMPANY

31/12/2019

Amounts in Euro	**USD**	**GBP**	**Total**
Trade and other receivables	363,043	5,598	**368,641**
Contract assets	4,337,607	-	**4,337,607**
Cash and cash equivalents	75,609	727	**76,336**
Trade and other payables	(9,956,083)	(48,786)	**(10,004,869)**
	(5,179,825)	**(42,461)**	**(5,222,286)**
Derivatives for risk hedging (Nominal value)	(8,776,927)	-	**(8,776,927)**
Total risk	**(13,956,752)**	**(42,461)**	**(13,999,213)**

31/12/2018

Amounts in Euro	USD	GBP	Other currencies	Total
Trade and other receivables	64,611,995	69,148	-	**64,681,143**
Contract assets	17,995,268	-	-	**17,995,268**
Cash and cash equivalents	817,016	9,249	63	**826,328**
Loans and borrowings	(48,586,031)	-	-	**(48,586,031)**
Trade and other payables	(21,472,121)	(14,296)	(35,349)	**(21,521,767)**
	13,366,127	**64,101**	**(35,286)**	**13,394,942**
Derivatives for risk hedging (Nominal value)	(86,148,472)	-	-	**(86,148,472)**
Total risk	**(72,782,344)**	**64,101**	**(35,286)**	**(72,753,530)**

The following exchange rates have been applied during the year.

	Average exchange rate		Year end spot rate	
	2019	**2018**	**2019**	**2018**
USD	1.1195	1.1810	1.1234	1.1450
GBP	0.8778	0.8847	0.8508	0.8945

A reasonably possible strengthening (weakening) of USD against EUR as at 31 December would have affected the measurement of financial instruments denominated in a foreign currency and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

GROUP

	Profit or loss		Equity, net of tax	
Amounts in Euro	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
2019				
USD (10% movement in relation to EUR)	(424,371)	518,676	373,531	(456,538)
2018				
USD (10% movement in relation to EUR)	(1,506,604)	1,841,405	5,333,291	(6,518,467)

COMPANY

	Profit or loss		Equity, net of tax	
Amounts in Euro	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
2019				
USD (10% movement in relation to EUR)	470,893	(575,536)	463,861	(566,941)
2018				
USD (10% movement in relation to EUR)	(1,061,225)	1,297,053	5,778,670	(7,062,818)

(2) Interest rate risk

Exposure to interest rate risk

During the prolonged low interests period, the Company has adopted a flexible policy of ensuring that its interest rate risk exposure is entirely at a variable rate. The interest rate profile of the Company's interest-bearing financial instruments is as follows:

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Variable-rate instruments				
Financial liabilities	179,454,597	217,687,810	179,053,669	217,687,810
	179,454,597	**217,687,810**	**179,053,669**	**217,687,810**

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 0.25% in interest rates at the reporting date would have increased/ decreased (-) equity and profit or loss by the amount shown below. This analysis assumes that all other variables, in particular foreign currency exchange rate, remain constant.

	Profit or loss & Equity, net of tax			
	Increase by 0.25%		**Decrease by 0.25%**	
Amounts in Euro	**GROUP**	**COMPANY**	**GROUP**	**COMPANY**
2019				
Financial liabilities	(842,086)	(840,734)	842,086	840,734
2018				
Financial liabilities	(458,515)	(458,515)	458,515	458,515

The Company does not currently use derivatives (interest rate swaps) as hedging instruments under a fair value or cash flow hedge accounting model and as a result the impact presented in the table above in profit or loss and equity is the same.

(3) Derivatives assets and liabilities designated as cash flow hedges

The following table indicates the periods in which the cash flows associated with cash flow hedges are expected to occur:

2019

		Expected cash flows		
	Carrying amount	**1-6 months**	**6-12 months**	**Total**
Amounts in Euro				
Foreign exchange forwards				
Assets	213,011	213,011	-	213,011
liabilities	(135,653)	(135,653)	-	(135,653)
	77,358	**77,358**	**-**	**77,358**

2018

		Expected cash flows		
	Carrying amount	**1-6 months**	**6-12 months**	**Total**
Amounts in Euro				
Foreign exchange forwards				
Assets	654,359	654,359	-	654,359
liabilities	(4,414,999)	(2,435,429)	(1,979,569)	(2,435,429)
	(3,760,640)	**(1,781,071)**	**(1,979,569)**	**(1,781,071)**

The table below provides information about the items designated as cash flow hedging instruments during the year and also as at 31 December 2019 and the reconciliation of hedging reserve.

Amounts in Euro	Nominal Amount	Carrying amount Assets	Carrying amount Liabilities	Line item in the statement of financial position where the hedging instrument is included	Balance at 1 January 2009	Changes in the value of the hedging instrument recognised in OCI	Amount reclassified from hedging reserve to profit or loss	Effect of movement in exchange rates	Balance 31 December 2019
Foreign exchange forwards	8,776,927	213,011	(135,653)	Derivatives (Assets & Liabilities)	(2,034,645)	2,034,645	171,721	(94,363)	77,358
Related tax					569,701	(488,315)	(41,213)	12,977	53,150
Hedging reserve					**(1,464,944)**	**1,546,330**	**130,508**	**(81,386)**	**130,508**

C.4. Risk of macroeconomic and financial environment

The Group closely monitors and evaluates on a continuous basis the developments in the international and domestic environment and timely adapts its business strategy and risk management policies in order to minimise the impact of the macroeconomic conditions on its operations.

Concerning potential implications from Brexit, the Group is closely monitoring relevant developments and taking measures to mitigate any disruption. Although Brexit occurred on January 31, 2020, there is no agreement yet with regard to any potential trade barriers and custom duties that may be imposed by the EU or the United Kingdom. Exports to the United Kingdom accounted for approximately 16% of consolidated revenues for 2019 while most of the Group's direct competitors operate within the Eurozone. Thus, it is likely they will react to currency fluctuations accordingly. Based on the analysis performed up to date, Brexit is not expected to have any material adverse effect on the operations of the Group.

Finally, the macroeconomic and financial environment in Greece, where the Corinth Pipeworks is located, is showing clear signs of improvement. The capital controls that were in force in Greece since June 2015 have now been abolished. The Group's cash flows from operational activities are not significantly affected by Greece's macroeconomic environment as more than 90% of sales in 2019 were directed to international customers. This also minimises the liquidity risk which may arise from any remaining uncertainty of the economic environment in Greece.

D. Capital management

Group management's policy consists in maintaining a strong capital structure so as to keep the confidence of investors, creditors and the market and enable the future development of its activities. Group Management monitors return on equity, which is defined as net profits divided by total equity. Group Management also monitors the level of dividends distributed to holders of ordinary shares.

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

No changes were made to the approach adopted by the 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 Euro	**2019**	**2018**	**2019**	**2018**
Total loans & borrowings	179,454,597	217,687,810	179,053,669	217,687,810
Less: Cash and cash equivalents	(19,792,067)	(34,665,804)	(10,894,701)	(13,044,227)
Net debt	**159,662,530**	**183,022,006**	**168,158,968**	**204,643,584**
Total equity	145,980,822	142,903,514	136,443,322	133,925,389
Debt to equity ratio	**1.09**	**1.28**	**1.23**	**1.53**

13. Inventories

GROUP

Amounts in Euro	**2019**	**2018**
Finished goods and merchandise	15,780,970	15,538,084
Semi-finished goods	1,840,835	3,974,723
Raw and auxiliary materials	92,018,023	89,286,688
Spare parts	3,760,330	3,185,117
Consumables	1,513,169	1,505,440
Packaging materials	31,424	31,424
Total	**114,944,751**	**113,521,476**

COMPANY

Amounts in Euro	**2019**	**2018**
Finished goods and merchandise	15,713,336	11,295,233
Semi-finished goods	1,840,835	3,974,723
Raw and auxiliary materials	92,018,023	89,286,688
Spare parts	3,760,330	3,185,117
Consumables	1,513,169	1,505,440
Packaging materials	31,424	31,424
Total	**114,877,117**	**109,278,624**

Increase in the value of “Finished goods” and “Auxiliary and Raw materials” mainly for the Company is attributed to the increased volume of projects in progress on December 31, 2019 compared to the ones undertaken on December 31, 2018.

