VIOHALCO

ANNUAL REPORT

2016

Contents

Viohalco S.A.

Viohalco S.A. (Viohalco) is the Belgium-based holding company of leading metal processing companies across Europe.

Viohalco's subsidiaries specialise in the manufacture of aluminium, copper, cables, steel and steel pipes products and technological advancement. They have production facilities in Greece, Bulgaria, Romania, Russia, FYROM, Australia and the United Kingdom.

Each company is committed to the sustainable manufacture of high quality products and innovative solutions for a number of dynamic industries including, building and construction, energy and telecommunication, oil and gas, transportation, marine, automotive, food and pharmaceutical packaging, heating and air conditioning, lithography and other industrial applications.

Through a strong marketing and sales network, which includes commercial subsidiaries, agents and distributors, Viohalco's companies have the global reach and expertise to support customers worldwide. They offer a wide range of products and reliable services and constantly invest in research and technology, closely monitoring the most recent market developments at all times.

Viohalco's portfolio also includes a segment dedicated solely to technology and research and development (R&D). This segment is made up of companies focused on industrial research and technological development, engineering applications, ERP application services. There is also a Viohalco segment dedicated to recycling and waste management services.

Viohalco and its companies also own substantial real estate, mainly in Greece, and have implemented redevelopment projects on a number of properties.

Viohalco key data

- Listed on Euronext Brussels (VIO) and Athens Stock Exchange (BIO).
- Subsidiary Cenergy Holdings S.A. (Cenergy Holdings) listed on Euronext Brussels and Athens Stock Exchange (CENER).
- Subsidiary Halcor S.A. (Halcor) listed on Athens Stock Exchange (XAKO).

Viohalco key figures in 2016

- Revenue: EUR 3,113 billion
- Adjusted EBITDA: EUR 250 million
- Adjusted EBIT: EUR 128 million
- Loss of the year: EUR 7 million
- Equity: EUR 1,148 billion
- Total assets: EUR 3,626 billion
- Net debt: EUR 1,527 billion

Subsidiaries' key data

- Commercial network in 21 countries
- Products distributed in 105 countries

Message from the President of the Board of Directors

Dear shareholders,

In 2016, Viohalco companies faced an operating environment shaped by high economic uncertainty and increased volatility in the markets, in the prices of metals and raw materials, and intense competition in some of their markets throughout the year.

During 2016, Viohalco companies completed a number of important projects and investments which would reinforce their competitive positions. Elval and UACJ Corporation jointly established in Germany UACJ Elval Heat Exchanger Materials GmbH in order to sell automotive heat exchanger materials produced by Elval. Halcor established a joint venture involved in the manufacture of pre-insulated copper tubes in Turkey. Sidenor's induction furnace was launched in March 2016, expecting to be fully operational in 2017. Sovel steel plant showed strong performance supported by lower electricity costs, the new induction furnace, and increased productivity. New significant contracts awarded to Corinth Pipeworks by Transadriatic Pipeline AG (TAP) and Williams (USA), and to Hellenic Cables by the German electricity transmission system operator, TenneT, and the Danish national electricity transmission system operator, Energinet.dk. Hellenic Cables Group also completed several major projects including the Cyclades submarine turnkey and electricity supply provision to the St. George Island.

Furthermore, the companies' ability to meet the growing global need for energy transfer solutions, renewables and data transmission was significantly enhanced by the absorption of Corinth Pipeworks and Hellenic Cables by Cenergy Holdings, a Viohalco subsidiary. These two leading industrial companies have modern and cost efficient facilities, solid business models, and a long history of innovation, successful strategic investments, and technological advancement. We believe that Cenergy Holdings, will benefit from a stronger market position, improved access to capital, an ability to take on even larger and more complex projects, and ultimately provide customers with a more attractive and competitive offering.

Our operational achievements contributed to consolidated revenue for the year of EUR 3,113 million, a decline of 5% compared to EUR 3,275 million in 2015, mainly due to volatility in our core markets, delays to new energy projects and a decline in metal prices, despite achieving higher sales volumes in all segments, with the exception of cables segment.

Viohalco's earnings before income tax amounted to a profit of EUR 6.8 million compared to a loss of EUR 36.8 million in 2015 due to significant improvement in results in the steel and copper segments.

Loss for the year significantly improved and amounted to EUR 7 million in 2016, compared to a loss of EUR 63.4 million for 2015. Net debt as at 31 December 2016 stood at EUR 1,527 million, up 2% year-on-year mainly due to a higher working capital needs related to the execution of new projects.

Viohalco companies apply the 'best available techniques' to reduce their environmental footprint and promote the sustainable use of natural resources, through materials' recycling across their manufacturing operations, as a result of the application of systems and policies that are consistent with international standards of environmental management, health and safety at workplace.

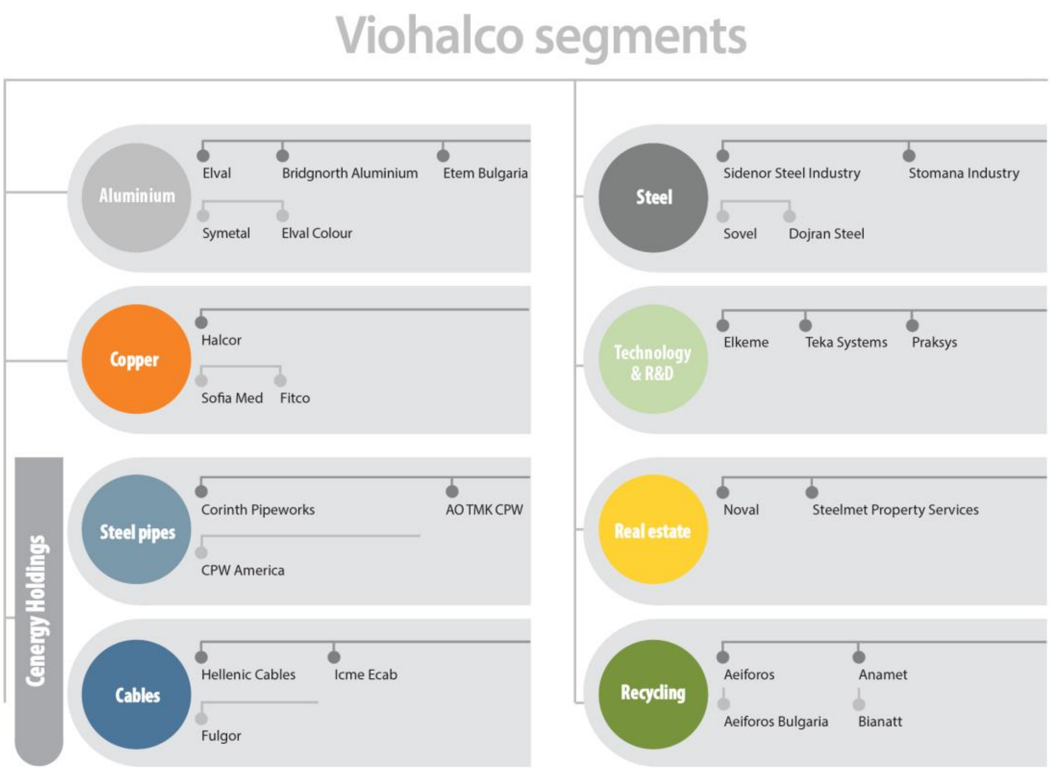
Looking forward to 2017, we expect our performance to be supported by growing sales volumes in key markets, improving market conditions in Greece, and potentially greater demand from the energy sector where a number of major projects remain on hold.

Nikolaos Stassinopoulos

President of the Board of Directors

Viohalco's portfolio - Business segments

Viohalco operates under the following organisational structure comprising eight business segments:



- Aluminium: Elval Hellenic Aluminium Industry S.A. (Elval) and its subsidiaries, Bridgnorth Aluminium Ltd (Bridgnorth Aluminium) and Etem Bulgaria S.A. (Etem Bulgaria), manufacture a wide variety of products ranging from aluminium coils and sheets for general industrial applications and aluminium foil for household use, to specialised products such as rolled and extruded aluminium products for packaging, architectural applications, shipbuilding, automotive and construction industries, and lithographic coils.

- Copper: Halcor and its subsidiaries produce a wide range of copper and copper alloy products ranging from copper and copper alloy tubes, copper strips, sheets and plates, to copper bus bars and rods, copper alloy rods, flats and wires.

- Cables: Hellenic Cables S.A. Hellenic Cable Industry S.A. (Hellenic Cables), its subsidiaries and Icme Ecab S.A. (Icme Ecab) manufacture power land and submarine cables, telecommunication and enamelled wires and compounds, consisting one of the largest cable producers in Europe.
- Steel: Sidenor Steel Industry S.A. (Sidenor Steel Industry), Stomana Industry S.A. (Stomana Industry) and their subsidiaries manufacture long, flat and down-stream steel products.

- Steel pipes: Corinth Pipeworks Pipe Industry S.A. (Corinth Pipeworks) produces steel pipes for the transportation of natural gas, oil and water and steel hollow sections used in construction projects.

- Real estate: Viohalco creates value through the development of its former industrial real estate properties in Greece and Bulgaria (Noval S.A.) and by monitoring and servicing the real estate assets within a uniform framework at a centralized level (Steelmet Property Services S.A.).

- Technology and R&D: Viohalco’s portfolio includes dedicated R&D companies and R&D centres within its subsidiaries which focus on innovative and high value added products, efficient solutions for the optimisation of industrial and business processes, research into the environmental performance of plants and impact assessment of sustainable growth.

- Recycling: Viohalco’s recycling segment trades and processes secondary raw materials, undertakes waste management and environmental operations, and provides services to consumers and corporations.

Notes:

- *Following a cross-border merger by absorption of Corinth Pipeworks Holdings S.A. and Hellenic Cables S.A. Holdings Société Anonyme by Cenergy Holdings, these formerly listed Greek companies are now subsidiaries of Cenergy Holdings. Cenergy Holdings is listed on Euronext Brussels and Athens Stock Exchange.*
- *Halcor is separately listed on the Athens Stock Exchange.*

History of Viohalco

Viohalco was incorporated over 80 years ago as a family business, and is now the holding company of some of Europe's leading metal processing companies. Viohalco's subsidiaries focus on technological advancement and R&D and specialise in the manufacture of aluminium, copper, cables, steel and steel pipes product solutions.

- 1930s: The Company was incorporated in 1937 under the name Hellenic Copper Industry S.A.
- 1940s: The Company was listed on the Athens Exchange in 1947.
- 1950s: A period of intense investment in new machinery followed. A state-of the-art aluminium rolling mill was introduced, paving the way for the launch of leading aluminium rolled products manufacturer, Elval.
- 1950s: The Company was renamed Viohalco-Hellenic Copper and Aluminium Industry S.A.
- 1960s: A significant corporate expansion included the launch of the steel producing segment and cable operations. Sanitary ware and tile production commenced.
- 1960s: A holding company structure was introduced to secure independence and flexibility at subsidiary level.
- 1970s: A series of new companies were founded, including aluminium companies Etem S.A. and Elval S.A., a spin-off from Viohalco Aluminium.
- 1980s: The companies were restructured through multiple spin-offs designed to form a cohesive corporate structure throughout all production units.
- 1990s: Major subsidiaries were listed on the Athens Stock Exchange, and a capital increase was undertaken at Viohalco level to finance the swift expansion and consolidation of its subsidiaries in Greece and abroad.
- 2002s: By 2002, Viohalco's portfolio companies comprised a series of highly promising investments including Bridgnorth Aluminium (United Kingdom), Stomana Industry (Bulgaria), Sofia Med S.A. (Sofia Med) (Bulgaria), Icme Ecab (Romania), and Corinth Pipeworks (Greece).
- 2011: Hellenic Cables acquired Fulgor S.A. (Fulgor), substantially increasing its cables production capacity and expanding its product portfolio into medium and high and extra high voltage submarine cables.
- 2013: In November 2013, the cross-border merger by absorption of the Greek company Viohalco-Hellenic Copper and Aluminium Industry S.A. and the merger by absorption of the Belgian company Cofidin S.A. by the Belgian company Viohalco, were completed.
- 2013: In November 2013, primary listing and trading of Viohalco shares on Euronext Brussels was achieved.
- 2014: In February 2014, Viohalco completed a secondary listing of its shares on the Athens Stock Exchange.
- 2014: In November 2014, Elval merged with Etem, through absorption of the latter by the former.
- 2015: In July 2015, the cross-border merger by absorption of the Greek company Sidenor Holdings S.A. by Viohalco was completed.
- 2015: In September 2015, the aluminium rolling sector of Elval was spun off and renamed Elval Holdings.
- 2015: The aluminium rolling operations were absorbed by 100% Elval's subsidiary Symetal Aluminium Foil Industry S.A. (Symetal) (later renamed Elval Hellenic Aluminium Industry S.A.).

- 2016: In February 2016, a cross-border merger by absorption of the Greek companies (Elval Holdings, Alcomet and Diatour) and the Luxembourg company, Eufina, by Viohalco was completed.
- 2016: In December 2016, a cross-border merger by absorption by Cenergy Holdings of the Greek listed companies Corinth Pipeworks Holdings S.A. and Hellenic Cables S.A. Holdings Société Anonyme was completed.

Management Report

- The Management Report prescribed by article 119 of the Belgian Companies Code which was approved by the Board of Directors on 30 March 2017 consists of this chapter (pages 9 to 62), as well as the Remuneration Report and the Risk Management and Internal Control sections of the Corporate Governance Statement (pages 72-77).

1. 2016 Highlights and 2017 Outlook

Financial highlights 2016

- Viohalco posted a consolidated profit before income tax of EUR 6.8 million, an improvement of EUR 44 million compared to 2015, reversing the negative trend of the previous years;
- Higher sales volumes were achieved in all segments, except cables. Nevertheless, consolidated revenue was down 5%, due to the decrease of international commodity metal price indices;
- Adjusted EBIT* of EUR 128 million, improved by EUR 8 million compared to EUR 120 million in 2015;
- Adjusted EBITDA* of EUR 250 million, also improved by EUR 10 million compared to EUR 240 million in 2015;
- Net debt* of EUR 1,527 million as at 31 December 2016, slightly (2%) up compared to 31 December 2015;
- Loss of the year EUR 7 million (2015: loss of EUR 63.4 million);
- Loss attributable to the owners of the Company EUR 6 million, compared to a loss of EUR 60.0 million in 2015.