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.

The cost of inventory that was recognised as an expense in the cost of sales of the Group for the fiscal year ended December 31, 2019 amounts to EUR 259,473,684 (2018: EUR 353,224,069) (Note 25) while the respective amounts for the Company stood at EUR 239,895,022 and EUR 315,902,329, respectively.

At December 31, 2019 the net realisable value of certain finished goods was lower than their production cost, and as a result an impairment loss of EUR 261,522 was recorded for both the Group and the Company (the respective amount on 31 December 2018 stood at EUR 173,373).

14. Trade and other receivables

GROUP

Amounts in Euro	2019	2018
Current assets		
Trade receivables	25,399,121	76,419,713
Less: Impairment losses	(22,355,399)	(20,320,492)
	3,043,722	**56,099,220**
Down payments for fixed assets purchase	391,649	-
Receivables from related parties	16,078,776	22,165,444
VAT & other current tax receivables	598,648	1,128,132
Other receivables	1,061,509	2,357,891
Other debtors	3,295,183	4,645,021
	21,425,764	**30,296,489**
Total	**24,469,486**	**86,395,709**
Non-current assets		
Non-current receivables	810,206	1,088,691
Total	**810,206**	**1,088,691**

The decrease in trade receivables from EUR 86.4 million on 31 December 2018 to EUR 24.5 million on 31 December 2019 is attributed both to the collection of receivables billed in the last months of 2019 and to the receivables factoring agreement without recourse, which was in effect on 31 December 2019, as described below.

COMPANY

Amounts in Euro	2019	2018
Current assets		
Trade receivables	24,864,421	52,646,993
Less: Impairment losses	(22,352,516)	(20,317,663)
	2,511,906	**32,329,330**
Down payments for fixed assets purchase	391,649	-
Receivables from related parties	16,261,333	82,851,344
VAT & other current tax receivables	599,249	1,128,132
Other receivables	1,841,322	2,357,681
Other debtors	768,021	1,900,114
	19,861,574	**88,237,270**
Total	**22,373,479**	**120,566,600**
Non-current assets		
Non-current receivables	754,579	1,034,114
Total	**754,579**	**1,034,114**

1. Transfer of trade receivables

On 31 December 2019, the Company had transferred trade receivables of EUR 18,627,467 to banks in exchange for cash in the context of a receivables factoring agreement without recourse from the factoring company. The amount the Company collected from the factoring company was derecognised from trade and other receivables since according to the relevant contract the Company was not assigned the risks and rewards of the receivables which were transferred and mainly credit risk. On 31 December 2018 the Company had not entered into any factoring agreements without recourse on the part of the factoring company.

On 31 December 2018 the Company had transferred trade receivables of EUR 53,480,567 to banks in exchange for cash in the context of a receivables factoring agreement with recourse from the factoring company. The amount the Company collected from the factoring company was recognised as loan in the item "Factoring with recourse" and the receivables transferred were not derecognised since according to the relevant contract the Company retains important risks and rewards of the receivables that have been transferred. On 31 December 2018 the Company had not entered into any factoring agreements with recourse on the part of the factoring company.

2. Credit and market risks and impairment losses

During 2010, the Company initiated in Greece and Dubai legal actions against a former customer in the Middle-East regarding the recovery of an overdue receivable of USD 24.8 million (EUR 22.1 million as at 31 December 2019), plus legal interest.

Following a series of court proceedings, the Dubai Court of Cassation issued its final judgment which ruled to reject any counterclaim of the former customer and to confirm the amount due to the Company.

In order to recover this long overdue balance, the Company has recently initiated the enforcement procedures against the assets of the former customer that are located within any of the countries, where such judgment is enforceable (i.e. various other countries in the Middle East).

The Company has recorded in the past an impairment loss of USD 23.1 million. In 2019, the Company recorded an impairment loss of EUR 1.65 million for the remaining unimpaired receivable including legal interest. The Company decided to book this additional impairment to reflect the expected recoverability of that receivable, on the reporting date. However, the Company will continue any and all actions required to collect the full amount of that receivable.

Information about Company's exposure to credit and market risks, and impairment losses for trade and other receivables, is included in Note 12.

15. Derivatives

The following table sets out the carrying amount of derivatives for both the Group and the Company:

	At 31 December	
Amounts in Euro	**2019**	**2018**
Current assets		
Forwards for cash flow hedging	213,011	654,359
Total	**213,011**	**654,359**
Current liabilities		
Forwards for cash flow hedging	135,653	4,414,999
Total	**135,653**	**4,414,999**

Hedge accounting
The Company has derivative financial instruments to hedge cash flows. The above-mentioned derivative financial instruments cover risks from fluctuations of foreign exchange rates.

The maturity and the nominal value of derivatives held by the Company match the maturity and nominal value of the underlying assets / liabilities (hedged items).

Derivatives held by the Company concern foreign exchange forwards to hedge the risk from the change in exchange rate of US Dollar (i.e. the currency to which the Company is mainly exposed). Such hedges are designated as cash flow hedges given that foreign exchange forwards are used for hedging foreign exchange risk on the forecast sales of goods or purchase of materials.

Derivatives are recognised when the Company enters into the transaction in order to hedge highly probable transactions (cash flow hedges).

Cash flow hedge
The effective portion of change in fair value of derivatives designated as a cash flow hedge is recognised in other comprehensive income (OCI), under "Hedging Reserve". Any ineffective proportion is recognised immediately in profit or

loss.

The amounts recorded in "Hedging Reserve" are reclassified to the Consolidated Statement of Profit or Loss of the period when the hedged event occurs, i.e. at the date when the forecast transaction which constitutes the object of the hedge took place or the hedged item affects profit and loss.

When a hedge item is sold or when the hedging proportion no longer meets the hedge accounting criteria, hedge accounting is discontinued prospectively, the amounts recorded in 'Hedging reserve' remain as a reserve and are reclassified to the Consolidated Statement of Profit or Loss when the hedged asset affects profits or losses.

In the case of a hedge on a forecast future transaction which is no longer expected to be realised, the amounts recorded in 'Hedging reserve' are reclassified to the consolidated statement of profit or loss.

The change in fair value recognised in equity under cash flow hedging as of 31 December 2019 will be recycled to the company and consolidated statement of profit or loss during 2020, as all the hedged events will occur (the forecast transactions will take place or the hedged items will affect profit or loss) in 2020.

The Company examines the effectiveness of the cash flow hedge at inception (prospectively) by comparing the critical terms of the hedging instrument with the critical terms of the hedged item, and then at every reporting date (retrospectively) the effectiveness of the cash flow hedge is examined by applying the dollar offset method on a cumulative basis.

The Company's results from the hedging activities recorded in the statement of profit or loss are presented for foreign exchange contracts in "Revenue" and "Cost of sales". The amounts recognised in the company and consolidated statement of profit or loss are the following:

	For the year ended 31 December	
Amounts in Euro	**2019**	**2018**
Gain / (loss) on foreign exchange forwards	(5,136,133)	(3,927,680)
	(5,136,133)	**(3,927,680)**

16. Cash and cash equivalents

GROUP

Amounts in Euro	2019	2018
Cash on hand	24,371	34,479
Bank deposits	19,767,697	34,631,325
Total	**19,792,067**	**34,665,804**

COMPANY

Amounts in Euro	2019	2018
Cash on hand	1,588	2,122
Bank deposits	10,893,113	13,042,105
Total	**10,894,701**	**13,044,227**

Short-term deposits of the Group and the Company have a term less than 90 days and are available for use.

17. Share capital and reserves

A. Share capital

On 31 December 2019, the share capital of the Company amounted to UR 78,306,301 divided into 26,725,700 shares with a nominal value of EUR 2.93 each. The share capital of the Company remained unchanged compared to 2018.

On 31 December 2019 the share capital of WTT amounted to PLN 2,783,750 divided into 55,675 shares with a nominal value of PLN 50 each. The share capital of WTT remained unchanged compared to 2018.

On 31 December 2019 the share capital of CPW America amounted to USD 500,000 divided into 5,000 shares with a nominal value of USD 100 each. The share capital of CPW America remained unchanged compared to 2018.

B. Nature and purpose of reserves

(a) Statutory reserve:

Pursuant to Greek company law (articles 44 and 45 of Codified Law 2190/1920), companies are obliged to allocate each year at least 5% of the annual net profits to their statutory reserve, until this reserve equals at least 1/3 of the company's share capital. This reserve may be used to cover losses following a decision of the Ordinary General Meeting of Shareholders and consequently cannot be used for any other purpose.

(b) Hedging reserve:

The hedging reserve includes the effective portion of the cumulative net change in the fair value of hedging instruments used in cash flow hedges pending subsequent recognition in profit or loss as the hedged cash flows affect profit or loss.

(c) Tax-exempt reserves:

Tax exempt reserves mainly concern:

- reserves that are formed from prior-period net profits, which, pursuant to incentive laws that are in effect each time, are not taxed because they were used for the acquisition of production equipment;
- reserves that were formed from partially non-distributed net profits of each fiscal year that come from income exempted from taxation and income taxed by special laws with the exhaustion of the tax liability.

The aforementioned reserves may be capitalised and distributed (after the restrictions that may apply each time are taken into consideration) following a decision of the Ordinary General Meeting of shareholders. In case these reserves are distributed, the Company will be required to pay the related tax.

(d) Translation reserve:

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

C. Reconciliation of reserves

GROUP

Amounts in Euro	Statutory reserve	Hedging reserve	Absorption reserve	Tax-exempt reserves	Translation reserve	Other reserves	Total
Balance at 1 January 2018	**665,822**	**-**	**25,071,684**	**19,961,294**	**(327,121)**	**94**	**45,371,774**
Other comprehensive income, net of tax	-	(1,464,944)	-	-	573,425	-	(891,520)
Balance at 31 December 2018	665,822	(1,464,944)	25,071,684	19,961,294	246,304	94	44,480,254
Balance at 01 January 2019	**665,822**	**(1,464,944)**	**25,071,684**	**19,961,294**	**246,304**	**94**	**44,480,254**
Other comprehensive income, net of tax	-	1,595,452	-	-	(6,735)	-	1,588,717
Transfer of reserves	143,130	-	(25,071,684)	-	-	-	(24,928,555)
Balance at 31 December 2019	**808,951**	**130,508**	**-**	**19,961,294**	**239,569**	**94**	**21,140,416**

COMPANY

Amounts in Euro	Statutory reserve	Hedging reserve	Absorption reserve	Tax-exempt reserves	Other reserves	Total
Balance at 1 January 2018	**665,822**	**-**	**25,071,684**	**19,961,294**	**94**	**45,698,894**
Other comprehensive income, net of tax	-	(1,464,944)	-	-	-	(1,464,944)
Balance at 31 December 2018	665,822	(1,464,944)	25,071,684	19,961,294	94	44,233,950
Balance at 01 January 2019	**665,822**	**(1,464,944)**	**25,071,684**	**19,961,294**	**94**	**44,233,950**
Other comprehensive income, net of tax	-	1,595,452	-	-	-	1,595,452
Transfer of reserves	143,130	-	(25,071,684)	-	-	(24,928,555)
Balance at 31 December 2019	**808,951**	**130,508**	**-**	**19,961,294**	**94**	**20,900,847**

During 2019, the Company reclassified an amount of EUR 25,071,684 from “Absorption reserve” to Retained Earnings. The amount referred to the Retained Earnings of the pipes segment contributed in 2016 to former EVIKE, which was further renamed into Corinth Pipeworks Pipe Industry S.A., i.e. the current Company. Management decided that the presentation of the above amount in Retained Earnings improves the presentation of financial statements and the information provided to their users.

18. Debt

A. Overview

	GROUP		COMPANY	
	At 31 December		At 31 December	
(Amounts in Euro)	2019	2018	2019	2018
Unsecured bank loans	15,847,539	21,147,775	15,847,539	21,147,775
Secured bond issues	16,702,339	22,270,271	16,702,339	22,270,271
Unsecured bond issues	15,600,000	7,200,000	15,600,000	7,200,000
Total	**48,149,878**	**50,618,046**	**48,149,878**	**50,618,046**
Finance lease liabilities - Long term	**941,619**	**-**	**676,038**	**-**
Total long-term debt	**49,091,497**	**50,618,046**	**48,825,916**	**50,618,046**
Unsecured bank loans	114,705,673	105,002,174	114,705,673	105,002,174
Current portion of long-term unsecured bank loans	5,432,648	5,476,888	5,432,648	5,476,888
Current portion of long-term secured bond issues	5,567,454	5,604,672	5,567,454	5,604,672
Current portion of long-term unsecured bond issues	4,209,860	2,400,000	4,209,860	2,400,000
Factoring with recourse	-	48,586,031	-	48,586,031
Total	**129,915,636**	**167,069,764**	**129,915,636**	**167,069,764**
Finance lease liabilities - Short term	**447,465**	**-**	**312,117**	**-**
Total short term debt	**130,363,100**	**167,069,764**	**130,227,753**	**167,069,764**
Total borrowing	**179,454,597**	**217,687,811**	**179,053,669**	**217,687,811**

Information about the Company's and the Group's exposure to interest rate, foreign currency and liquidity risk is included in Note 12.

The maturities of non-current loans are as follows:

	GROUP		COMPANY	
	At 31 December		At 31 December	
Amounts in Euro	2019	2018	2019	2018
Between 1 and 2 years	17,785,314	13,273,596	17,785,314	13,273,596
Between 2 and 5 years	27,706,182	37,344,450	27,440,602	37,344,450
Over 5 years	3,600,000	-	3,600,000	-
Total	**49,091,497**	**50,618,046**	**48,825,916**	**50,618,046**

The effective weighted average interest rates of the main categories of the Company's and the Group's loans and borrowings at the reporting date are as follows:

	GROUP				COMPANY			
	2019		2018		2019		2018	
Amounts in Euro	Carrying amount	Interest rate	Carrying amount	Interest rate	Carrying amount	Interest rate	Carrying amount	Interest rate
Bank loans (current)	21,280,187	1.95%	26,624,663	1.95%	21,280,187	2.0%	26,624,663	1.95%
Bank loans (current)	114,705,673	3.81%	105,002,374	4.44%	114,705,673	3.8%	105,002,374	4.44%
Bond issues	42,079,654	3.79%	37,474,743	4.31%	42,079,654	3.8%	37,474,743	4.31%
Factoring with recourse	-	-	38,586,031	6.17%	-	-	38,586,031	6.17%

During 2019, Corinth Pipeworks obtained new loans of EUR 22.4 million and repaid loans of EUR 48.5 million. The new loans mainly concern drawdowns from existing and new revolving credit lines of current bank loans having similar terms and conditions for project financing, as well as a new long-term loan of EUR 12.6 million. In 2019, the Company's loans and borrowings had an average interest rate of 3.58% (2018: 4.42%).