** Adjusted EBIT, adjusted EBITDA and Net Debt are considered Alternative Performance Measures (APMs). For definitions and further information on APMs please refer to Appendix.*

Operational highlights 2016

Aluminium segment	▪ Elval and UACJ Corporation jointly established UACJ ELVAL Heat Exchanger Materials GmbH in Germany to sell automotive heat exchanger materials produced by Elval; ▪ The internal restructuring programme initiated in 2015 was completed. This included the spin-off of the aluminium foil production and conversion sector, which now operates under Symetal, a subsidiary of Elval; ▪ Elval Colour successfully developed incombustible ACP (aluminium composite panels) with classification A2,S1,d0 as per EN13501-1 and built a line for its production. This positioned the company as the only vertically integrated ACP manufacturer with A2 production capability in the world.
Copper	▪ Established a joint venture involved in the manufacture of pre-insulated

segment	copper tubes in Turkey; ▪ Launched new tubular foam into the new markets of Israel, Romania and Greece; ▪ Halcor subsidiary Sofia Med entered into an agreement with Dowa Metaltech for the exchange of expertise and technological knowledge regarding high value added products.
Steel segment	▪ Sidenor's induction furnace was launched in March 2016 and expected to be fully operational within first half of 2017; ▪ Revamping of Dojran's rolling mill commenced in autumn 2016. Operations are scheduled to start in April 2017 and the mill will become fully operational within 2017; ▪ Introduction of the offer of new qualities in the special steel markets (SBQs) has strengthened Stomana's competitive position. Vacuum degasser (VD) operations, which commenced in 2016, allowed for the development of these qualities.
Steel pipes segment	▪ Start of the new pipe production mill equipped with LSAW/JCOE technology to manufacture pipes with a large diameter and increased wall thickness. Three projects have been since successfully executed utilising such technology; ▪ First off-shore project for pipes produced using the LSAW/JCOE method awarded; ▪ Conclusion of an investment programme to facilitate the production of 24 metre pipes and two orders successfully executed; ▪ First order for pipes produced using the HFI method was fulfilled, to be used by Subsea 7 for a R-Laying project in the North Sea; ▪ Spin-off of the pipes and hollow section industrial and trading operations of Corinth Pipeworks was completed. The Company's name was subsequently changed to Corinth Pipeworks Holdings S.A.
Cables segment	▪ Awarded two contracts by the German electricity transmission system operator TenneT for offshore wind farm export cable connections; ▪ Awarded three contracts by Danish TSO Energinet.dk for cable connection between Denmark and Sweden and the replacement of overhead lines within Denmark; ▪ Awarded a contract for cable interconnection of an offshore wind farm in UK; ▪ Completed spin-off of the industrial, and part of commercial, operations of Hellenic Cables S.A. and Hellenic Cable Industry Société Anonyme, subsequently renamed Hellenic Cables Holdings, Société Anonyme.

Real estate segment	▪ Exceptionally strong demand was recorded at the River West|IKEA Store. New leases were signed at significantly higher rental levels than previously estimated, resulting in a 19% increase in rental income. Occupancy rate by number of units let reached 97% with a record of 4.6 million customers for the year; ▪ 1,200 sqm of River West|IKEA Store underground car park was converted to additional high-value retail space to capitalize on positive trends; ▪ Leased 1,900 sqm H&M store in Mare West Retail Park exceeded expectations in terms of performance, capitalising on strong demand; ▪ Adjacent plot of land was purchased to accommodate Mare West's future expansion plans; ▪ Renovation works on the Karaiskaki Square hotel were completed and operations commenced under the name "Wyndham Grand Athens" on December 1, 2016; ▪ Merger completed between Noval and its subsidiaries through absorption of the later by the former in December 2016; ▪ Steelmet Property Services S.A. was established to provide Viohalco companies with centralized services in relation to their real estate assets.
Recycling segment	▪ Was awarded a three-year contract by the municipality of Athens for the collection & depollution of abandoned end-of-life-vehicles, bringing the total municipalities under contract to 16; ▪ Established a new facility in the port of Belgrade, continuing the restructuring of Serbian operations; ▪ Collected 45,000 tns of industrial hazardous waste for further recovery; ▪ Produced more than 150,000 tns of secondary raw materials and solid fuels for cement production.

Other highlights

Cenergy Holdings S.A.

Cenergy Holdings S.A. (Cenergy Holdings) is a Belgium-based holding company founded in 2016 and listed on Euronext Brussels and the Athens Stock Exchange. Cenergy Holdings is a subsidiary of Viohalco S.A (81.93% of voting rights). On 14 December 2016, Cenergy Holdings SA announced the completion of the cross-border merger by absorption by Cenergy Holdings SA of the Greek listed companies Corinth Pipeworks Holdings S.A. and Hellenic Cables S.A. Holdings Société Anonyme. On 21 December 2016, the trading of its shares commenced on Euronext Brussels and the Athens Stock Exchange.

Outlook 2017

The overall outlook for 2017 remains uncertain. Recent significant political events, both in Europe and internationally have had an adverse effect on European markets. For Viohalco, enhanced competitive positioning globally, following the completion of intensive investment programmes aimed at intensifying production facilities across the companies and productivity improvements, will play a key role to growing exports and increasing penetration in markets which provide superior growth opportunities.

2. Business performance and activity report

Viohalco's financial performance 2016

In 2016, Viohalco companies faced a challenging market environment shaped by economic uncertainty and intense competition. Viohalco companies' performance in the year reflects their strategic focus on leveraging opportunities created by intensive investment in recent years.

Summary consolidated statement of profit or loss

	For the year ended 31 December	
Amounts in EUR thousand	**2016**	**2015**
Revenue	3,112,654	3,274,735
a-Gross profit	271,594	272,484
a-Gross profit (%)	8.7%	8.3%
Gross profit	264,072	229,627
Gross profit (%)	8.5%	7.0%
a-EBITDA	249,538	239,899
a-EBITDA (%)	8.0%	7.3%
EBITDA	231,680	193,753
EBITDA (%)	7.4%	5.9%
a-EBIT	127,910	119,522
a-EBIT (%)	4.1%	3.6%
EBIT	110,052	73,376
EBIT (%)	3.5%	2.2%
Net finance costs	-102,056	-111,042
Profit / Loss (-) before income tax	6,756	-36,784
Net margin before income tax (%)	0.2%	-1.1%
Profit / Loss (-) of the year	-6,930	-63,400
Loss attributable to owners of the Company	-6,383	-59,993

- *All percentages are vs. revenue*
- *For APM definitions and further information please refer to the Appendix.*

Viohalco's consolidated revenue for 2016 amounted to 3,113 million, a decline of 5% compared to EUR 3,275 million in 2015. A sales volume increase in all segments, with the exception of cables segment, was counterbalanced by an 11% drop in the average LME price of copper and a 3% decline in the price of primary aluminium, as reported below. The largest sales volume growth was registered in the steel and steel pipes segments.

Average LME metal prices

	For the period ended 31 December		%
Amounts in EUR per ton	**2016**	**2015**	**change**
Primary aluminium	1,451	1,497	-3%
Copper	4,400	4,952	-11%

Adjusted EBITDA increased by 4% year-on-year to EUR 250 million in 2016 (2015: EUR 240 million), while **adjusted EBIT** increased by 7% year-on-year to EUR 128 million in 2016 (2015: EUR 120 million), mainly due to improvement in the EBIT of the copper and steel segments. **EBIT** has been affected by impairment losses on real estate properties which amounted to EUR 10.9 million and expenses incurred due to the ongoing restructuring process (EUR 2.8 million).

Net finance costs decreased by 8% to EUR 102 million in 2016 from EUR 111 million in 2015, as a result of better management of working capital and cash reserves within the year and of interest rate reduction in some segments.

Viohalco's **profit before income tax** amounted to EUR 6.8 million compared to a loss of EUR 36.8 million in 2015. **Profit before income tax** is the sum of EBIT of EUR 110 million, net finance costs of EUR 102 million and the share of result of equity accounted investees amounting to negative EUR 1.2 million.

Loss for the year significantly improved and amounted to EUR 7 million in 2016, compared to a loss of EUR 63.4 million for 2015.

Summary of consolidated statement of financial position

	As at 31 December	
Amounts in EUR thousand	**2016**	**2015**
ASSETS		
Property, plant and equipment	1,783,156	1,814,588
Investment property	155,553	156,012
Other non-current assets	71,213	67,393
Non-current assets	**2,009,922**	**2,037,993**
Inventories	857,419	786,242
Trade and other receivables	576,187	538,165
Cash and cash equivalents	171,784	136,296
Other current assets	10,898	7,038
Current assets	**1,616,288**	**1,467,740**
TOTAL ASSETS	**3,626,210**	**3,505,734**
EQUITY	**1,148,239**	**1,174,843**
LIABILITIES		
Loans and borrowings	804,723	895,863
Deferred tax liabilities	147,763	151,365
Other non-current liabilities	94,043	97,429
Non-current liabilities	**1,046,529**	**1,144,656**
Loans and borrowings	894,491	739,139
Trade and other payables	506,804	419,201
Other current liabilities	30,147	27,894
Current liabilities	**1,431,442**	**1,186,234**
TOTAL LIABILITIES	**2,477,971**	**2,330,891**
TOTAL EQUITY & LIABILITIES	**3,626,210**	**3,505,734**

Source: Consolidated statement of financial position

Non-current assets decreased from EUR 2,038 million in 2015 to EUR 2,010 million in 2016, mainly due to the impairment losses on PP&E and investment property (EUR 10.9 million).

Capital expenditure for the year amounted to EUR 118 million and **depreciation** for the year EUR 126 million.

Current assets increased from EUR 1,468 million to EUR 1,616 million, mainly due to higher inventories (EUR 71 million), higher cash and cash equivalents (36 million), and higher trade and other receivables (EUR 38 million).

Liabilities increased by 6% from EUR 2,331 million in 2015 to EUR 2,478 million in 2016, mostly driven by higher debt of EUR 64 million. Viohalco companies' **debt** amounts to EUR 1,699 million, of which 90% are extended by Greek banks (or their subsidiaries abroad) and 10% by international banks and supranational financial institutions. Total debt comprises 47% long term and 53% short term facilities. Short term facilities are predominately revolving credit facilities. These are annually reviewed, at various dates spread throughout the year. These facilities are customarily reapproved upon review and increased based on budgeted projections. Within those revolving credit facilities, short term loans of various maturities are drawn and, upon maturity, are automatically renewed as required.

Performance by business segment

Viohalco's financial performance is influenced by the performance of its key subsidiaries which in turn, is significantly affected by market conditions in the subsidiaries' respective sectors.

Aluminium

The companies in Viohalco's aluminium segment offer a variety of aluminium products, including coils, circles, strips, sheets and foil for a number of applications, extruded products for architectural, automotive and industrial applications, coils for lithographic printing, and architectural and industrial aluminium profiles.

Activities

The aluminium segment processes, manufactures and markets aluminium product solutions in various markets. With state-of-the-art production facilities in Greece, the United Kingdom and Bulgaria, Viohalco's aluminium companies maintain a dynamic commercial presence in most of their key geographical markets and are well positioned within the global aluminium industry.
Viohalco's aluminium companies have an established international presence in over 90 countries thanks to their commercial structure, which operates through Viohalco-owned sales offices and teams and long-standing sales agents linked to a wider commercial network. This network includes business associates in Austria, Belgium, Bulgaria, France, Germany, Italy, Luxembourg, the Netherlands, Romania, Russia, Turkey, Ukraine, the United Kingdom and Ireland.

Product portfolio

Rolled products

- Construction: Mill finish and coated aluminium coils and sheets, etalbond® composite panels, corrugated and perforated sheets for building facades, orofe® coated strips for roofing, Ydoral® coated strips for rain gutters and other building and construction applications;
- Rigid packaging: Aluminium for food and beverage cans, closures, packaging caps and precision valves;
- Flexible packaging: Aluminium foil for household use and industrial applications, cigarette packaging, food, pharmaceutical and aseptic packaging;
- Transportation sector: Aluminium products for the automotive, marine, road and rail industries, and the HVAC sector;
- Lithographic coils: Coils for the production of lithographic plates used in printing lines;
- Household use: Aluminium sheets and circles used as semi-finished product by manufacturers of domestic ware and cookware;
- Industrial applications: Aluminium sheets, coils and circles for engineering applications.

Extruded products

- Architectural systems: Aluminium systems for doors, windows, building facades, curtain wall systems, sun shading systems, rolling shutters, ventilated facades systems, security systems, etc.
- Industrial aluminium applications: Aluminium profiles and processed hard alloy bars for various industrial uses:

- General engineering applications: furniture, ladders, machine benches, heat sinks for electrical applications;
- Building applications: scaffolding systems, lighting systems and special shading applications;

- Energy applications: photovoltaic systems, solar water heaters, heat exchangers;
- Transportation: aluminium profiles for truck bodies, trailers, bicycles and marine applications.
- Automotive applications: Extruded aluminium profiles and parts that have undergone special tooling and machining and are used in car chassis, suspension systems, doors and decorative aluminium profiles for roof railings.

Solutions

One of the main competitive advantages of Viohalco's aluminium segment is the ability of its companies to deliver innovative technical solutions. This is largely due to investment and a strategic focus on R&D. Viohalco has founded internal R&D centres, such as the Elval Technology Centre and externally, dynamic working relationships which facilitate the exchange of technical and operational expertise have been established with research institutes and scientific bodies. These relationships include, among others Manchester University's School of Materials and the Research and Development Department of the United Aluminum Company of Japan (UACJ Corp.). Elval also cooperates closely with Elkeme, Hellenic Research Centre for Materials S.A., a Viohalco company that focuses on industrial research and technological development.

Viohalco's companies benefit from a focus on product research and continually develop innovative improvements to customers' manufacturing processes. Examples of this include specialised highly-resistant products with anti-slip properties, products subjected to deep drawing and extrusion, tension levelled sheets with top-quality lacquer-coatings and products made of 100% recycled aluminium.

Elval and its subsidiaries manufacture environmentally friendly products such as:

- Elval Colour's etalbond® aluminium composite panels and Elval ENF™ coated aluminium sheets for facades, Orofe® coated aluminium strips for roofing applications, and Ydoral® coated strips for rain gutters;
- Green alloy: an alloy produced solely from aluminium scrap;
- Brazing alloys: high-tech, multi-layer alloys for heat exchangers;
- Aluminium alloys for multi-layer tubes;
- Wide tread plates and mill finish sheets for wind turbines and solar panels for the renewable energy industry.

Key companies

The following key companies and business units make up Viohalco's aluminium segment:

Elval produces a wide range of rolled aluminium products. Elval's offices and production facilities are located in Oinofyta, Greece.

Symetal produces a variety of aluminium foil products, both plain and converted, providing diverse options to numerous companies, primarily in the food, tobacco and pharmaceutical sector. Symetal's manufacturing takes place at two production plants located in the Oinofyta and Mandra regions of Greece.

Elval Colour S.A. (Elval Colour) produces and sells an extensive range of coated aluminium products for the building envelope with LDPE, FR, and A2 core. Its core competencies include custom-made solutions in application colour shade and coating systems. Elval Colour is one of the few plants in the world capable of producing ACP panels with an incombustible core and fire classification A2, S1, d0 as per EN 13501-1. Its production plant is located in Agios Thomas, Greece.

Vepal S.A. engages in aluminium coil and sheet coating and its production unit is located in Thiva, Greece.

Etem Bulgaria designs and produces aluminium systems for architectural applications and manufactures profiles for industrial applications, such as in the automotive industry, ship-building and photovoltaic systems. The company markets its products worldwide.

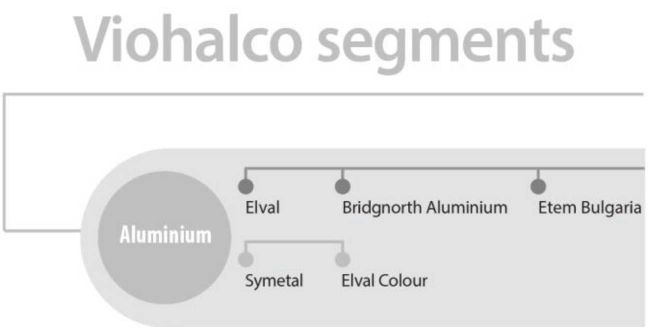
Etem promotes aluminium architectural systems in the Greek market.

Bridgnorth Aluminium is headquartered in the United Kingdom and produces lithographic coils, semi-finished coils and electrical strip for transformer windings.

Viomal S.A. produces aluminium rolling shutters and insect screen systems, spacers for double glazing and retractable security doors. Its plant is located in Evia in Greece.

UACJ Elval Heat Exchanger Materials GmbH S.A. is a company jointly established by Elval and the United Aluminum Company of Japan (UACJ Corp.). It markets aluminium products to manufacturers of automotive heat exchangers, mainly in Europe.

Viohalco's main subsidiaries in the aluminium segment are:



It should be noted that following the completion of the cross-border merger by absorption of the Greek companies (Elval Holdings, Alcomet and Diatour) and the Luxembourg company Eufina by Viohalco S.A. in February 2016, Elval Holdings has been delisted from the Athens Stock Exchange.

Corporate Strategy

The key strategic pillars of Viohalco's aluminium segment are as follows:

Production and quality

- Increase production capacity and further improve manufacturing effectiveness and operational competitiveness through investing in innovation, automation, business process reengineering and advanced personnel training;
- Remain focused on maintaining the highest quality across all product categories and fully utilise the cooperation of the companies with major European research centres and United Aluminum Company of Japan (UACJ Corp).

Commercial activity

- Strengthen the product portfolio with innovative solutions, supported by pre-sales and after-sales services;
- Fortify companies' presence and increase their share of new and existing international markets;
- Place greater emphasis on commercial activity in the extrusion sector;
- Expand presence in the lithography market;
- Increase sales volumes in line with increased production capacity and achieve a commercial shift towards high added value products.

Sustainable Development

- Promote corporate responsibility, protect the environment, and continue to focus on Health and Safety measures in the workplace through continuous investments.

Production Facilities

The aluminium manufacturing base includes nine production facilities in Greece, Bulgaria and the United Kingdom:

Elval rolling plant | Oinofyta (Greece)

Annual production capacity: 280,000 tons

Elval's plant at Oinofyta is the aluminium segment's main production facility. It is active in aluminium rolling, and manufactures a wide range of flat rolled products for diverse and demanding applications in rigid packaging, building and construction, sea, road and rail transportation, industrial, energy, cookware and HVAC markets. Elval is certified as per ISO 9001:2008, ISO/TS 16949:2009, ISO 14001:2004, OHSAS 18001:2007 accredited for design, production and sales of aluminium rolled / painted products, manufacturing of aluminium rolled products intended for the automotive industry, environmental management and health and safety management, respectively. Elval is also certified by all major classification societies (ABS, BV, DNV, GL, KR, LRS, RINA) as an approved manufacturer for shipbuilding products.

Anoxal plant | Agios Thomas (Greece)

Annual production capacity: 26,000 tons

Through its horizontal casting facility, three casting furnaces and three homogenization furnaces, Anoxal's Agios Thomas plant specializes in recycling and casting aluminium, and manufacturing billets and slabs.

Vepal plant | Thiva (Greece)

Annual production capacity: 45,000 tons

Vepal's plant in Thiva processes sheets and coils using wet and electrostatic powder coating in order to produce aluminium products for the construction, food, and automotive industries.

Elval Colour plant | Agios Thomas (Greece)

The Agios Thomas plant manufactures composite panels and corrugated sheets for the building sector in LDPE, FR and A2 core. Elval Colour is accredited with ISO 9001:2008, ISO14001:2004, OSHAS 18001:2007 production and quality control, environmental management and health and safety management systems, respectively. The production process and products of the plant are certified and audited by numerous and very strict national certification bodies. Elval Colour is a member of the European Aluminium Association Building Board (EAA), of the Aluminium Association of Greece, and of the European Coil Coating Association (ECCA).

Symetal foil plant | Oinofyta (Greece)

Annual production capacity: 50,000 tons

The Symetal plant produces aluminium foil in various forms and sizes. It produces a wide variety of products from household foil, yoghurt lids, candy wrappers and cigarette packs, to foil for cables and insulation applications.

Symetal foil plant | Mandra (Greece)
Annual production capacity: 20,000 tons
The Mandra plant complements the Oinofyta foil production facility by receiving semi-ready foil products and processing them further through coating and embossing. The plant produces inner wrappers for cigarette packs, chocolate, chewing gum and other food packaging, as well as yoghurt and jam covers and pharmaceutical products.

Viomal plant | Nea Artaki (Greece)
Annual production capacity: 4,500 tons
At the Nea Artaki plant, Viomal manufactures aluminium rolls for doors, windows and garage doors, screen and shading systems, and retractable security doors.

Bridgnorth Aluminium plant (Bridgnorth – United Kingdom)
Annual production capacity: 115,000 tons
The Bridgnorth plant produces lithographic coils for the manufacture of litho plates for offset printing. It also manufactures semi-finished coils for the production of aluminium foil, coils for the electrical transformer industry and heat and sound shielding raw material for the automotive sector.

Etem Bulgaria plant | Sofia (Bulgaria)
Annual production capacity: 27,000 tons
Etem Bulgaria's industrial complex in Sofia consists of a logistics centre which serves customers seeking extruded products in Central and Eastern Europe and the Balkans. It is active in aluminium extrusion and the manufacture of architectural, automotive and industrial profiles. The Etem Bulgaria plant features four extrusion lines; a vertical electrostatic powder coating line, a horizontal electrostatic powder coating line, a horizontal electrostatic powder coating line for wood-like surfaces, and a thermo-break aluminium systems production line.
The plant includes six machining centers (four automotive specific) and cut to length equipment. The bulk of the material is moved with automatic systems and stored prior to packing in a 1,300 cells automatic warehouse within the plant. The long products are stored and dispatched from a separate automatic warehouse of 2,000 cells.Etem Bulgaria's industrial complex in Sofia consists of a logistics centre which serves customers seeking extruded products in Central and Eastern Europe and the Balkans. It is active in aluminium extrusion and the manufacture of architectural, automotive and industrial profiles.

2016 Financial Performance

Revenue in 2016 decreased by 5% to EUR 1,078 million (2015: EUR 1,137 million), due largely to a 3% decline in the average price of aluminium compared to 2015. On a positive note, the Greek rolling segment recorded a 6% sales volume increase; there was 5% volume growth at Bridgnorth Aluminium (a new performance record) and a 19% increase in volumes at Etem Bulgaria. Conversion prices at Elval remained stable throughout the year. At Bridgnorth Aluminium, adverse currency movements negatively affected profitability. Etem Bulgaria's profitability was adversely affected by a change in the sales mix and low commodity prices, including standard profiles. **Profit before income tax** for the year amounted to EUR 36 million, compared to EUR 41 million in 2015.

In 2016, Elval Group invested EUR 37.5 million as part of the ongoing investment programme. Part of the programme was concluded in 2016, resulting in extra capacity and enhanced capabilities for differentiated products. Leveraging of this extra capacity led to increased volume for the year. The newly established German company, UACJ ELVAL Heat Exchanger Materials GmbH (UEHEM), began trading products for heat exchanger materials for the automotive industry. During the year, Bridgnorth Aluminium completed most of the engineering work related to its major expansion programme and the new lithographic finishing line, and cold rolling mill were successfully qualified with customers. In Bulgaria, Etem Bulgaria met the plant's production targets for the year, facilitated by greater levels of automation resulting from prior investments.

The summary consolidated statement of profit or loss of the **aluminium segment** is as follows:

	For the year ended 31 December	
Amounts in EUR thousand	**2016**	**2015**
Revenue	1,078,173	1,137,463
a-Gross profit	96,678	101,014
a-Gross profit (%)	9.0%	8.9%
Gross profit	99,156	122,305
Gross profit (%)	9.2%	10.8%
a-EBITDA	104,265	98,356
a-EBITDA (%)	9.7%	8.6%
EBITDA	108,086	111,314
EBITDA (%)	10.0%	9.8%
a-EBIT	53,779	48,391
a-EBIT (%)	5.0%	4.3%
EBIT	57,600	61,349
EBIT (%)	5.3%	5.4%
Profit/ Loss (-) before income tax	36,114	41,492

- *All percentages are vs. revenue*
- *For APM definitions and further information please refer to the Appendix.*

In 2017, Elval will focus on enhancing product quality and cost performance and expects to complete the third continuous casting line by year-end, adding marginal capacity. An improved product range and greater production capacity is expected to drive sales volume growth for Bridgnorth Aluminium. However, economic uncertainty following the UK's vote to leave the EU in June 2016 may influence the Company's operating conditions going forward. Etem Bulgaria will maintain its focus on high-end added value products. As such, it will continue to invest in R&D and acquire certification in new markets. Further sales increase in the automotive sector is expected as the company moves towards delivering machined profiles to Tier 1 clients. Performance will also be supported by growing demand for extruded aluminium products in the automotive industry. Finally, Elval Colour's new subsidiary, Elval Colour Iberica will play a vital role in supporting the sale of Etalbond products, in Spain.

Further information on Elval is available on its website:
www.elval.gr

Copper

Activities

In the copper industry, Viohalco operates through Halcor S.A. and its subsidiaries, Sofia Med in Bulgaria and Fitco S.A. (Fitco) in Greece. Through a wide product portfolio which primarily comprises copper and brass tubes and copper and brass extruded products, Halcor Group caters to the complex needs of its international clientele located across most major geographical markets.

Halcor Group's production base includes manufacturing facilities in Greece, Bulgaria and Turkey.

Product portfolio

Halcor and its subsidiaries provide their clients with active solutions meeting most consumer and industrial requirements. The Group's main product categories are:

- Tubes: Talos®, Talos®Ecutherm™, Cusmart®, Talos® Plastic Coated, Talos® Gas, Talos® Med, Talos® ACR, Talos® ACR Inner Grooved, Talos® ACR Ecutherm™, Talos® Geotherm, Talos® Ecutherm™ Solar, Talos® Solar Plus, Talos® ACR Linesets, Talos® Form, and Talos® Plated copper tubes.
- Rolled products: Copper and brass strips, sheets, discs and plates, and special copper alloy strips.
- Extruded products: Copper bus bars and rods, brass copper alloy rods and tubes, sections, and wires and UR30 copper alloy wire and net for cage farming aquaculture.

Halcor Group has a strong track record of developing products which broaden its market and further strengthen its commercial presence.

Key product examples include:

- Talos® Ecutherm™: pre-insulated copper tube with advanced insulating characteristics;
- Cusmart®: a patented flexible copper tube coated with a special PE compound;
- Talos® Geotherm: coated, PVC-insulated copper tube used in geothermal applications;
- Talos® ACR Inner Grooved tubes: high-technology tubes with inner grooves and minimum wall thickness of 0.25mm. Halcor is one of the few European manufacturers who can deliver products by using micro groove technology and produce inner grooved tubes with a cross-section of 5mm for the HVAC industry;
- Talos® plated copper tubes: which combine excellent technical attributes with a unique design for installation applications;
- Talos® Form: copper tubes for exceptional forming capability.

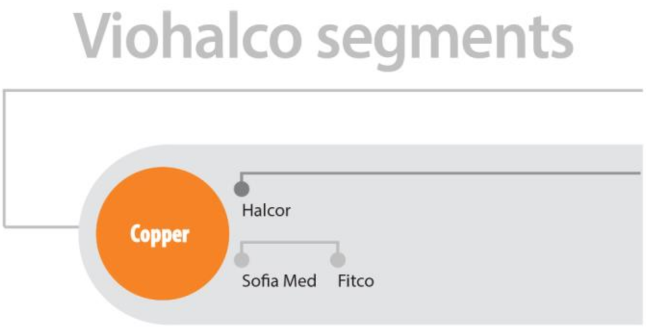
Key companies
Halcor Group's key companies in the copper segment are:

Halcor is the parent company of the Group and is listed on the Athens Stock Exchange. Through several production units in Oinofyta in Greece, Halcor manufactures copper tubes for building installation and industrial applications. Uses of its products include water supply, heating, cooling and natural gas networks, air-conditioning and refrigeration.

Sofia Med in Sofia, Bulgaria, produces copper and copper alloy rolled, as well as copper extruded products.

Fitco's production facility in Oinofyta, Greece, produces copper alloy extruded bars, sections, rods, wires and tubes, copper alloy wire and net for cage farming aquaculture.

The main subsidiaries of Viohalco in the copper segment are:



Corporate Strategy
The key strategic pillars of Halcor Group are as follows:

Product and service portfolio

- Reinforce Halcor Group's product portfolio with innovative, high added value products through continuous focus on R&D;
- Establish a customer oriented business approach across all activities and processes and further improvement of exemplary after-sales service.

Commercial development

- Further increase international sales through the expansion of underdeveloped product segments in attractive geographical regions, such as the US, Benelux, N. Africa, Scandinavia, Canada, the Baltic countries and Poland, and fortification of the Group's leading position in South-Eastern Europe;
- Focus on commercial utilisation of the Group's reorganised production base and commercial synergies;
- Continue efforts to promote selected high-value product categories, including innovative tubes.

Production and operations

- Further improve Halcor Group's efficiency and decrease its fixed production costs;
- Maintain a nurturing working environment;

- Uphold efforts to improve the Group's environmental performance;
- Increase the share of copper scrap used by the Group;
- Maintain high quality attributes in the Group's products.

Production Facilities

Halcor Group's industrial base comprises five primary manufacturing facilities in Greece, Bulgaria and Turkey.

Halcor Foundry | Oinofyta (Greece)

Annual production capacity: 235,000 tons

The company's foundry in Oinofyta produces semi-finished copper, copper alloys and brass products in billet and slab form. The plant has a fully operational copper and copper alloy scrap sorting and recovery centre and it is fully certified under ISO 9001:2008, ISO 14001:2004, and OHSAS 18001:2007.

Halcor Copper Tubes plant | Oinofyta (Greece)

Annual production capacity: 75,000 tons

The state-of-the-art copper tubes plant in Oinofyta produces copper tubes for heating, water supply, natural gas, air conditioning and industrial applications, including fittings, filters and cable shoes. Its manufacturing facilities are certified under ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

Fitco Extrusion plant for Brass and Copper alloy products| Oinofyta (Greece)

Annual production capacity: 40,000 tons

Fitco primarily produces solid and hollow copper alloy rods and sections, copper alloy wire and bars, seamless copper alloy tubes of different cross-sections, welded copper alloy tubes with a circular cross-section and copper alloy wire and net for cage farming aquaculture. The plant's facilities are certified under ISO 9001:2008, ISO 14001:2004 and ISO 18001:2007 and its products comply with several quality specifications (EN, DIN, BS, NF, ASTM).

Sofia Med Copper Processing plant | Sofia (Bulgaria)

Annual production capacity: 155,000 tons

Sofia Med produces copper, brass and special copper alloy flat products, and copper bus bars and rods. Its production facilities are certified under ISO 9001:2008, ISO 14001:2004, and OHSAS 18001:2007.

Halcor has allocated significant resources to R&D as part of its strategic focus on innovation. Within this framework, alongside other initiatives, Halcor Group cooperates with Elkeme Hellenic Research Centre for Metals S.A. (Elkeme) to conduct applied technological research related to the quality characteristics and attributes of metal products, the development of new, innovative solutions and the improvement of current production processes.

2016 Financial Performance

Revenue in 2016 decreased by 4% to EUR 751 million (2015: EUR 783 million). This was driven by the 11% decline in the average LME price of copper, compared to 2015, particularly during the first seven months of the year, partially offset by a 4% volume increase for the year.

In Europe, a negative trend in demand for plumbing installation tubes continued throughout 2016, while demand for industrial copper tubes was relatively stable. The new joint venture investment in Turkey became fully operational in 2016, resulting in an increased output of value added products.