Short term facilities are predominately revolving credit facilities, which finance working capital needs and specific ongoing projects on 31 December 2019.

Debt decreased by EUR 38.6 million and EUR 38.2 million for the Company and the Group, respectively, driven by the decrease in working capital needs of the Company on 31 December 2019 compared to 31 December 2018.

In 2019, the Company re-profiled its debt after obtaining a new, 7-year bond issue from a systemic Greek bank.

Mortgages and pledges in favour of banks have been recorded on property, plant and equipment of the Company. The carrying amount of assets mortgaged or pledged is EUR 39.6 million.

There was no incident in 2019 of breach of covenants of the loans of the Company's loan agreements.

B. Reconciliation of movement of liabilities to cash flows arising from financing activities

	GROUP				
Amounts in Euro	2019			2018	
	Loans and borrowings	Lease liabilities	Total	Loans and borrowings	Total
Balance at 1 January	**217,687,811**	**-**	**217,687,811**	**183,406,084**	**183,406,084**
Changes from financing activities:					
Loans obtained	12,570,600	-	**12,570,600**	49,316,441	**49,316,441**
Repayment of borrowings	(53,078,941)	-	**(53,078,941)**	(17,118,551)	**(17,118,551)**
Repayment of lease principal	-	(431,457)	**(431,457)**	-	**-**
Total changes from financing activities	**(40,508,341)**	**(431,457)**	**(40,939,797)**	**32,197,890**	**32,197,890**
Other changes:					
New lease liabilities	-	254,036	**254,036**	-	**-**
Interest capitalised	-	-	**-**	591,321	**591,321**
Accrued interest	9,610,728	56,440	**9,667,169**	9,102,293	**9,102,293**
Interest paid	(8,724,684)	(55,335)	**(8,780,020)**	(7,609,778)	**(7,609,778)**
Terminations	-	(16,047)	**(16,047)**	-	**-**
Change in accounting policy	-	1,581,445	**1,581,445**	-	**-**
	886,044	**1,820,539**	**2,706,583**	**2,083,835**	**2,083,835**
Balance at 31 December	**178,065,514**	**1,389,083**	**179,454,597**	**217,687,811**	**217,687,811**

	COMPANY				
Amounts in Euro	2019			2018	
	Loans and borrowings	Lease liabilities	Total	Loans and borrowings	Total
Balance at 1 January	**217,687,811**	**-**	**217,687,811**	**183,406,084**	**183,406,084**
Changes from financing activities:					
Loans obtained	12,570,600	-	**12,570,600**	49,316,441	**49,316,441**
Repayment of borrowings	(53,078,941)	-	**(53,078,941)**	(17,118,551)	**(17,118,551)**
Repayment of lease principal	-	(290,317)	**(290,317)**	-	**-**
Total changes from financing activities	**(40,508,341)**	**(290,317)**	**(40,798,658)**	**32,197,890**	**32,197,890**
Other changes:					
New lease liabilities	-	254,036	**254,036**	-	**-**
Interest capitalised	-	-	**-**	591,321	**591,321**
Accrued interest	9,610,728	42,600	**9,653,329**	9,102,293	**9,102,293**
Interest paid	(8,724,684)	(41,495)	**(8,766,180)**	(7,609,778)	**(7,609,778)**
Terminations	-	(16,047)	**(16,047)**	-	**-**
Change in accounting policy	-	1,039,378	**1,039,378**	-	**-**
	886,044	**1,278,472**	**2,164,516**	**2,083,835**	**2,083,835**
Balance at 31 December	**178,065,514**	**988,155**	**179,053,669**	**217,687,811**	**217,687,811**

19. Income taxes

A. Amounts recognised in profit or loss

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Current tax (expense)/ credit	(189,937)	(1,301,934)	-	(60,799)
Deferred tax (expense)/ credit	(513,877)	1,809,590	(614,754)	1,653,037
Income tax (expense)/ credit	**(703,814)**	**507,655**	**(614,754)**	**1,592,238**

B. Reconciliation of effective tax rate

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Book profit/ (loss) before tax	**2,320,501**	**6,706,375**	**1,857,349**	**1,005,240**
Tax using the domestic tax rate in Greece (2019: 24%, 2018: 29%).	(556,920)	(1,944,849)	(445,764)	(291,520)
Non-deductible expenses for tax purposes	(2,496,525)	(367,568)	(2,502,658)	(376,489)
Recognition of previously unrecognised losses	1,956,951	428,763	1,845,171	324,916
Effect of tax rates in foreign jurisdictions	34,197	455,976	-	-
Current-year losses for which no deferred tax asset is recognised	(1,510)	-	-	-
Change in tax rate or composition of new tax	488,497	1,996,131	488,497	1,996,129
Other taxes	(84,173)	-	-	-
Tax of permanent differences	(44,329)	-	-	-
Adjustment for prior year income tax	-	(60,799)	-	(60,799)
	(703,814)	**507,655**	**(614,754)**	**1,592,238**
Effective tax rate	***-30%***	***8%***	***-33%***	***158%***

According to Greek law 4646/2019, the corporate income tax rate for legal entities in Greece for the fiscal year 2019 and onwards is set at 24%. The corporate income tax rate of legal entities in the USA is set at 21%.

The effective income tax rate of the Group was influenced considerably by:

- the recognition of deferred tax of EUR 7 million on tax losses;
- the recalculation of deferred tax at a decreased tax rate which resulted in a deferred tax expense of EUR 488 thousand.

C. Movement in deferred tax balances

GROUP

Amounts in Euro					Change in tax rate		Balance at 31 December		
2019	**Balance at 1 January**	**Recognised in profit or loss**	**Recognised in OCI**	**Foreign exchange differences**	**Recognised in profit or loss**	**Recognised in OCI**	**Net balance**	**Deferred tax assets**	**Deferred tax liabilities**
Property, plant & equipment	(18,150,840)	(867,531)	-	-	1,885,189	-	**(17,133,182)**	-	(17,133,182)
Intangible assets	1,369,449	(122,758)	-	-	(720,014)	-	**526,678**	526,678	-
Right-of-use assets	-	(12,251)	-	-	-	-	**(12,251)**	-	(12,251)
Thin-cap interest	583,561	2,256,624	-	-	(23,342)	-	**2,816,843**	2,816,843	-
Derivatives	1,052,979	(391,592)	(529,528)	-	(69,040)	(81,386)	**(18,565)**	-	(18,566)
Inventories	(910,200)	9,900,256	-	-	(1,410,309)	-	**7,579,747**	7,579,747	-
Loans and borrowings	(722,203)	195,051	-	-	39,002	-	**(488,150)**	-	(488,150)
Employee benefits	432,368	(183,592)	471,351	-	(14,655)	(109,726)	**595,747**	595,747	-
Provisions	5,646,351	(4,481,453)	-	-	(807,415)	-	**357,483**	357,483	-
Deferred income	9,688	-	-	(9,688)	-	-	**-**	-	-
Contract assets	(622,870)	(14,382,521)	-	7,154	1,613,479	-	**(13,384,758)**	12,685	(13,397,442)
Other items	(785,146)	77,025	-	-	42,656	-	**(665,465)**	-	(665,465)
Carryforward tax loss	329,377	7,010,367	-	-	(47,054)	-	**7,292,690**	7,292,690	-
Tax assets / (liabilities) before set-off	**(11,767,484)**	**(1,002,374)**	**(58,177)**	**(2,534)**	**488,497**	**(191,112)**	**(12,533,184)**	**19,181,873**	**(31,715,057)**
Set-off tax								(19,169,185)	19,169,185
Net tax assets / (liabilities)							**(12,533,184)**	**12,687**	**(12,545,871)**

CORINTH PIPEWORKS
PIPE INDUSTRY S.A.