Profit before income tax amounted to EUR 0.2 million, compared to a loss of EUR 26 million in 2015. Metal gains of EUR 4.9 million, versus a metal loss of EUR 14.7 million in 2015, had a positive effect on these results.

The summary consolidated statement of profit or loss of the **copper segment** is as follows:

	For the year ended 31 December	
Amounts in EUR thousand	**2016**	**2015**
Revenue	751,340	783,494
a-Gross profit	46,650	44,260
a-Gross profit (%)	6.2%	5.6%
Gross profit	51,578	29,555
Gross profit (%)	6.9%	3.8%
a-EBITDA	31,900	30,906
a-EBITDA (%)	4.2%	3.9%
EBITDA	36,298	16,262
EBITDA (%)	4.8%	2.1%
a-EBIT	20,876	17,114
a-EBIT (%)	2.8%	2.2%
EBIT	25,274	2,470
EBIT (%)	3.4%	0.3%
Profit/ Loss (-) before income tax	248	-25,863

- *All percentages are vs. revenue*
- *For APM definitions and further information please refer to the Appendix.*

In 2017, Halcor and its subsidiaries will continue to pursue the strategic aim of increasing market share, particularly in industrial products and develop the production mix towards higher added value products. The companies will also focus on increasing activity in new markets that offer the potential for high growth and the opportunity to maximise utilization of production capacity.

Further information on the Halcor Group is available on the Halcor SA website: www.halcor.com

Steel

Activities

With more than 55 years of steel industry expertise, Sidenor Steel Industry, Stomana Industry and their subsidiaries are reliable partners offering high quality and innovative solutions to their world-class customers. These companies constitute the steel production and trading segment of Viohalco (Steel Group).

The Steel Group is a leading producer of steel products in South East Europe. Its extensive product portfolio, which includes long and flat steel products, and downstream products, is manufactured across nine facilities in Greece, Bulgaria, FYROM and Australia. Project locations span Europe, Algeria, Israel and the U.S.A.

Product portfolio

The steel segment companies provide solutions for a variety of industrial applications, including buildings, roadworks, metro stations, bridges and shopping malls, hydroelectric dam projects, engineering applications and shipbuilding industry and automotive, to international clients via a portfolio of value added products and solutions. The product family is structured as follows:

- SD integrated reinforcing system: The SD integrated concrete reinforcing system represents the approach of Sidenor Steel Industry when addressing significant demand for high ductility steel provided for increased protection against earthquakes. The system consists of SD concrete reinforcing steel, SD stirrup reinforcing mesh, Sidefit special mesh, SD wire mesh, Sidefor and Sidefor Plus prefabricated stirrup cages, Inomix steel fibres and lattice girders.
- Wire rod: Wire rod of S.A.E 1006, 1008, 1010 grades, RSt37-2 electrode quality, in cross sections from Ø5.5 to Ø16.0, which is suitable for a wide range of size reduction applications and meets all low-carbon wire production needs.
- SBQ-Special steels: Hot-rolled round bars (diameter: 22-120mm) and peeled turned and polished round bars (diameter: 30-115mm) used in the automotive industry and in various industrial applications.
- Steel plates: Manufactured in accordance with the EN and ASTM European and American standards and also more specific certifications for shipbuilding, boilers, etc. Plates are intended for general construction purposes, shipbuilding, manufacturing of tanks, pressurised boilers, bridges, coach works, pipes, agricultural machinery, machinery components etc.
- Merchant bars: Sidenor is the sole producer of merchant bars in Greece. Its portfolio of merchant bars consists of hot-rolled square bars, hot-rolled flat bars of rectangular cross-section, hot-rolled round bars of circular cross-section, hot-rolled equal angle bars with round edges, I-section beams (IPE), and UPN channels.
- Steel balls for grinding: Steel balls for grinding are produced in various diameters ranging from 60mm to 100mm. They are used for grinding in ore grinding mills, most commonly in metal mining. To optimise its function for a specific metal, different hardness levels of the product can be used.
- THN Mining profiles: THN mining profiles have been developed for use in the production of steel arches for public works and underground mines, as well as formworks for tunnels. The use of THN profiles in tunnel and roadway support provides higher resistance and a yielding support.

- Boron flats: Boron steel flats bars are utilised where high strength, impact resistance, good bendability and weldability are required. Hot-rolled boron flats are used in the fork-lift industry in the production of lifting forks.
- Welding products: Erlikon Wire Processing S.A. (Erlikon) produces a complete range of welding electrodes and wires. Its steel products cover a wide range of welding, hardfacing and cutting applications. The quality offered meets the strict requirements of the construction and shipbuilding sectors, raw materials and power industries, as well as the chemical and food industries. Various types of electrodes and welding wires are made available for non-alloyed and low-alloyed steels, fine-grained structural steels, hardfacing, heat-resistant steels, stainless and heat-resisting steels and also for cast iron and aluminium.
- Wire products: Wire products are manufactured by the subsidiary Erlikon and used in a variety of applications. The wire products produced by Erlikon are divided into the following categories:
    - Black soft and hard wires
    - Common soft galvanised wires, semi-hard and heavily-galvanised wire under the trade names Syrgal, Syrgal Hard and Extragal, respectively
    - Welded galvanised mesh in rolls and sheets under the trade names Perinet and Overnet, respectively
    - Steel fibres for concrete reinforcement under the trade name Inomix (part of the SD Integrated Reinforcement System)
    - Double-twist hexagonal mesh (serasanetti) in rolls and gabions

In order to achieve the optimum balance between operational and commercial flexibility, and production effectiveness, the steel segment has adopted an operational structure focused on the following three areas:

- Mini-mills;
- Downstream operations for steel product processing;
- Sales and distribution.

Key companies

Steel segment key companies are:

Sidenor Steel Industry produces a wide range of steel products including billets, SD concrete reinforcing steel (in bars and coils), wire rods and merchant bars.

Sovel S.A. produces SD concrete reinforcing steel in bars, spooled coils, SD stirrup reinforcing mesh, SD wire mesh and mesh as well as Sidefit, Sidefor and Sidefor Plus product lines.

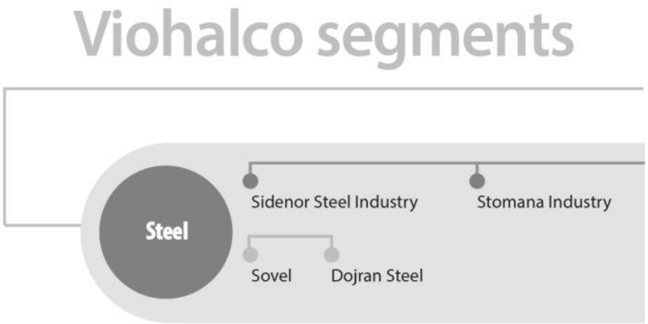
Stomana Industry has production facilities in Pernik, Bulgaria which manufacture a variety of steel products, including steel quarto plates, SBQs (special steels), SD concrete reinforcing steel in bars, steel balls for grinding, special profiles (THN and boron flats) and merchant bars.

Dojran Steel S.A. has production facilities in Nikolic, FYROM. The company produces merchant bars, SD concrete reinforcing steel in bars, SD wire mesh, galvanized mesh, double twist hexagonal mesh (serasanetti) and lattice girders.

Erlikon is the sole producer of welding products in Greece. Erlikon primarily manufactures welding electrodes, copper-plated wires, galvanized and black wires, and concrete reinforcing steel fibres.

Port Svishtov West was acquired as part of the steel segment’s growth strategy and in support of strengthening Stomana Industry’s links with Central and Western Europe. The port is situated in the banks of the Danube River, 1,840 km from the port of Regensburg, where materials are frequently dispatched by barges and subsequently delivered by trucks/wagons to their final destination point.

SmartReo Pty Ltd (SmartReo) has production facilities in Wacol, Brisbane, QLD, Australia which manufacture a variety of industrial prefabricated steel reinforcing products such as Sidefit, Sidebent and Sidefor mesh.



<u>Corporate Strategy</u>

Viohalco’s steel companies have the following strategic objectives:

- Continuously invest to further improve international competitiveness;
- Leverage high capacity production facilities and a broad sales network to establish a fortified market position in Central Europe, the Balkans and the neighbouring countries of the Eastern Mediterranean;
- Optimise operating performance through cost reduction, strict working capital management, updated logistics processes and ongoing investment in personnel training;
- Maintain efforts to reduce their environmental footprint.

Production facilities and port

To establish and maintain a strong competitive advantage, Viohalco's steel companies have focused on and invested significantly in the reinforcement of their production base over the past two decades. Through long-term efforts to modernise and upgrade their manufacturing sites, Sidenor Steel Industry, Stomana Industry and their subsidiaries have become a vertically integrated group, capable of delivering high value-added solutions.

Viohalco's steel manufacturing facilities are as follows:

Sidenor Steel Industry plant | Thessaloniki (Greece)

Annual production capacity: meltshop: 800,000 tons, long products rolling mill: 800,000 tons (upon completion of investments).

Sidenor Steel Industry's Thessaloniki plant primarily produces billets, SD concrete reinforcing steel (in bars and coils), merchant bars and wire rod products. Its facilities have been qualified under ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

Sovel plant and port | Almyros (Greece)

Annual production capacity: meltshop: 1,350,000 tons, long products rolling mill: 1,200,000 tons.

Sovel's state-of-the-art production facilities produce a wide range of products including billets, SD concrete reinforcing steel, SD spooled coils, SD wire mesh, SD stirrup reinforcing mesh, Sidefit special mesh, and Sidefor and Sidefor Plus prefabricated stirrup cages. The plant has access to privately owned port facilities and is certified under ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

Stomana Industry plant | Pernik (Bulgaria)

Annual production capacity: meltshop: 1,400,000 tons, long products rolling mill: 1,000,000 tons, plate products rolling mill: 400,000 tons.

The Stomana Industry plant represents a key investment for the Steel Group. Its product portfolio includes SD concrete reinforcing steel, steel quarto plates, SBQ-Special Steels, merchant bars, steel balls, special profiles, beams and continuously cast semi-products (billets, blooms and slabs). The plant is certified under ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007 and its products meet the requirements of EN, DIN, ASTM, JIS, BS, Lloyd's Register and Germanischer Lloyd.

Erlikon plant | Kilkis (Greece)

Erlikon is the sole producer of welding products in Greece and its production plant primarily manufactures welding electrodes, copper-plated wires, galvanised and black wires, galvanised mesh in rolls and sheets and concrete reinforcing steel fibres. Its facilities are certified under ISO 9001:2008 and OHSAS 18001:2007.

Dojran Steel plant | Nikolic (FYROM)

Annual production capacity: long products rolling mill: 200,000 tons, wire mesh production unit: 20,000 tons, lattice girders unit: 10,000 tons.

The Dojran Steel plant in FYROM produces SD concrete reinforcing steel, merchant bars, SD wire mesh and double-twist hexagonal mesh (serasanetti). Its facilities are certified under ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

Port Svishtov West I (Bulgaria)
Port Svishtov West S.A. is on the banks of the Danube River, 1,840 km from the port of Regensburg. The port was acquired to link Stomana Industry with Central and Western Europe in a more efficient way, in line with strategy as mentioned above.

SmartReo Pty Ltd (SmartReo) | Brisbane (Australia)
SmartReo manufactures prefabricated reinforcing steel for the Australian market using Synthesis™ in conjunction with other state-of-the-art technologies at a high-tech facility situated in Wacol, Brisbane. The company is a Joint Venture (JV) between Sidenor and Thiess, one of Australia's biggest construction companies.

Prosal tubes plant | Pernik (Bulgaria)
Prosal is active in the production and trading of pipes made of cold and pre-galvanised steel.

2016 Financial Performance

In 2016, steel **revenue** decreased by 3% year-on-year to EUR 547 million (2015: EUR 566 million), despite an increase in volume. This was due to lower sales prices, which were driven by a sharp decrease in the scrap price throughout the second half of 2015.

Sidenor's induction furnace started operations in March 2016 and will be fully operational within the first half of 2017. Production costs at the Sovel plant declined significantly as a result of operation hours in production, costs benefits derived from the new induction furnace, changes in electricity tariff zones and increased productivity. In addition, a regular loading schedule of quality scrap was established, leading to lower production losses. At Stomana Industry, sales volumes in special steels (SBQs) increased in 2016, mainly as a result of new qualities developed after the vacuum degasser (VD) began operations. Plates sales, which were adversely affected by Chinese imports into European markets in 2015 and early 2016, experienced a recovery from the second quarter of 2016. This trend was driven by the EU introduction of antidumping duties in spring 2016, which resulted in a decline in Chinese plate imports into Europe.

Steel segment's gross margin includes direct sales expenses, amounted to EUR 40.3 million in 2016 and EUR 38.0 million in 2015, in order for Viohalco to apply consistency of accounting policies. **Loss before income tax** amounted to EUR 23 million, a significant change compared to the loss of EUR 69 million in 2015.

The summary consolidated statement of profit or loss of the **steel segment** is as follows:

	For the year ended 31 December	
Amounts in EUR thousand	**2016**	**2015**
Revenue	546,769	565,947
a-Gross profit	48,071	34,469
a-Gross profit (%)	8.8%	6.1%
Gross profit	39,261	-4,915
Gross profit (%)	7.2%	-0.9%
a-EBITDA	48,727	34,092
a-EBITDA (%)	8.9%	6.0%
EBITDA	40,885	-2,562
EBITDA (%)	7.5%	-0.5%
a-EBIT	16,446	2,639
a-EBIT (%)	3.0%	0.5%
EBIT	8,604	-34,014
EBIT (%)	1.6%	-6.0%
Profit/ Loss (-) before income tax	-22,468	-68,670

- *All percentages are vs. revenue*
- *For APM definitions and further information please refer to the Appendix.*

In 2017, following the recent significant investments, Greek mini mills will focus on increasing operations and implementing further cost improvements through full utilisation of the induction furnaces at both plants. A production reorientation plan to utilize the Greek plants for higher productivity and higher margin products will also commence in 2017. The aim of this plan is to decrease labour costs for labour intensive products by transferring production to Dojran Steel. Stomana Industry will focus on further developing special steels' (SBQ) sales by attracting new customers in machine building, hydraulic components, and automotive industry applications. The improved dynamics in the European plate market will provide an opportunity to significantly increase quantities and prices.

Further information on the steel segment is available on the Sidenor Steel Industry website:

www.sidenor.gr

Cenergy Holdings S.A.

Cenergy Holdings S.A. is a Belgium-based holding company founded in 2016 and listed on Euronext Brussels and the Athens Stock Exchange.

In December 2016, the cross-border merger by absorption by Cenergy Holdings of Corinth Pipeworks Holdings S.A. and Hellenic Cables S.A. Holdings Société Anonyme (both formerly listed in Greece) was completed and Cenergy Holdings became the parent company of the subsidiaries formerly owed by Corinth Pipeworks Holdings S.A. and Hellenic Cables S.A. Holdings Société Anonyme. On 21 December 2016, the trading of its shares commenced on Euronext Brussels and the Athens Stock Exchange.
Cenergy Holdings invests in industrial companies positioned at the forefront of high growth sectors, such as energy transfer, telecommunications and construction.