GROUP

Amounts in EUR **2018**	Balance at 1 January	Recognised in profit or loss	Recognised in OCI	Foreign exchange differences	Change in tax rate: Recognised in profit or loss	Change in tax rate: Recognised in OCI	Other items	Balance at 31 December: Net balance	Balance at 31 December: Deferred tax assets	Balance at 31 December: Deferred tax liabilities
Property, plant & equipment	(18,591,532)	(1,101,697)	-	-	1,526,165	-	16,224	**(18,150,840)**	-	(18,150,840)
Intangible assets	947,195	(162,461)	-	-	584,715	-	-	**1,369,449**	1,369,449	-
Thin-cap interest	384,560	292,371	-	-	(93,370)	-	-	**583,561**	583,561	-
Derivatives	(1,989)	502,528	590,047	-	(17,260)	(20,346)	-	**1,052,979**	1,052,979	-
Inventories	(910,200)	-	-	-	-	-	-	**(910,200)**	-	(910,200)
Loans and borrowings	(1,048,477)	170,268	-	-	156,007	-	-	**(722,203)**	-	(722,203)
Employee benefits	496,824	18,108	(13,384)	-	(58,619)	(10,560)	-	**432,368**	432,368	-
Provisions	5,592,493	253,668	-	-	(199,810)	-	-	**5,646,351**	5,646,351	-
Deferred income	7,137	2,784	-	(232)	-	-	-	**9,688**	9,688	-
Contract assets	(208,661)	(311,539)	-	(153,462)	50,793	-	-	**(622,870)**	-	(622,870)
Other items	(656,572)	(191,711)	-	-	59,273	-	3,864	**(785,146)**	-	(785,146)
Carryforward tax loss	-	341,140	-	-	(11,763)	-	-	**329,377**	329,377	-
Tax assets / (liabilities) before set-off	**(13,989,223)**	**(186,541)**	**576,662**	**(153,695)**	**1,996,131**	**(30,906)**	**20,088**	**(11,767,484)**	**9,423,775**	**(21,191,259)**
Set-off tax									(9,414,086)	9,414,086
Net tax assets / (liabilities)								**(11,767,484)**	**9,688**	**(11,777,173)**

COMPANY

Amounts in EUR 2019	Balance at 1 January	Recognised in profit or loss	Recognised in OCI	Foreign exchange differences	Change in tax rate: Recognised in profit or loss	Change in tax rate: Recognised in OCI	Balance at 31 December: Net balance	Balance at 31 December: Deferred tax assets	Balance at 31 December: Deferred tax liabilities
Property, plant & equipment	(18,259,687)	(853,757)	-	-	1,885,189	-	**(17,228,256)**	-	(17,228,256)
Intangible assets	1,369,449	(122,758)	-	-	(720,014)	-	**526,678**	526,678	-
Right-of-use assets	-	(12,251)	-	-	-	-	**(12,251)**	-	(12,251)
Thin-cap interest	583,561	2,256,624	-	-	(23,342)	-	**2,816,843**	2,816,843	-
Derivatives	1,052,979	(391,592)	(529,528)	-	(69,040)	(81,386)	**(18,566)**	-	(18,566)
Inventories	(926,424)	9,900,256	-	-	(1,410,309)	-	**7,563,523**	7,563,523	-
Loans and borrowings	(722,202)	195,051	-	-	39,002	-	**(488,150)**	-	(488,150)
Employee benefits	432,369	(183,592)	471,351	-	(14,655)	(109,726)	**595,747**	595,747	-
Provisions	5,646,351	(4,484,323)	-	-	(807,415)	-	**354,614**	354,614	-
Contract assets	(495,766)	(14,494,302)	-	-	1,613,479	-	**(13,376,589)**	-	(13,376,589)
Other items	(789,012)	77,025	-	-	42,656	-	**(669,332)**	-	(669,332)
Carryforward tax loss	329,377	7,010,367	-	-	(47,054)	-	**7,292,690**	7,292,690	-
Tax assets / (liabilities) before set-off	**(11,779,006)**	**(1,103,251)**	**(58,177)**	**-**	**488,497**	**(191,112)**	**(12,643,050)**	**19,150,094**	**(31,793,144)**
Set-off tax								(19,150,094)	19,150,094
Net tax assets / (liabilities)							**(12,643,050)**	**-**	**(12,643,050)**

COMPANY

Amounts in EUR				Change in tax rate		Balance at 31 December		
2018	**Balance at 1 January**	**Recognised in profit or loss**	**Recognised in OCI**	**Recognised in profit or loss**	**Recognised in OCI**	**Net balance**	**Deferred tax assets**	**Deferred tax liabilities**
Property, plant & equipment	(18,711,057)	(1,074,795)	-	1,526,165	-	**(18,259,687)**	-	(18,259,687)
Intangible assets	947,195	(162,461)	-	584,715	-	**1,369,449**	1,369,449	-
Thin-cap interest	384,560	292,371	-	(93,370)	-	**583,561**	583,561	-
Derivatives	(1,989)	502,528	590,047	(17,260)	(20,346)	**1,052,979**	1,052,979	-
Inventories	(926,424)	-	-	-	-	**(926,424)**	-	(926,424)
Loans and borrowings	(1,048,477)	170,268	-	156,007	-	**(722,202)**	-	(722,203)
Employee benefits	496,824	18,108	(13,384)	(58,619)	(10,560)	**432,369**	432,368	-
Provisions	5,592,493	253,668	-	(199,810)	-	**5,646,351**	5,646,351	-
Contract assets	(54,349)	(492,210)	-	50,793	-	**(495,766)**	-	(495,766)
Other items	(656,573)	(191,711)	-	59,273	-	**(789,012)**	-	(789,011)
Carryforward tax loss	-	341,140	-	(11,763)	-	**329,377**	329,377	-
Tax assets / (liabilities) before set-off	**(13,977,798)**	**(343,094)**	**576,662**	**1,996,131**	**(30,906)**	**(11,779,006)**	**9,414,086**	**(21,193,092)**
Set-off tax							(9,414,086)	9,414,086
Net tax assets / (liabilities)						**(11,779,006)**	**-**	**(11,779,006)**

On 31 December 2019, the accumulated tax losses carried forward available for future use amounted to EUR 30.4 million. The Company has recognised a deferred tax asset on tax losses of EUR 7.3 million because Management considered it probable that future taxable profits would be available against which such losses can be used. Such tax losses are expected to be used during the next four years.

Recoverability of the deferred tax assets on tax losses is based on:

- the expected profitability during the following years, due to the existing backlog which secure high utilisation of Thisvi plant, the achievement of tax profitability during prior years and the fact that such tax losses mainly arose from recognising in tax profit or loss the entire provision for doubtful debts of EUR 20.5 on the part of customer Afras on 31 December 2019, which was an one-off event;
- the initiatives undertaken by the Company in order to take advantage of the growth in energy sector in the upcoming years.