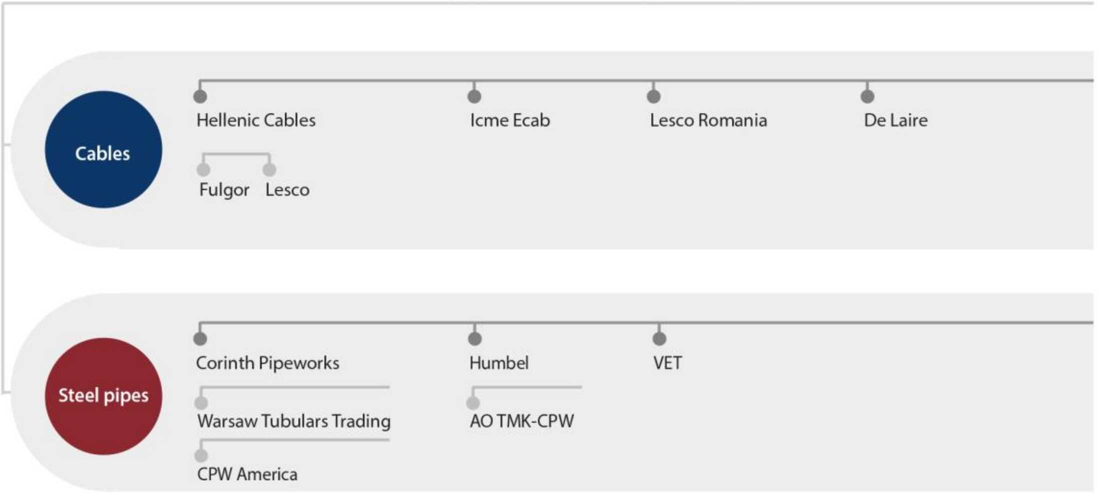
Cenergy Holdings' portfolio operates under the following organisational structure which includes two business segments:

o Cables: Hellenic Cables, its subsidiaries, and Icme Ecab constitute one of the largest cable producers in Europe, manufacturing power, telecommunication and submarine cables, as well as enamelled wires and compounds.
o Steel pipes: Corinth Pipeworks engages in the production of steel pipes for the transportation of natural gas, oil and water networks, as well as steel hollow sections which are used in construction projects.

The companies in Cenergy Holdings' portfolio:
- have a long history of implementing big projects in more than 70 countries;
- have served major customers worldwide for nearly 70 years;
- operate seven production units and four supporting facilities in four countries;
- have invested over EUR 500 million in the last 20 years;
- provide value added products for niche markets; and
- employ more than 1,600 highly skilled people.

Cenergy Holdings key figures in 2016
- Revenue: EUR 692 million
- Adjusted EBITDA: EUR 60 million
- EBIT: EUR 34 million
- Loss of the year: EUR 3.8 million
- Equity: EUR 206 million
- Total assets: EUR 890 million
- Net debt: EUR 376 million

Cenergy Holdings segments



Steel Pipes

Activities

Following the cross-border merger by absorption by Cenergy Holdings of the Greek formerly listed companies Corinth Pipeworks Holdings S.A. and Hellenic Cables S.A Holdings Société Anonyme in December 2016, Corinth Pipeworks is now a subsidiary of Cenergy Holdings.

With industrial plants in Greece and Russia and substantial experience in the implementation of demanding projects worldwide, Corinth Pipeworks Group is a supplier of choice for oil and gas companies and international construction companies. Corinth Pipeworks Group primarily produces steel pipes for oil, gas and water transportation, oil and gas extraction and hollow structural sections for a large number of construction applications.

Corinth Pipework's clients include Chevron, BP, BG, Shell, Greek Public Natural Gas Corporation (DEPA), Natural Gas National System Operator S.A. (DESFA), OMV, GRTGAZ, Snam, National Grid, RWE, Spectra Energy, Energy Transfer, Denbury, Kinder Morgan, DCP Midstream, Pioneer pipes, Mamuth pipes, Plain All American, McJunkin, Spartan, EPCO, Spectra, Enbridge, Cheniere Energy, Talisman, STEG, Sonatrach, PDO, OGC, Aramco, Socar, ABB, EDF, TIGF, Saipem, Genesis, Allseas, Subsea among others.

The segment's operational efficiency and commercial achievements are based primarily on its ability to manufacture technologically advanced products and remain ahead of the latest developments in its field. To this end, Corinth Pipeworks collaborates with international research organisations, such as the European Pipeline Research Group (EPRG) and the Welding Institute, and regularly participates in research projects which are linked to its core business activities.

The Prosal Tubes plant in Bulgaria is also a part of Viohalco's steel pipes segment.

Product Portfolio

Corinth Pipeworks produces steel pipes for oil, gas, CO_2, water and slurry pipelines, as well as casing pipes for drilling operations. The Group also produces a wide range of structural hollow sections for the construction sector. Corinth Pipeworks' long history of innovation and 'one-stop-shop' integrated services have secured its position as one of the world's major steel pipe suppliers.

The Group's three main product categories are:

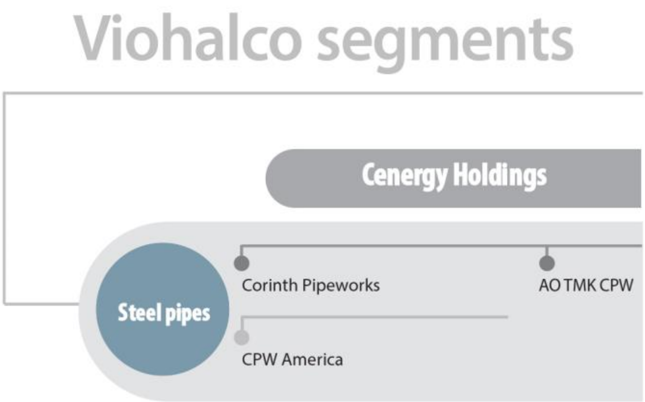
- Line pipes: They are manufactured either in the Group's high frequency induction welding unit (HFW) or the helically submerged arc welding unit (HSAW). Their primary uses are in oil, gas, CO_2 and water transportation networks. A new LSAW/JCOE pipe mill has recently been installed for the manufacture of medium/large diameter and heavy gauge pipelines, to meet the increasing market demand for offshore and deep offshore pipelines.
- Casing pipes: These high-frequency induction welded pipes (HFW) are used in oil and gas extraction drills. The product range offered for this application has been expanded by the installation of the new LSAW mill.
- Hollow structural sections: Used in the construction sector.

Services
- Internal and external coating of pipes produced by other pipe manufacturers;
- Accredited laboratory for raw material and pipe testing, in accordance with EN/ISO 17025;
- In-house corrosion testing laboratory for sour service applications;
- Weld on connector facilities for casing pipes;
- Pipe storage;
- Supply of pipes or assignment of pipe coating to third party authorised subcontractors in the context of major project implementation;
- Pipe transportation.

Key companies

Corinth Pipeworks is the Group's core business. With state-of-the-art facilities in Thisvi, in the Viotia province of Greece, its product portfolio includes steel pipes solutions for oil and gas transportation and hollow structural sections for the construction industry. The Company is able to offer competitive pricing and fast delivery of products due to its exclusive use of port facilities located approximately 1.5 km from the plant.

AO TMK-CPW is a joint stock company between Corinth Pipeworks (through its 100% subsidiary Humbel Ltd., which controls 49% of the joint stock company) and AO TMK, the largest manufacturer of steel pipes in Russia and one of the top three globally. AO TMK-CPW has its production facilities in Polevskoy, Russia, where they manufacture pipes and hollow structural sections.



Corporate Strategy
Corinth Pipeworks is experienced in carrying out complex projects for the energy sector worldwide and is an approved supplier to major oil and gas companies and EPC contractors, with a track record in both offshore and onshore projects around the globe. The Company offers a comprehensive service to its customers, from initial analysis and compliance with technical requirements of a project, through to completion and delivery to the final site. Corinth Pipeworks aims to meet the needs of the international energy market by focusing on the following strategic priorities:
- Growth across Europe, the Middle East, North Africa, North America, and the emerging markets of East and West Africa and the CIS;
- Leveraging the Group's LSAW investment to offer one of the widest product ranges of welded products in the world (HFW, HSAW, LSAW), which meets the highest international

standards. The Group acts as an integrated “one-stop-shop” for energy steel pipe products and related services;

- Constant improvement in the operating efficiency of production plants to strengthen the Group’s competitive and financial position;
- Cultivating long-term strategic cooperation with top quality raw material manufacturers for the steel industry worldwide.

Production Facilities and ports

Corinth Pipeworks Group's industrial plants are located in Thisvi, Viotia, Greece and Polevskoy, Russia. Details for each of these plants are below:

Corinth Pipeworks Pipe Industry plant and port | Thisvi (Greece)

Annual production capacity:

925,000 tons

The Thisvi plant produces pipes and hollow structural sections, using state-of-the-art machinery. The plant’s facilities cover a total surface area of 103,000 sq.m. and are located within an area of 497,000 sq.m. in Thisvi, Viotia, Greece. The plant is approximately 1.5 km away from the Group’s dedicated port facilities. This is strategically important as the Thisvi port enables Corinth Pipeworks Pipe Industry to reduce transportation costs on raw materials and offer more competitive pricing on its products and faster delivery. The port includes a fully operational set of cranes, forklifts and other machinery in line with the provisions of the International Ship and Port Facility Security Code.

AO TMK-CPW plant | Polevskoy (Russia)

Annual production capacity: 200,000 tons

Corinth Pipeworks Group’s plant in Russia manufactures high frequency welded pipes and hollow structural sections. The equipment used has very high technical specifications and allows for the production of pipes measuring 168-530mm in diameter, with 2.9-12.7mm wall thickness and up to 18m in length, and hollow sections in accordance with international quality standards.

2016 Financial Performance

Revenue amounted to EUR 293 million in 2016, a 2% increase year-on-year (2015: EUR 288 million). During 2016, Corinth Pipeworks executed about 50% of the TAP project, the biggest project in the company’s history. The first reeling project for pipes over 18m in length was also successfully completed during the year. In addition, Corinth Pipeworks completed the upgrade of the HFIW pipe mill and coating and lining plants during the year to facilitate the production of pipes up to 24 metres in length. Steel pipes segment’s gross margin includes segment’s direct sales expenses, amounted to EUR 20.5 million in 2016 and EUR 25.8 million in 2015, in order for Viohalco to apply consistency of accounting policies.

In 2016, **profit before income tax** amounted to EUR 8 million, compared to EUR 11 million in 2015. This decline is largely due to the declining results of AO TMK-CPW, in which Corinth Pipeworks has a 49% stake, as well as increased interest costs relating to long term debt. This debt is related to financing of the new pipe mill which was concluded in 2015 and began operations in 2016.

The summary consolidated statement of profit or loss of the **steel pipes segment** [(1)] is as follows:

Amounts in EUR thousand	For the year ended 31 December 2016	2015
Revenue	293,368	287,540
a-Gross profit	33,472	34,176
a-Gross profit (%)	11.4%	11.9%
Gross profit	33,174	30,818
Gross profit (%)	11.3%	10.7%
a-EBITDA	27,496	30,091
a-EBITDA (%)	9.4%	10.5%
EBITDA	27,592	26,299
EBITDA (%)	9.4%	9.1%
a-EBIT	18,876	21,533
a-EBIT (%)	6.4%	7.5%
EBIT	18,972	17,740
EBIT (%)	6.5%	6.2%
Profit/ Loss (-) before income tax	7,725	11,345

- *All percentages are vs. revenue*
- *For APM definitions and further information please refer to the Appendix.*
- *[(1)]: The figures disclosed for Viohalco's cables and steel pipes segments, differ from the respective segment figures in Viohalco's subsidary Annual Report Cenergy Holdings, mainly due to the following reasons:*
  - *Consolidation accounting entries or intercompany eliminations.*
  - *Cables and steel pipes segments in Viohalco include also results deriving from trading subsidiaries which are not part of Cenergy Holdings.*

As for 2017, the international economic environment remains volatile, and low oil and natural gas prices (albeit increased from 2015 levels) do not support the implementation of significant projects in the energy sector. However, Corinth Pipeworks continues to focus on growth through the penetration of new geographical and product markets, with emphasis on value added products. Furthermore, raw materials prices remain high, which may negatively affect the Company's profit margins. With years of experience and a continuous focus on innovation, Corinth Pipeworks is well positioned to utilise its significant production capacity and focus on product diversification to enter new markets.

Further information on the Corinth Pipeworks is available on its corporate website:
www.cpw.gr

Cables

Activities

Following the cross-border merger by absorption of the companies Corinth Pipeworks Holdings S.A. and Hellenic Cables S.A. Holdings Société Anonyme, both of which were formerly listed in Greece, by Cenergy Holdings in December 2016, Hellenic Cables is now a subsidiary of Cenergy Holdings.

The cables segment product range includes a variety of cables and wires, catering to various demands and consists of submarine and land cables, low, medium, high and extra high voltage power cables, umbilical cables, fibre optic, data, signalling and telecommunication cables, flexible subsea pipes as well as enamelled wires and compounds. Over the past decade, the Cablel ® Hellenic Cables Group has evolved into the largest cable manufacturer in South-Eastern Europe, exporting to more than 50 countries. Its production base comprises six plants in Greece, Romania and Bulgaria. The cables segment product portfolio is commercially traded under the registered brand Cablel ®.

Product portfolio

Product solutions provided by Hellenic Cables, its subsidiaries and Icme Ecab are used in the building, telecommunications and energy industries, as well as for specialised industrial applications. The key product categories are as follows:

- Power cables: Low, medium, high and extra high voltage cables submarine and land power cables, umbilical cables, subsea flexible pipes, control cables, cables for industrial applications and external installations, fire-retardant, fire-resistant and halogen-free cables, marine cables, copper and aluminium conductors, ACSR and ACSS/TW conductors.
- Telecommunications cables: Conventional telephone cables, telephone exchange and data transmission cables (LAN), fibre-optic (single-mode and multi-mode), submarine cables, and signalling cables.
- Enamelled wires: Enamelled copper and aluminium wires (round and rectangular) for electric motors and transformers, and copper wires for grounding, earthing and welding applications (can industry). Hellenic Cables is the sole manufacturer of enamelled wires in Greece.
- Plastic and rubber compounds: PVC-based plastic compounds, low smoke halogen free polyolefin-based plastic compounds and rubber compounds.

Solutions

One of the competitive advantages of the companies comprising the cables segment is their ability to provide turnkey solutions to its customers. The cable companies' capabilities include the following:

- System design and engineering;
- Cable route survey;
- Design and manufacture of suitable underground and submarine cable types;
- Loading and transportation of cables to the project site;
- Installation of cables (with the use of specialised cable laying vessels for submarine cables);
- Protection of cables along the cable route;
- Supply and installation of repair joints, transition joints and cable terminations;
- Supply and installation of terminal equipment;
- System testing and commissioning;
- Project management;

• Training of customer personnel in the operation of the system and
• Provision of maintenance and repair solutions.

Key companies

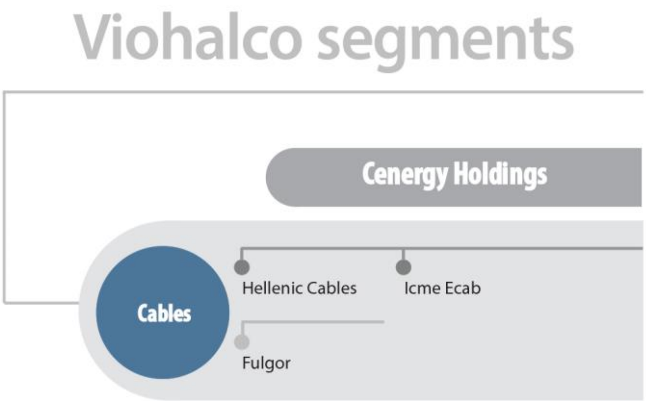
Viohalco's main subsidiaries in the cable segment the following:

Hellenic Cables manufactures low, medium, high and extra high voltage land and submarine power cables, telecommunication cables, enamelled wires and plastic as well as rubber compounds, individually tailored to customers' specifications. The production base of the company and its subsidiaries includes four plants in Greece.