According to the provisions of articles 49 and 72 of Greek Law 4172/2013 concerning thin capitalisation, net interest expense is deductible from current year's tax profits, if it is equal or less than 30% of EBITDA and any excess can be settled with future tax profits without time limitations.

During 2019, deferred tax asset recognised related to thin capitalisation rules increased by EUR 2.2 million as a result of the decreased taxable EBITDA in the period.

20. Employee benefits

Amounts in Euro	**Note**	**2019**	**2018**
Net defined benefit liability		2,482,269	1,729,465
Liability for social security contributions	28	904,561	877,494
Total employee benefit liabilities		**3,386,830**	**2,606,959**
Non-current		2,482,269	1,729,465
Current		904,561	877,494

For details on the related employee benefit expenses, see Note 21.

A. Post-employment benefits

Defined-contribution plan

All the employees of the Group are insured for their main pension by the respective social insurance organisations as required by the local legislation. Once employer contributions have been paid, the Group's subsidiaries have no further payment obligations. These contributions are included in personnel fees and recognised in profit or loss when accrued

Defined-benefit plan

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

This liability qualifies for defined-benefit plans and is calculated by estimating the amount of future benefit that employees have earned in the current and prior periods. The change in discounted future benefits vested by employees is recognised in profit or loss and is followed by the corresponding increase in employee benefits liability. The benefits paid upon withdrawal of employees reduce the liability for employee benefits. These plans do not hold any assets that contribute to their financing.

B. Changes in the present value of the employee benefits liability for the Group and the Company

The following table shows the reconciliation from the opening balance to the closing balance for defined benefit liability and its components.

Amounts in Euro	For the year ended 31 December 2019	2018
Balance at 1 January	**1,729,465**	**1,713,177**
Amounts recognised in profit or loss		
Current service cost	86,798	88,868
Past service cost	-	1,239
Settlement/curtailment/termination loss	154,794	101,564
Interest cost	27,740	25,467
	269,332	**217,138**
Amounts recognised in OCI		
Remeasurement loss/(gain)		
- Actuarial loss/(gain) arising from:		
Financial assumptions	658,603	36,777
Experience adjustments	23,136	(82,929)
	681,739	**(46,152)**
Benefits paid	(198,267)	(154,699)
Balance at 31 December	**2,482,269**	**1,729,465**

C. Actuarial assumptions

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

	2019	2018
Discount rate	0.77%	1.61%
Price inflation	1.30%	1.50%
Future wage increase	1.50%	0.75%
Plan duration (in years)	15.35	15.01

D. Sensitivity analysis

Potential changes to one actuarial assumption on the reporting date, while all other assumptions remain constant, would affect the defined benefit liability by the amounts shown below.

	2019		2018	
Amounts in Euro	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(182,905)	201,817	(124,746)	137,388
Future salary growth (0.5% movement)	198,686	(186,514)	137,901	(126,358)

E. Expected maturity analysis

The expected non-discounted cash flows of defined benefit plans for the Group and the Company are analysed as follows:

Amounts in Euro	2019	2018
Up to 1 year	33,785	12,924
Between 1 and 2 years	21,058	28,702
Between 2 and 5 years	117,270	81,390
Over 5 years	2,629,607	2,101,835
Total	**2,801,720**	**2,224,851**

21. Personnel fees

GROUP

Amounts in Euro	For the year ended 31 December 2019	2018
Salaries and wages	18,433,664	19,147,084
Social security expenses	4,039,043	4,032,907
Provisions for termination benefits	367,962	363,845
Other employee benefits	1,268,313	510,469
Total	**24,108,982**	**24,054,305**

Employee benefits can be broken down as follows:

Amounts in Euro	For the year ended 31 December 2019	2018
Cost of goods sold	15,447,392	15,518,394
Distribution expenses	5,678,929	5,998,662
Administrative expenses	2,926,155	2,537,249
Capitalised salaries in assets under construction	56,506	-
Total	**24,108,982**	**24,054,305**

The personnel employed by the Group on 31 December 2019 numbered 526 persons (2018: 502).

COMPANY

Amounts in Euro	For the year ended 31 December 2019	2018
Salaries and wages	15,613,686	16,229,353
Social security expenses	3,836,570	3,914,794
Provisions for termination benefits	269,332	217,138
Other employee benefits	1,241,316	408,609
Total	**20,960,904**	**20,769,893**

Employee benefits can be broken down as follows:

Amounts in Euro	For the year ended 31 December 2019	2018
Cost of goods sold	15,447,392	15,518,394
Distribution expenses	2,530,850	2,714,250
Administrative expenses	2,926,155	2,537,249
Capitalised salaries in assets under construction	56,506	-
Total	**20,960,904**	**20,769,893**

The personnel employed by the Company on 31 December 2019 numbered 515 persons (2018: 489).

22. Provisions

The movement of the long term provisions, other than the provisions for Employee Benefits (see note 20), was as follows, both for the Group and the Company:

Amounts in Euro	**Other provisions**	**Total**
Balance at 1 January 2018	**137,753**	**137,753**
Reversal of unused provisions	(39,818)	(39,818)
Balance at 31 December 2018	97,935	97,935
Balance at 1 January 2019	**97,935**	**97,935**
Reclassifications	(97,935)	(97,935)
Balance at 31 December 2019	**-**	**-**

The amount of the said provision regards ongoing out of court disputes of the Company with third parties and is calculated based on estimations of our legal department about their outcome. To improve the presentation of financial statements, the Company reclassified the provision in the line “Trade and other payables”.

23. Trade and other payables

GROUP

Amounts in Euro	**2019**	**2018**
Suppliers	57,348,729	88,535,266
Notes payable	4,676,183	-
Social security funds	904,561	877,494
Amounts due to related parties	2,561,907	7,806,377
Dividends payable	-	1,671
Sundry creditors	512,972	556,821
Accrued expenses	5,789,120	3,001,692
Income tax	-	85,995
Other taxes and duties	780	1,008,396
Total	**71,794,252**	**101,873,711**

The decrease of the liabilities towards Suppliers of the Group, from EUR 101.8 million on December 31, 2018 to Euro 71.8 million on December 31, 2019 is mainly attributable to the decreased liabilities towards suppliers of raw materials caused by orders made during the last few months of 2019 as a result of the Company’s declined activity during such period compared to the respective period of 2018.

COMPANY

Amounts in Euro	**2019**	**2018**
Suppliers	57,188,876	83,489,002
Notes payable	4,676,183	-
Social security funds	904,561	877,494
Amounts due to related parties	2,296,656	2,938,261
Dividends payable	-	1,671
Sundry creditors	512,972	556,821
Accrued expenses	5,308,259	2,941,320
Total	**70,887,508**	**90,804,568**

CORINTH PIPEWORKS
PIPE INDUSTRY S.A.

24. Revenue

1. Significant accounting principles

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

For a detailed description of the relevant accounting policy, please refer to Note 4.3.

2. Nature of goods and services

Steel pipes projects

The Group produces and sells customised products to customers mainly for onshore and offshore pipelines for oil and gas transportation and casing pipes. Under the terms of the contracts and due to the high degree of customisation, these products have no alternative use, since they are produced according to customers' specifications, while there is an enforceable right to payment for performance completed to date if the contract is terminated by the customer or another party for reasons other than the Company's failure to perform as promised. Revenue from such projects is therefore recognised over time.

Hollow structural sections

These steel products are primarily used in the construction sector and are used as structural components in metal constructions. For sales of such products, revenue is recognised at a point of time, when the control of the goods sold has been transferred.

3. Disaggregation of revenue

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

(a) Geographical allocation in primary markets

	GROUP		COMPANY	
Amounts in Euro	2019	2018	2019	2018
Greece	16,094,517	18,344,493	16,094,517	18,344,493
Other European Union countries	266,742,761	185,910,733	266,711,733	185,910,733
Other European countries	12,679,500	13,432,978	12,679,500	13,432,978
Other countries	-	8,466,661	-	4,762,603
America	83,213,669	249,147,023	59,254,112	205,063,397
	378,730,447	**475,301,887**	**354,739,863**	**427,514,204**

(b) Product categories

	GROUP		COMPANY	
Amounts in Euro	2019	2018	2019	2018
Steel pipes	333,705,167	429,608,488	326,662,130	389,984,044
Hollow structural sections	18,439,401	28,569,230	18,439,401	28,569,230
Sales of raw materials and other products	26,585,879	17,124,170	9,638,331	8,960,930
	378,730,447	**475,301,888**	**354,739,863**	**427,514,204**

(c) Timing of revenue recognition

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Revenue recognised over time	333,615,167	429,550,228	326,662,130	383,031,007
Revenue recognised at a point in time	45,115,280	45,751,660	28,077,733	44,483,197
	378,730,447	**475,301,888**	**354,739,863**	**427,514,204**

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 144.6 million and 143.3 million for the Group and the Company respectively. This amount is expected to be recognised during 2020 based on the time schedules included in the open contracts as of 31 December 2019.

4. Contract Assets and Liabilities

The following table provides information about contracts assets and contract liabilities of the Company and the Group:

	GROUP		COMPANY	
Amounts in Euro	**2019**	**2018**	**2019**	**2018**
Contract assets	63,215,494	69,454,752	63,082,691	40,336,970
Contract liabilities	889,427	3,200,000	889,427	3,200,000

Significant changes in the contract assets and the contract liabilities of the Group and the Company during the period are presented below.

GROUP

Amounts in Euro	**Contract assets**	**Contract liabilities**
Balance at 01 January 2019	**69,454,752**	**3,200,000**
Foreign exchange gains/(losses)	838,170	-
Increases due to fulfilment of performance obligations	63,222,807	-
Increases due to cash received, excluding amounts recognised as revenue during the period	-	889,427
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	(3,200,000)
Transfers from contract assets recognised at the beginning of the period to trade receivables	(70,300,236)	-
Balance at 31 December 2019	**63,215,494**	**889,427**

COMPANY

Amounts in Euro	**Contract assets**	**Contract liabilities**
Balance at 01 January 2019	**40,336,970**	**3,200,000**
Increases due to fulfilment of performance obligations	63,082,691	-
Increases due to cash received, excluding amounts recognised as revenue during the period	-	889,427
Revenue recognised that was included in the contract liability balance at the beginning of the period	-	(3,200,000)
Transfers from contract assets recognised at the beginning of the period to trade receivables	(40,336,970)	-
Balance at 31 December 2019	**63,082,691**	**889,427**

5. Contract costs

The table below presents contract costs for the Company and the Group.

Amounts in Euro	**2019**	**2018**
Costs for obtaining contracts	61,890	150,285
Costs for fulfilling contractual terms	311,495	215,826
	373,385	**366,111**

Management expects that fees, commissions & other costs associated with obtaining contracts for energy projects are recoverable.

In addition, costs to fulfil a contract are capitalised if they are directly associated with the contract and are recoverable. Such contract costs may include materials used for tests necessary for the production, labour costs, insurance fees and other costs necessary to fulfil performance obligations under a contract once it is obtained, but before transferring the control of goods or rendering services to the customer.

Contract costs of obtaining or fulfilling a contract are expensed to cost of sales when the related revenue is recognised.

During 2019, there was no impairment loss in relation to contract costs for the Company and the Group.

25. Income and expenses

A. Expenses by nature

GROUP

Amounts in Euro	Note	For the year ended 31 December 2019	2018
Cost of inventories recognised as an expense		259,473,684	353,224,069
Employee benefits	21	24,052,476	24,054,305
Energy		3,729,883	3,650,555
Depreciation and amortisation	6, 7, 8	10,456,374	9,310,258
Taxes		375,519	445,696
Insurance premiums		4,738,121	4,855,558
Rent		665,247	1,012,005
Transportation of materials and products		16,728,833	23,408,542
Third-party fees		26,895,754	29,085,766
Loss from derivatives		5,136,133	3,927,680
Commissions		1,567,781	1,220,300
Foreign exchange gains/(losses)		145,773	(111,394)
Maintenance expenses		5,342,460	3,331,439
Travel expenses		1,702,138	1,533,538
Other expenses		2,524,266	1,418,846
Total		**363,534,441**	**460,367,163**

COMPANY

Amounts in Euro	Note	For the year ended 31 December 2019	2018
Cost of inventories recognised as an expense		239,895,022	315,902,329
Employee benefits	21	20,904,398	20,769,893
Energy		3,729,883	3,650,555
Depreciation and amortisation	6, 7, 8	10,275,254	9,305,530
Taxes		375,519	436,711
Insurance premiums		4,681,221	4,718,713
Rent		564,125	807,675
Transportation of materials and products		16,673,148	23,329,227
Third-party fees		26,525,557	28,340,103
Loss from derivatives		5,136,133	3,927,680
Commissions		1,567,781	1,220,300
Foreign exchange gains/(losses)		(6,545)	(111,394)
Maintenance expenses		5,342,460	3,331,439
Travel expenses		1,660,200	1,331,035
Other expenses		2,450,525	1,296,518
Total		**339,774,679**	**418,256,314**

The Company significantly invests in research and development in order to continuously bring value-added products and services to the market and improve production processes, as well as to promote materials recycling and the proper use of natural resources. The aggregate amount of research and development expenditure recognised as an expense for 2019 amounts to EUR 1,516 thousand, of which EUR 789 thousand were charged to the Cost of goods sold and EUR 727 thousand to administrative expenses. The respective amount for 2018 stood at EUR 515 thousand and had been charged to administrative expenses.

B. Other income

GROUP

Amounts in Euro	For the year ended 31 December 2019	2018
Grants of the year	41,936	35,570
Income from services, rental fees and costs recharged	1,116,477	867,910
Indemnities	-	255,390
Gains from disposal of property, plant & equipment	-	20,161
Refund of excise energy consumption tax	-	454,322
Other income	235,695	277,222
Other income	**1,394,109**	**1,910,575**

COMPANY

Amounts in Euro	For the year ended 31 December 2019	2018
Grants of the year	41,936	35,570
Income from services, rental fees and costs recharged	817,036	867,910
Indemnities	-	255,390
Gains from disposal of property, plant & equipment	-	20,161
Refund of excise energy consumption tax	-	454,322
Other income	235,230	277,222
Other income	**1,094,203**	**1,910,575**

C. Other expenses

GROUP

Amounts in Euro	For the year ended 31 December 2019	2018
Loss from write-offs of property, plant & equipment	56,788	-
Loss from disposal of property, plant & equipment	16,086	-
Consulting fees	-	190,400
Other	159,113	1,097
Other expenses	**231,987**	**191,497**

COMPANY

Amounts in Euro	For the year ended 31 December 2019	2018
Loss from write-offs of property, plant & equipment	56,788	-
Consulting fees	-	190,400
Other expenses	159,113	-
Total	**215,902**	**190,400**