Fulgor has industrial facilities in Soussaki, Corinth, Greece, and manufactures medium, high and extra high voltage submarine cables, submarine fibre optic cables, composite cables, special purpose cables, and copper and aluminium wires and rods. Fully-equipped port facilities operate within the plant to ensure immediate cable loading onto cable vessels.

Icme Ecab has industrial facilities in Bucharest, Romania. The company has a wide product portfolio which includes cables for indoor installations, power, control, industrial applications, low and medium voltage, fire-retardant, fire-resistant and halogen-free cables, mine cables, marine and special-requirement cables, telecommunication cables, signalling, remote control and data transmission cables, copper and aluminium conductors, as well as plastic and rubber compounds. A well-equipped research and development unit which operates in the plant is responsible for the ongoing improvement of product quality.

Lesco Ltd is a wooden reels and pallets plant in Blagoevgrad, Bulgaria.



Corporate Strategy

The strategic objectives that guide the operational activities of the companies comprising the cables segment are as follows:

• Capitalise commercially on investments by focusing on added value products such as high and extra high voltage submarine cables and extra high voltage underground cables;
• Promote activities in geographical regions outside Europe, mainly in markets which invest heavily in the development of power and telecommunication networks and in renewable energy projects;
• Increase the level of direct sales to Transmission System Operators (TSOs) and Distribution System Operators (DSOs);

- Boost productivity by further rationalising its cost base, enforcing stricter inventory management and further improving the operational performance of the production units;
- Further intensify liquidity through prudent working capital management;
- Preserve focus on human assets and on the sustainable development of its companies.

<u>Production facilities and port</u>

Having invested significantly in the expansion and improvement of its manufacturing facilities, the cable companies operate an effective production base that comprises four plants in Greece, one in Romania and one in Bulgaria:

Hellenic Cable Industry Power and Optical Fibres Cable plant | Thiva (Greece)

Annual production capacity: 60,000 tons

The completion of a high and extra high voltage cable production line in 2003 has enabled the plant to produce:

- LV power cables
- MV power cables
- HV power cables
- EHV cables up to 500kV
- Fibre optic cables

Fulgor Cable plant and port | Soussaki, Corinth (Greece)

Annual production capacity: 50,000 tons of cables and 120,000 tons of rods.

Located in Corinth, Greece, the Fulgor plant's annual production capacity is 50,000 tons of cables and 120,000 tons of rods. Following the implementation of an approx. EUR 80 million investment plan, the plant is now one of the most advanced factories in the world and is focused on the production of high and extra high voltage submarine cables.

The plant can produce:

- LV power cables
- MV power cables
- HV cables since 1995
- Fibre optic submarine cables since 1992
- Submarine MV cables since 1972
- Upgraded for HV submarine cables (AC up to 400KV / DC up to 400kV)

In submarine cable production, Fulgor's main strengths are:

- Very long continuous lengths with or without the minimum number of factory joints
- Direct loading from our dock facilities in Corinth
- Among the highest storage capacity for high voltage submarine cables

Fulgor plant carries out vertically integrated manufacturing of submarine cables.

Icme Ecab Cable plant | Bucharest (Romania)

Annual production capacity: 50,000 tons

Icme Ecab has industrial facilities in Bucharest, Romania. The company has an extensive product portfolio which includes cables for indoor installations, energy, control, industrial and external applications, low and medium voltage, fire-retardant, fire-resistant and halogen-free cables, mine cables, marine and special-requirement cables, telecommunication cables, signalling, remote control and data transmission cables, copper and aluminium conductors, as well as plastic and rubber compounds.

Hellenic Cable Industry enamelled wires plant | Livadia (Greece)

Annual production capacity: 12,000 tons

Located in Livadia, Greece, this plant is Hellenic Cables' production facility for enamelled wires. The total annual production capacity of enamelled wires is 12,000 tons.

The plant can produce copper (Cu) round and rectangular enamelled wires and aluminium (Al) round and rectangular enamelled wires.

Hellenic Cable Industry plastic and rubber compounds plant | Oinofyta (Greece)

Annual production capacity: 24,000 tons

The Oinofyta compound plant is located in Oinofyta, Viotia, Greece and is Hellenic Cables' supporting facility for the production of PVC and rubber compounds.

Hellenic Cables has established a state-of-the-art, advanced polymer laboratory at the O-inofyta plant. The Laboratory conducts specialised chemical tests focused on quality control and insulation analysis (XLPE) for high and extra-high voltage cables (raw materials, production process and evaluation of produced materials) as well as other polymers.

Lesco Ltd. | Blagoevgrad (Bulgaria)

Lesco O.O.D. is one of Hellenic Cables' supporting facilities and is located in Blagoevgrad, Bulgaria. It produces packing materials and wooden drums for cables and has a total annual production capacity of 16,500 tons. The Lesco facility also recycles pallets and scraps drums.

2016 Financial Performance

Revenue in 2016 amounted to EUR 381 million, down 15% year-on-year (2015: EUR 447 million). Sales volumes decreased by 6%.

During 2016, execution of different types of construction contracts resulted in changes to the product mix compared with the previous year. This, in turn, had an adverse effect on results for the year, in combination with metal losses and weaker demand for medium and low voltage power cables in our main European markets during the second quarter of the year. Metal price fluctuations during 2016 resulted in a loss of EUR 5.7 million.

Investments reached EUR 12.2 million for the year in the cables segment, attributable largely to productivity and capacity improvement projects at Fulgor, Hellenic Cables and Icme Ecab plants. Net debt increased to EUR 240.1 million in 2016 (2015: EUR 224.4 million), driven by increased working capital requirements and ongoing construction contracts.

Over the course of the year, Hellenic Cables and Fulgor successfully executed the remaining part of the Cyclades and St. George contracts. Hellenic Cables was awarded significant contracts for offshore wind farm export cable connections by TenneT, and a contract from Danish TSO, Energinet.dk for cable connection between Denmark and Sweden and replacement of overhead lines within Denmark. Hellenic Cables also won a contract for cable interconnection of an offshore wind farm in the UK.

Finally, **loss before income tax** amounted to EUR 6 million, compared to a profit of EUR 3 million in 2015.

The summary consolidated statement of profit or loss of the **cables segment** [(1)] is as follows:

	For the year ended 31 December	
Amounts in EUR thousand	**2016**	**2015**
Revenue	381,492	447,285
a-Gross profit	36,295	48,973
a-Gross profit (%)	9.5%	10.9%
Gross profit	30,477	42,270
Gross profit (%)	8.0%	9.5%
a-EBITDA	32,252	42,006
a-EBITDA (%)	8.5%	9.4%
EBITDA	26,629	37,017
EBITDA (%)	7.0%	8.3%
a-EBIT	20,671	31,346
a-EBIT (%)	5.4%	7.0%
EBIT	15,049	26,357
EBIT (%)	3.9%	5.9%
Profit/ Loss (-) before income tax	-5,882	3,109

- *All percentages are vs. revenue*
- *For APM definitions and further information please refer to the Appendix.*
- *[(1)]: The figures disclosed for Viohalco's cables and steel pipes segments, differ from the respective segment figures in Viohalco's subisidary Annual Report Cenergy Holdings, mainly due to the following reasons:*

- *Consolidation accounting entries or intercompany eliminations.*
- *Cables and steel pipes segments in Viohalco include also results deriving from trading subsidiaries which are not part of Cenergy Holdings.*

Despite a volatile business environment, Hellenic Cables and its subsidiaries and Icme Ecab remain optimistic for 2017. Recent initiatives have focused on increasing sales of value-added products, developing a more competitive sales network, increasing productivity and reducing production costs. As a result, Hellenic Cables Group is well positioned to exploit international opportunities and compete globally with leading companies in the sector.

Further information is available on the Hellenic Cables website:

www.cablel.com

Real Estate

Viohalco derives value from the real estate assets of its subsidiaries by developing and managing large-scale commercial and industrial properties.

Properties may include former Viohalco production or office facilities which are idle or have been relocated, due to the expansion of urban areas or for reasons of operational efficiency. Viohalco's main subsidiary in this segment is Noval S.A. (Noval), which is wholly-owned.

As of October 2016, Steelmet Property Services supports Viohalco's subsidiaries in monitoring their real estate assets, through the provision of a wide range of real estate services at a centralized level.

Activities

Noval's main objective is to optimise the use of Viohalco's real estate holdings. Viohalco and its companies own a wide portfolio of commercial and industrial properties. The most important properties, which are or were developed by Viohalco, are located in Greece (Athens, Thessaloniki, Piraeus, Aspropyrgos, Corinth) and Bulgaria and include, among others, office complexes, shopping malls, industrial buildings and warehouses. In addition, Viohalco holds a number of significant plots in prime locations for future development.

The table below summarizes Viohalco's most important properties:

REAL ESTATE	LOCATION	'000 m^2 (1)
Ikea store & River West shopping mall	96, Kifissos Av., Egaleo, Greece	123.5
Hotel	Karaiskaki Square, Athens, Greece	23.9
Industrial buildings & offices (ex-BIC plant)	Oinofyta, Greece	9.5
Mare West (former premises of Corinth Pipeworks)	Corinth, Greece	14.0
Office Complex	115, Kiffissias Ave., Athens, Greece	38.9
Office Complex	57, Ethnikis Antistasseos St., Halandri, Greece	6.0
Office Complex	26, Apostolopoulou St., Halandri, Greece	10.9
Office Building	53A, Nikola Vaptzarov Blvd, Sofia , Bulgaria	5.0

(1) refers to total built surface

In 2016, River West|Ikea Store combined welcomed a record 4.6 million customers. New lettings and turnover rent provisions, which are incorporated in the majority of lease agreements, resulted in a 19% increase in rental income. The shopping centre is now 97% occupied (by number of units let), and tenant demand continues to be exceptionally strong. New leases signed during the period were agreed at significantly higher rental levels than previously estimated. To capitalize on these positive trends, management decided to convert 1,200 sqm of underground car park to additional high-value retail space. Works were completed on time and within budget and negotiations with interested tenants are underway.

Mare West Retail Park, which opened in September 2015, experienced steady monthly growth in both customer footfall and tenant turnover. This, together with its expanding catchment area, demonstrates the park's potential to become the dominant retail destination for the northeastern Peloponnese. The new 1,900 sq m H&M store, which opened in March 2016, has exceeded expectations in terms of performance, creating a positive example amongst key market players. An adjacent 1,268 sq m plot of land was acquired within the period, to accommodate management's strategic plans for future expansion.

Renovation works to the hotel on Karaiskaki Square were successfully completed during the year, and the "Wyndham Grand Athens" opened on December 1st, 3 months earlier than initially anticipated. Occupancy levels and operations up to date have significantly exceeded Zeus International City Seasons SA's (the Tenant) expectations.

On 31 December 2016, the merger between Noval SA and its (former) subsidiaries was completed, through absorption of the latter by the former. The purpose of the merger was to create a more efficient RE operation, and is part of the Company's wider reorganisation plan.

In October 2016, Steelmet Property Services was established through transformation of the former "Kifissos Mall SA". The new company provides a wide range of real estate services to Viohalco's companies, at a centralised level within a specific organisational framework.

Regarding other real estate assets, discussions on optimum development scenarios and negotiations with potential tenants are ongoing.

<u>2016 Financial Performance</u>

Rental income from investment property amounted to EUR 6.5 million for 2016, an increase of 15% compared to 2015, and is included in ''Other income'' of the consolidated statement of profit or loss. **Loss before income tax** amounted to EUR 10.7 million, versus profit of EUR 7.3 million during 2015. EBT dropped significantly compared to 2015 due to the fact that in 2015, the result was affected by EUR 7 million impairment losses reversal, while in 2016 the net amount of impairment and reversal of impairment losses, was equal to EUR 8 million loss. Additionally, in 2016, depreciation increased by approximately EUR 2 million, due to the expansion of the real estate segment.

The summary consolidated statement of profit or loss of the **real estate** segment is as follows:

Amounts in EUR thousand	For the year ended 31 December 2016	2015
Rental income from investment property	6,544	5,713
a-EBITDA	1,530	1,687
a-EBITDA (%)	23.4%	29.5%
EBITDA	-6,492	8,992
EBITDA (%)	-99.2%	157.4%
a-EBIT	-2,080	172
a-EBIT (%)	-31.8%	3.0%
EBIT	-10,102	7,477
EBIT (%)	-154.4%	130.9%
Profit/ Loss (-) before income tax	-10,659	7,315

- *All percentages are vs. revenue*
- *For APM definitions and further information please refer to the Appendix.*
- *In the Consolidated Financial Statements of Viohalco, rental income from investment property is included in the line "Other income", while the respective expenses are included in the line "Other expenses"*

For the **real estate segment**, the focus in 2017 will be on maximizing turnover from existing tenants and introducing new retail uses, including a hub of stores specializing in technology and electronics by further capitalizing on the exceptional dynamics of River West|IKEA Store.

Opportunities for further expansion of retail elements are also being explored, including implementation of new favourable provisions in the building code, as well as obtaining control of sites adjacent to the River West|IKEA Store.

The strong potential of Mare West Retail Park will continue to be leveraged through new lettings with international operators, increasing the number of younger visitors and further improvement of the site's accessibility through better connection to the main motorway fronting the development.

A number of development options are also being explored in relation to the rest of the real estate assets and potential tenant negotiations are ongoing.

Viohalco intends to rationalise all its real estate assets in a uniform manner and at a centralized level, and complete the company's Real Estate reorganization.

Technology and R&D

Viohalco's portfolio includes research and development (R&D) companies which focus on new and high value added products, efficient solutions for optimisation of industrial and business processes, research into the environmental performance of plants, and impact assessment of sustainable growth.

The portfolio also includes engineering, automation and IT companies with over 30 years' experience producing innovative applications in industry, energy and environment. IT activities include pioneering solutions in the fields of ERP, CRM, BI, traceability and others.

To stay ahead of technological developments, Viohalco companies carry out continuous R&D and develop innovative solutions. They maintain strategic partnerships with scientific bodies, international research centres and other international pioneer companies. Scientific research carried out at Viohalco's copper, aluminium and steel foundries and their respective production plants has resulted in significant in-house knowledge in metallurgy.

A competitive advantage of Viohalco's companies is their expertise in building and upgrading plants; their experience in planning, re-engineering, process optimisation and supervisory control systems.

Another key strength is human capital; leading process, mechanical and electrical engineers and metallurgists guarantee a steady increase in quality alongside a continuous increase in productivity.

Key companies

Elkeme, Hellenic Research Centre for Metals S.A. (*Elkeme*): Elkeme's main focus is applied industrial research and technological development or analysis of the four major metals sectors (aluminium, copper, steel and zinc). The Centre provides R&D services and technical solutions for new products, and the optimization of existing business and plant production processes.

Teka Systems S.A. (Teka Systems) undertakes demanding engineering projects in the steel, aluminium, copper, power and telecommunication cables industries. It is active in engineering and construction, the commissioning of industrial equipment and the process and automation of technologies in integrated projects. It also implements IT projects in the fields of ERP, CRM, BI, analytics and others.