26. Net finance costs

GROUP

Amounts in Euro	For the year ended 31 December 2019	2018
Finance income		
Interest income	28,219	83,460
Foreign exchange gains	-	223,363
Total income	**28,219**	**306,823**
Finance costs		
Interest expense and related costs	12,273,837	10,217,888
Foreign exchange losses	89,607	9,885
Total expenses	**12,363,444**	**10,227,773**
Net finance costs	**(12,335,225)**	**(9,920,950)**

COMPANY

Amounts in Euro	For the year ended 31 December 2019	2018
Finance income		
Interest income	28,217	82,285
Foreign exchange gains	-	223,363
Total income	**28,217**	**305,647**
Finance costs		
Interest expense and related costs	12,273,810	10,217,881
Foreign exchange losses	89,607	9,885
Total expenses	**12,363,417**	**10,227,767**
Net finance costs	**(12,335,200)**	**(9,922,119)**

27. Commitments and contingent liabilities

27.1 Contingent liabilities

The Group and the Company have contingent liabilities mainly related to bank guarantees, issued in the ordinary course of their business, as follows:

Amounts in Euro	At 31 December 2019	2018
Guarantees to secure liabilities to suppliers	777,884	7,539,134
Guarantees to secure the good performance of contracts with customers	68,460,305	17,900,821
Mortgages and statutory notices of mortgage issued against lots & buildings	22,360,000	40,664,167
Guarantees for factoring with recourse	-	53,480,567
Other liabilities	-	97,935
	91,598,189	**119,682,623**

27.2 Capital commitments

The capital commitments on the reporting date for the Group and the Company amounted to EUR 4,769,791 (2018: EUR 7,510,853) and mainly concerned investments in machinery.

27.3 Unaudited tax years

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

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

With respect to Corinth Pipeworks, years 2012 to 2015 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 given that audit prerequisites were not met.

The Company received a tax compliance certificate “with unqualified opinion” for the years 2016, 2017 and 2018 from its statutory auditors.

As for the year 2019, the Company has fallen under the tax audit of Certified Public Accountants which is provided for in Article 65A of Law 41742013. This audit is in progress and the relevant tax compliance report is expected to be issued following the publication of the Financial Statements for the year ended December 31, 2019. Company Management estimates that the outcome of the audit will not have a material impact on the Financial Statements.

In addition, on the basis of risk analysis criteria, Greek tax authorities may choose the Company for tax audit in the context of audits carried out on companies that have received tax compliance certificates with the assent of their statutory auditor. In this case, the Greek tax authorities have the right to carry out a tax audit of the fiscal years they choose, taking into account the work already performed for the issuance of the tax compliance certificate. The Company has not received any control orders from the tax authorities for unaudited years. The Company does not expect any additional taxes and surcharges to be incurred from a possible audit from the Greek tax authorities.

28. Related parties

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

A. Transactions with related parties

The balances of Company transactions with subsidiaries and equity-accounted investees and the results related to such transactions are as follows:

	For the year ended 31 December	
Amounts in Euro	**2019**	**2018**
Sales of products and other income		
Subsidiary companies	59,094,689	205,119,404
Equity-accounted investees	524,746	573,124
Other related parties	3,252,429	8,368,382
	62,871,864	**214,060,910**
Sales of property, plant & equipment		
Other related parties	-	687
	-	**687**
Purchases of goods and other expenses		
Subsidiary companies	4,754	671,494
Equity-accounted investees	1,382,458	1,884,665
Other related parties	5,232,445	5,218,500
Cenergy Holdings SA & Viohalco SA/NV	12,411	33,757
	6,632,068	**7,808,416**
Purchase of property, plant and equipment		
Other related parties	521,450	114,281
	521,450	**114,281**

	At 31 December	
Amounts in Euro	**2019**	**2018**
Trade and other receivables, short-term		
Subsidiary companies	357,255	60,785,351
Other related parties	7,767,231	23,206,239
Cenergy Holdings SA & Viohalco SA/NV	1,170,623	1,241,525
	9,295,109	**85,233,115**
Contract assets		
Subsidiary companies	1,966,354	8,000,592
	1,966,354	**8,000,592**
Trade and other payables		
Subsidiary companies	222,987	392,661
Equity-accounted investees	519,701	1,605,378
Other related parties	1,474,707	1,654,812
	2,217,395	**3,652,851**

B. Management compensation

	For the year ended 31 December	
Amounts in Euro	**2019**	**2018**
Compensation to BoD members and executives	1,110,202	1,156,920

29. Audit and other fees

	GROUP		COMPANY	
	For the year ended 31 December		For the year ended 31 December	
Amounts in Euro	2019	2018	2019	2018
Fees for statutory audit	167,448	131,600	100,900	93,600
Fees for tax certificate	40,000	28,600	40,000	28,600
Other fees	2,500	-	2,000	-
Total	**209,948**	**160,200**	**142,900**	**122,200**

Outstanding balances from related parties are not secured and the settlement of these non-past due balances is expected to take place in cash next year since the balances refer only to short-term receivables and liabilities.

30. Events after 31 December 2019

In early 2020, there was a global outbreak of coronavirus (COVID-19) that has resulted in changes in global supply and demand, including Greece and other countries in which the Group operates. The spread of COVID-19 is a non-adjusting post balance sheet event as of 31 December 2019.

As COVID-19 has not been tackled, it is difficult to predict the full extent and duration of its business and economic impact. The Company and the Group have already activated protection mechanisms for their human resources and their partners in compliance with health authorities guidelines, while closely monitoring the developments and assessing the implications on their operations. At the same time, governments in the countries in which we operate (mainly Greece) have also announced the implementation of government assistance measures which may mitigate the impact of the COVID-19 pandemic on our results and liquidity. Currently, the Company and the Group investigate the extent to which they can apply for such government assistance in the countries in which they operate.

A prolonged spread of COVID-19 is expected to affect both business and financial results of 2020, but the extent of the impact depends on a number of factors such as government and administrative restrictions, and their duration. Regarding the energy projects business, given the existing backlog and the nature of projects assigned, the impact from COVID-19 outbreak on the Group's/Company's long term business plan and its short term financial results is expected to be limited, based on currently available data and information. However, given the current uncertainty, in case of a prolonged spread the impact could be more significant. On the other hand, the segment of hollow structural sections is expected to be affected more, as short term demand, linked to the construction sector, is expected to decline.

The Group/ Company has ensured the availability of raw materials for its smooth operation during the forthcoming months. In addition, the Company's and the Group's available cash and unutilised credit lines will provide the necessary liquidity for the following twelve months. If any covenant included in the Company's loan agreements is breached at the next measurement date, scheduled for December 31, 2020, every effort will be made to 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 are obtained by the banking partners, the Company's credit lines will cover any obligations that may arise from such breaches.

No other events occurred after the reporting date, which should be presented in these Financial Statements or would entail any adjustment to them.

****

Athens, 24 June 2020

The Chairman of the Board of Directors	THE CHIEF EXECUTIVE OFFICER	THE CHIEF FINANCIAL OFFICER	THE ACCOUNTING MANAGER
MELETIOS FIKIORIS **AK 511386**	**ILIAS BEKIROS** **AM 029716**	**IOANNIS DIMITRIOS PAPADIMITRIOU** **AA 035130**	**PAVLOS KOUMPIS** **AB 589945**

C. Independent Auditor's Report

Independent auditor's report

To the Shareholders of "Corinth Pipeworks Pipe Industry 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 Corinth Pipeworks Pipe Industry 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.

Athens, 2 July 2020
The Certified Auditor Accountant

PricewaterhouseCoopers
268 Kifissias Avenue
152 32 Chalandri
SOEL Reg. No 113

Dinos Michalatos
SOEL Reg. No 17701