Praksys S.A. (*Praksys*) develops, markets and oversees the implementation of new technologies in structural and concrete reinforcing steel.

Elval Technology centre develops highly-resistant special products with non-skid properties. Elval also produces extra flat sheets with top-quality lacquer-coatings, products made of 100% recycled aluminium and deep drawing and extrusion products.

Symetal's Technology department undertakes innovative surface design and the control of aluminium affinity for laminates and coatings, customised mechanical characteristics for flawless forming, and the application of the latest European Food Contact Legislation, in line with the company's strategic presence in the food and pharmaceutical packaging industries. Alongside these R&D resources, additional research is performed by established, specialised institutions meeting customer requirements.

Halcor operates a new laboratory to test the thermal performance of inner grooved tubes (IGT). This allows the company to improve the energy efficiency of its products and also offer a new range of services.

Cablel® Hellenic Cables Group has established a state-of-the-art Polymer Laboratory at its plant in Oinofyta. The laboratory mainly conducts chemical analyses and identification of raw materials, with an emphasis on quality control and the analysis of polymers for high and extra high underground and submarine cables. Research and development of new plastics and elastomer compounds takes place in the laboratory.

Etem continually develops product solutions for the automotive industry, investing in dedicated machines and processing tools and undertaking vigorous testing to deliver high quality products. Following years of development and collaboration with customers and European institutes and research centres, Etem is a Tier 2 and Tier 1 supplier to the automotive industry, certified to produce aluminium profiles and parts for crash relevant systems. Furthermore, Etem develops its architectural systems to comply with the strictest European standards. Certified by leading European accredited laboratories, all Etem products are of the highest quality.

The long-standing culture of innovation of Sidenor Steel Industry is exemplified in its research and considerable investment in hi-tech machinery. Sidenor, Stomana and their subsidiaries are proud to have moved one step ahead and developed a technology in house, patented under the name Synthesis™. Synthesis™ is a unique system for the industrial-scale prefabrication of reinforcing steel. The Synthesis™concept was developed by the steel segment's R&D arm, Praksys, which also developed a complete software package to accompany the technology, including components, such as product design, machine operation control, e-ordering, production planning and logistics.

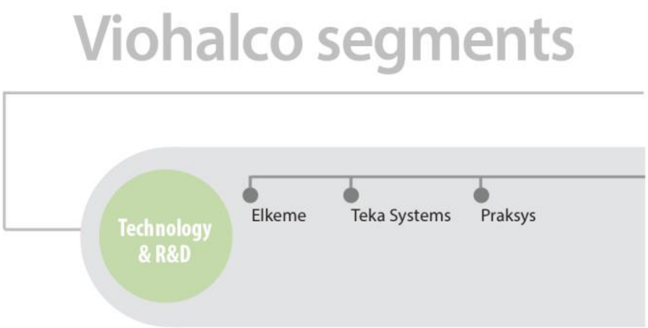
Sidenor Steel Industry has also adopted new production solutions in both of its Greek plants, in Almyros and Thessaloniki. Induction reheating furnaces have replaced gas-fired furnaces, leading to significantly reduced carbon emissions during the process of production, natural gas conservation and energy demand reduction per ton of produced steel.

The field of oil and gas exploration and production, to which Corinth Pipeworks activities are largely dedicated, is focused on ongoing technological developments and the use of advanced technologies.

Keeping up-to date with latest developments, Corinth Pipeworks continuously monitors the following R&D activities:

- Implementation of process optimisation techniques combined with continuous internal trial productions, aiming to narrow down the optimum working range for all variables, targeting higher product uniformity;
- Broadening its production range in terms of thickness and grade;
- Development of advanced tracking, process control systems, advanced non-destructive inspection techniques and controls;
- Development and manufacturing of pipes for extreme applications (sour service, offshore, high strain applications such as reeling, etc.);

- Application of advanced corrosion and mechanical protection systems;
- Collaboration with international research organisations and institutes (EPRG, TWI, Elkeme) and
- Participation in major European and international projects targeting both the development of pipe properties and pipeline integrity (JIP and RFCS projects).



Recycling

Viohalco's recycling segment trades and processes secondary raw materials, undertakes waste management, environmental operations, and provides services to consumers and corporations. Recycling is one of Viohalco's most rapidly developing segments. It was formed as a result of Viohalco's commitment to the continuous improvement of its companies' environmental performance, and a desire to utilise waste for sustainable development. In recent years, Viohalco's waste management companies have expanded the scope of their activities and broadened their customer portfolio to include multinational companies, public utilities, municipalities and extended producer responsibility schemes.

Key companies

The key companies in the recycling segment are:

Established in 2001, Aeiforos S.A. (Aeiforos) processes 400,000 tons of industrial waste per year through its two recycling plants in Greece. The company provides among others, waste management services to steelmaking plants, non-ferrous metals smelters, refineries and scrap shredders. Aeiforos also operates an end-of-life vehicle depollution center and a 6,000 sq.m. warehouse for metallic scrap trading.

Secondary raw materials produced by Aeiforos are used in the production of metals, road construction, where slag aggregates are used in asphalt layers, and cement plants, where secondary fuel from Aeiforos' new post-shredder-treatment plant is used for energy recovery. Aeiforos holds all waste collection permits required for its operations in Greece, including a license for hazardous waste management. The Company's plants are certified for quality and environmental performance according to ISO 9001 and ISO 14001.

Established in 2004, Aeiforos Bulgaria S.A. (Aeiforos Bulgaria) processes more than 100,000 tons of industrial waste per year. Situated in Pernik, Bulgaria, the company focuses on the recovery of steelmaking residues like steel slag, heavy shredder fraction, used refractories and scrap sorting residues. Aeiforos Bulgaria's products are recycled for use in road construction, cement production and metals production. The company has also gradually expanded into other waste management activities, including waste stabilisation. Aeiforos Bulgaria's plant is certified for quality and environmental performance according to ISO 9001 and ISO 14001.

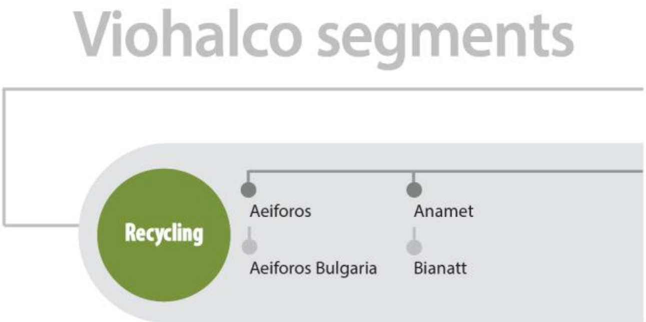
Anamet S.A. (*Anamet*) is the leading metals recycling company in Greece. A scrap metal trader established in 1966, Anamet has now evolved, offering a wide range of waste management services not only to Viohalco companies but also to third parties. These services include the recovery and offtake of secondary raw materials, servicing industrial sites, and the safe disposal of non-recyclable process residues. Anamet also retains contractual agreements with most of the extended producer responsibility schemes operating in Greece. Its Aspropyrgos facility includes a modern end of live vehicles depollution unit, a car shredder installation and other infrastructure, geared primarily towards metal recovery and processing. The company is certified for quality, health and safety, and environmental performance according to ISO 9001, ISO 18001, ISO 14001 and regulation 2009/1221/EC (EMAS), respectively. It is also certified according to the regulation 2011/333/EC for establishing end of waste criteria for ferrous and aluminium scrap. Furthermore, Anamet carries out various corporate social responsibility initiatives to promote recycling, counter illegal activities and establish win-win practices for all stakeholders (public, NGOs, governmental bodies, industry). These include programmes such as metal alert (www.metal-alert.gr), car4care (www.car4care.gr) and green auto parts (www.greenautoparts.gr).

Bianatt S.A. (Bianatt) specialises in the processing and depollution of Waste Electrical and Electronic Equipment (WEEE). The company's plant in Aspropyrgos is equipped with processing lines for all WEEE categories, from fridges and other large domestic appliances to the smallest of electronic equipment. The company operates under an ongoing contract with Appliances Recycling, the collective take-back system for WEEE in Greece, and can process up to 15,000 tons of WEEE per annum. Bianatt is certified for quality, health and safety and environmental performance according to ISO 9001, ISO 18001, ISO 14001 and regulation 2009/1221/EC (EMAS). Furthermore, the company offers safe data destruction services (Total Erase TM) and is certified according to ISO 27001. Bianatt is committed to promoting a culture of responsible WEEE management and as such, organizes educational programmes for schools and offers a free website library on recycling.

Metalvalius Ltd., established in Bulgaria in 2004, purchases, processes and trades ferrous and non-ferrous scrap from its facility in Sofia. The company is certified for quality, health and safety and environmental performance according to ISO 9001, ISO 18001, ISO 14001 and regulation 2009/1221/EC (EMAS), respectively. It is also certified according to regulations 2011/333/EC and 2013/715/EC for establishing end of waste criteria for ferrous, aluminium and copper scrap.

Inos Balkan Doo, founded in Serbia in 1951, processes and trades ferrous and non-ferrous scrap metals. Through its two main facilities in the port of Belgarde and Valjevo, the company purchases from both individuals and small businesses, while it also undertakes various off-site projects. Inos Balkan is certified for quality, health and safety and environmental performance according to ISO 9001, ISO 18001 and ISO 14001, respectively.

Based in Skopje, Novometal Doo is one of FYROM's major recycling companies. It collects and processes different types of waste materials including metals, electrical and electronic equipment (WEEE), end-of-life vehicles (ELVs) and demolition waste. Novometal began operations in 2008 and was the first scrap processing company in FYROM to become ISO 9001, ISO 14001 and OHSAS 18001:2007 certified.



Segment **revenue** increased by 13% year-on-year, primarily driven by scrap metal exports and hazardous waste management services. Low metal prices during the first half of 2016 limited material availability and margins. In the second half, however, the market began to recover and saw the early negative trend partially offset. Significant improvement was recorded on the EBIT level, as cost saving and restructuring initiatives paid-off.

During the year, a new facility in the port of Belgrade was commissioned, while underperforming locations were abandoned in the context of repositioning activities in the Serbian market. Domestic investments in shredder residue processing and waste electrical & electronic equipment had a positive impact on results as they moved up the learning curve. Adopted R&D projects on efficient recovery and disposal methods, particularly in the end-of-life sub-segment, supported performance further. A three-year contract was awarded by the Municipality of Athens for the collection and depollution of abandoned end-of-life vehicles, while various decommissioning projects were also undertaken, mainly in the energy sector. Production of alternative raw materials and solid fuels for major cement industries increased to over 150,000 tons, while 45,000 tns of industrial hazardous wastes were collected and transported for further metal recovery.

As a result of the above, **loss before income tax** amounted to EUR 1 million, compared to losses of EUR 2 million in 2015.

The summary consolidated statement of profit or loss of the **recycling segment** is as follows:

	For the year ended 31 December	
Amounts in EUR thousand	**2016**	**2015**
Revenue	44,702	39,609
a-Gross profit	15,140	14,778
a-Gross profit (%)	33.9%	37.3%
Gross profit	15,140	14,778
Gross profit (%)	33.9%	37.3%
a-EBITDA	4,324	2,690
a-EBITDA (%)	9.7%	6.8%
EBITDA	4,136	2,758
EBITDA (%)	9.3%	7.0%
a-EBIT	1,483	-31
a-EBIT (%)	3.3%	-0.1%
EBIT	1,295	37
EBIT (%)	2.9%	0.1%
Profit/ Loss (-) before income tax	-913	-2,107

- *All percentages are vs. revenue*
- *For APM definitions and further information please refer to the Appendix.*

Despite ongoing commodity price fluctuations and the prevalent political and economic uncertainty, particularly in the domestic market, the outlook remains cautiously optimistic. Stronger pricing along with the commissioning of new investments and a series of restructuring initiatives to increase production efficiency and commercial coordination, are expected to gradually yield positive results. As such, the segment is poised to address a highly competitive and dynamic regional market, aiming to increase its share further.

Other activities

Other activities mainly demonstrate the expenses incurred by the parent (holding) company, along with the results of companies which operate in other segments, such as ceramic sanitary ware and tiles, and insurance brokerage. The results below also include companies which operate solely in the Technology and R&D segment (TEKA, ELKEME).

Profit before income tax amounted to EUR 3 million, compared to a loss of EUR 3 million in 2015, driven by the profit of EUR 7 million from the acquisition of Eufina S.A., in the context of the cross-border merger of Elval Holdings S.A., Alcomet S.A., Diatour S.A. and Eufina S.A. by Viohalco.

The summary consolidated statement of profit or loss is as follows:

	For the year ended 31 December	
Amounts in EUR thousand	**2016**	**2015**
Revenue	16,811	13,397
a-Gross profit	-4,713	-5,185
a-Gross profit (%)	-28.0%	-38.7%
Gross profit	-4,713	-5,185
Gross profit (%)	-28.0%	-38.7%
a-EBITDA	-957	71
a-EBITDA (%)	-5.7%	0.5%
EBITDA	-5,455	-6,327
EBITDA (%)	-32.5%	-47.2%
a-EBIT	-2,142	-1,642
a-EBIT (%)	-12.7%	-12.3%
EBIT	-6,640	-8,039
EBIT (%)	-39.5%	-60.0%
Profit/ Loss (-) before income tax	2,589	-3,405

- *All percentages are vs. revenue*
- *For APM definitions and further information please refer to the Appendix.*

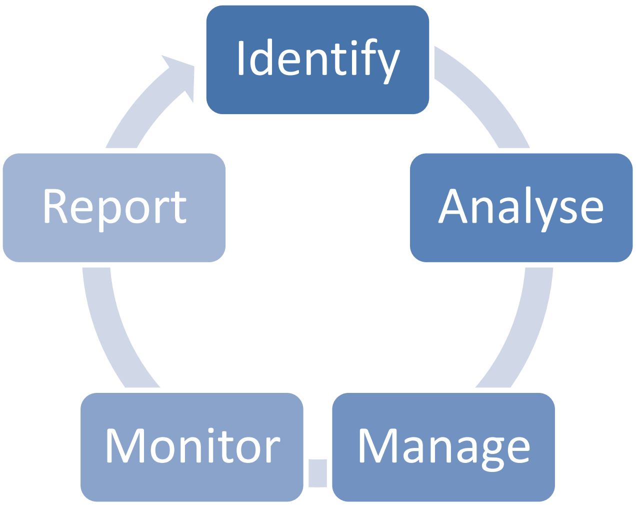
3. Risks and Uncertainties

Viohalco's Board of Directors is responsible for assessing the Company's risk profile. As Viohalco is a holding company and does not have any production operations, customers, suppliers, or personnel (except ten employees), the risks affecting the Company are mainly factors such as market conditions, competitor positioning, and technology developments related to its subsidiaries. Each of Viohalco's subsidiaries is responsible for the mitigation of its own risks. In turn, Viohalco's executive management is tasked with successfully exploiting business opportunities, whilst at the same time limiting possible business losses.

In order to achieve this, Viohalco has established a risk management system. The aim of this system is to enable the Company to identify risks, either own or related to its subsidiaries, in a proactive and dynamic way and to manage or mitigate these identified risks to an acceptable level, to the extent possible. Internal controls exist throughout the operations of Viohalco to provide management with reasonable assurance of the Company's ability to achieve its objectives. These controls cover the effectiveness and efficiency of operations (including the mitigation of fraud), the reliability of financial processes and reporting and the compliance with applicable laws and regulations.

Risk management process

Viohalco has implemented a five-step risk management process.



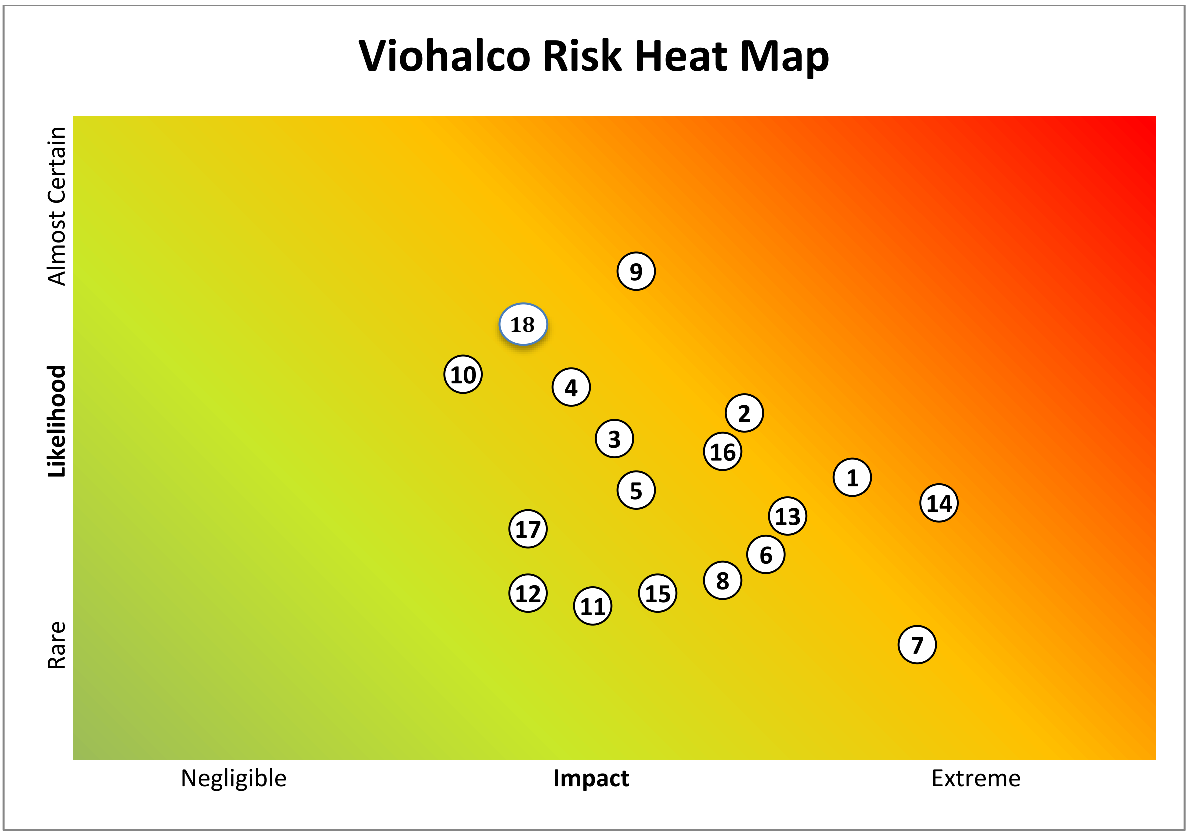
Risks are identified through a periodic process undertaken both at Viohalco and at the segmental level. This results in the drafting of the Risk Universe, which is then subject to both quantitative and qualitative analysis and assessment, in order to define Viohalco's updated Risk Profile.

This list of prioritised risks is then subject to extensive review, in order to ensure correct and up-to-date mapping with the applicable Risk Response, i.e. the structures, policies, procedures, systems and monitoring mechanisms put in place by executive management in order to manage these risks.
A consolidated review takes place at executive management level, the outcome of which is presented to the Audit Committee and the Board of Directors. The Audit Committee monitors the effectiveness of the Company's internal control and risk management systems and looks into specific aspects of internal control and risk management on an on-going basis.

Key risks

Viohalco's risks, either own or related to its subsidiaries, are organised into four major categories (each category is further broken down in risk sub-categories, which are in turn disaggregated into specific risk events):

- Strategic & markets risk – External forces that could affect the viability of Viohalco's business model, including the fundamentals that drive the overall objectives and strategies that define that model.
- Operations risk – The risk that operations are inefficient and ineffective in executing Viohalco's business model, satisfying customers and achieving the Company's quality, cost and time performance objectives.
- Financial risk – The risk that cash flows and financials are not managed cost-effectively, in order to (a) maximise cash availability; (b) reduce uncertainty of currency, interest rate, credit, commodity and other financial risks; or (c) move cash funds quickly and without loss of value to wherever they are needed most.
- EHS (Environment, Health & Safety) & compliance risk – The risk of non-compliance with prescribed organisational policies and procedures or laws and regulations, including environmental and health & safety rules, which may result in penalties, fines, property damage, injury and / or reputational loss.



Viohalco Risk Universe			
Strategic & Markets	**Operations**	**Financial**	**EHS & Compliance**
1. Country Risk	6. Sourcing Risk	11. Interest Rate Risk	16. Environmental and Health & Safety Risk
2. Industry Risk	7. Business Interruption Risk	12. Currency Risk	17. Compliance Risk
3. Competitor Risk	8. Product Failure Risk	13. Commodity Risk	18.Real estate segment risk
4. Channel Effectiveness Risk	9. Human Resources Risk	14. Liquidity Risk	
5. Technological Innovation Risk	10. Information Technology Risk	15. Credit Risk	

A graphical representation of Viohalco's and its subsidiaries current exposure to risks (in terms of potential impact and likelihood) is provided*. This is accompanied by a short description of each risk**.

1. Country risk
Adverse political actions may threaten the Company and its subsidiaries' resources and future cash flows in a country in which Viohalco has invested significantly, is dependent on for a significant volume of business or has entered into a significant agreement with a counterparty subject to the laws of that country.

The Company and its subsidiaries address this exogenous risk by differentiating its companies' manufacturing and market reach in particular. Viohalco's companies currently have manufacturing sites in 6 countries, a commercial network in 21 countries and products distributed in more than 100 countries worldwide.

2. Industry risk
Changes in opportunities and threats, capabilities of competitors, and other conditions affecting the companies' industries may threaten the attractiveness or long-term viability of these industries. Industry risk for Viohalco is primarily associated with the cyclicity of demand and the substitution rate of some of its companies' products.
The companies manage the former by expanding their exports to global markets, to differentiate cyclical exposure across geographical areas. The risk of substitution is addressed through the differentiation of their product mix, for example by shifting part of the production to products where the substitution rate is lower.

3. Competitor risk
The actions of competitors or new entrants to the market may impair Viohalco's companies' competitive advantage or even threaten their ability to survive.

* Please note that this information is likely to change at any time and is given only as an indication. Viohalco makes no declarations, warranties or commitments of any kind as to the relevancy accuracy or comprehensiveness of this information.

** Where mentioned, the term 'Viohalco' also includes the various segments and companies.

Exposure to competitor risk is captured through daily review of market information. Strategic issues regarding response to competition are assessed as part of the annual budget process and the strategic markets plan by each subsidiary. Relevant mitigating actions include a strong commitment to quality throughout the production phase, a competitive pricing policy in commodity products and a targeting on high-margin products and market diversification.

4. Channel effectiveness risk

Poorly performing or positioned distribution channels may threaten Viohalco's companies' capacity to effectively and efficiently access current and potential customers and end users.

Viohalco's companies manage the channel effectiveness risk through commercial executives per project / market. Budgets are the main tools used for the setting up and monitoring of distribution channel objectives.

5. Technological innovation risk

Viohalco's companies may not be leveraging advancements in technology in their business model to achieve or sustain competitive advantage or may be exposed to the actions of competitors or substitutes that do leverage technology to attain superior quality, cost and/or time performance in their products, services and processes.

This risk is primarily managed by Viohalco's companies through the establishment of technical assistance and knowledge transfer agreements with global leaders in various sectors where the companies are active. Viohalco's companies also cooperate with scientific bodies and prominent international research centres. This strong focus on technology and innovation is additionally demonstrated through dedicated research and development departments at a number of Viohalco's companies.

6. Sourcing risk

Limited sources of energy, metals and other key commodities, raw materials and component parts may threaten Viohalco's companies' ability to produce quality products at competitive prices on a timely basis.

The companies continuously and actively strive to minimise the likelihood of such a risk occurring. Relevant measures include maintaining a wide and diverse supplier base where possible, especially geographic; the existence of alternate material lists; the establishment of Service Level Agreements with key vendors; and the reduction of exposure to the spot market through long term contracts.

7. Business interruption risk

Business interruptions stemming from the unavailability of raw materials, information technologies, skilled labour, facilities or other resources may threaten Viohalco's companies' capacity to continue operations.

In order to manage this risk, companies' plant equipment is maintained thoroughly by the corresponding maintenance departments, according to a planned maintenance schedule. Plant equipment and production lines are also upgraded systematically. All spare parts and consumables are gauged on criticality and safety stock levels are monitored. Some of the plants, facilities and production lines are interchangeable and have been mapped to ensure shifting and continuation of production if such a need arises. Regarding information technology, disaster recovery plans have been defined per segment and facility.

8. Product failure risk
Faulty or non-performing products may expose Viohalco's companies to customer complaints, warranty claims, field repairs, returns, product liability claims, litigation and loss of revenues, market share and business reputation.

In order to proactively mitigate the risk arising from actual or claimed defects in its products, Viohalco's companies have established rigorous quality management systems at their plants, by applying fixed and formalised quality control procedures and also maintain appropriate insurance coverage against such claims. The quality control procedures include sample testing per production batch or at item level at specific phases of production; establishment of monitoring equipment at set production phases and production lines and work centres to capture defects; implementation of end-to-end traceability systems, etc.

9. Human resources risk
Possible lack of requisite knowledge, skills and experiences Viohalco's companies key personnel may threaten the execution of business model and achievement of critical business objectives.

In order to mitigate the above risk, top management at both company and segmental level regularly perform comprehensive reviews regarding key personnel. There is also a continuous effort to develop junior staff and also rotate, where possible, more senior staff in key positions across the companies.

10. Information technology risk
Viohalco's companies may not have the information technology infrastructure it needs to effectively support the current and future information requirements of the business in an efficient, cost-effective and well-controlled fashion. Additionally, failure to adequately restrict access to information (data or programs) may result in unauthorised knowledge and use of confidential information or a compromise of its integrity.

Teka Systems, a subsidiary of Viohalco that is focused on the implementation, customisation and support of information systems, is the official customer competence centre of Viohalco.

11. Interest rate risk
Significant movements in interest rates may expose Viohalco and its companies to higher borrowing costs, lower investment yields or decreased asset values. Floating rate payables expose Viohalco and its companies to a cash flow risk, while fixed rate liabilities entail assumption of the risk of a change in fair value.

In order to manage interest rate risk, Viohalco and its companies hold interest rate swaps which convert floating into fixed interest rates.

12. Currency risk
Volatility in foreign exchange rates may expose Viohalco and its companies to economic and accounting losses.

Viohalco and its companies offset this risk through hedging practices, such as the use of forward contracts, cross currency swaps, and also natural hedging (i.e. anticipated sales and purchases, as well as receivables and liabilities, in foreign currency).

13. Commodity risk

Fluctuations in commodity prices (particularly copper, zinc and aluminum) may expose Viohalco's companies to lower product margins or trading losses.

Companies active in metals that are traded in the London Metal Exchange (LME) mitigate this risk by hedging, through trading in future contracts on the LME. Specifically, all metal price fixing sales and purchase contracts are netted daily and the change in the net open commodity is generally hedged by LME future contracts so that Viohalco's companies are not exposed to commodity price risk.

14. Liquidity risk

Exposure to lower returns or the necessity to borrow due to shortfalls in cash or expected cash flows (or variances in their timing). Exposure to loss due to participation in a narrow market consisting of a limited group of counterparties (i.e. financial institutions) resulting in inability to consummate transactions at reasonable prices within a reasonable timeframe.

In order to avoid liquidity risks, Viohalco and its companies set up a provision for cash flows when preparing the annual budget and a monthly rolling provision of three months, so as to ensure sufficient cash on hand to meet its operating needs, including coverage of its financial obligations. The cash needs of Viohalco's companies are monitored by their respective financial departments and are communicated to Steelmet S.A., a Viohalco company, which agrees upon financing terms with credit institutions in Greece and other countries.
In Greece, where most of Viohalco's subsidiaries are located, the macroeconomic and financial environment is not fully stabilized yet.

The Greek government completed the negotiation with the Institutions, (IMF, EU, ESM, ECB), for the formulation of a lending package, in the third quarter of 2015 and the recapitalization of the Greek banks was completed successfully at the end of 2015. In June of 2016 the first disbursement of EUR 7.5 billion to Hellenic Republic was released and covered the short-term public debt servicing needs, while the first evaluation of the financial assistance program was completed and the partial disbursement of the second installment of the program, amounting to EUR 10.3 billion, was approved. The remaining amount of EUR 2.8 billion was disbursed in October 2016 after the completion of the prerequisite actions that had been set. In the fourth quarter of 2016 the second evaluation of the financial support program began, but the completion date of December 4th was not met. The early completion of the second evaluation and the disbursement of installments are expected to contribute to the enhancement of the real economy and the improvement of investment prospects. During the first quarter of 2017 no agreement was reached and in mid-April, Greece's negotiations with Institutional Creditors are in the run-up to an agreement. The Greek side accepted new austerity measures for 2019 and 2020 worth roughly 3.6 billion euros, as corresponding to GPD, mainly pension cuts and a lowering of the tax-free annual income threshold. The new austerity measures were demanded by the IMF, which has repeatedly maintained that fiscal goals, primarily ambitious budget surplus targets from 2018 onwards, cannot be achieved under the present economic and fiscal conditions. Countervailing measures, mainly social allowances, will be included in the next agreement and their implementation will depend to the achievement of the fiscal goals. Following this progress the second evaluation is expected to be completed in May.

The above, combined with the continuation of reforms and the measures described in the 24 May 2016 Eurogroup statement for the enhancement of the sustainability of the Greek debt, are expected to contribute to the gradual improvement of the economic environment in Greece and to the return of the economy to positive growth rates. The probability of future uncertainty in the economic and financial environment, albeit reduced, constitutes a key risk factor and any adverse development is likely to affect the activities of Viohalco's subsidiaries in Greece, and their local financial performance and position.

It should be noted that the capital controls that are in force in Greece since June 2015, and still remain until the date of approval of the financial statements, have not prevented Viohalco's companies to continue their activities with no production delays and timely execution of all customers' orders. More specifically, the production capacity of the units, production costs and raw supplies have not been affected by the capital controls and the reduction in domestic demand. Therefore, cash flows from operational activities of Viohalco's companies have not been disrupted by the current situation in Greece.

Additionally, Viohalco's companies' strong customer base outside Greece along with their established facilities abroad minimize the liquidity risk which may arise from the uncertainty of the economic environment in Greece. Viohalco's companies' debt amounting to EUR 1,699 million comprises of 47% long term and 53% short term facilities. Taking into account also the EUR 171 million of cash & equivalents (i.e. 19% of short term debt), Viohalco's companies' net debt amounts to EUR 1,527 million.
Long term facilities have an average maturity of three years. Short term facilities are predominately revolving credit facilities, which are reviewed annually with anniversaries spread throughout the year and, within those revolving credit limits, short term loans of various maturities are drawn and when matured are renewed automatically if needed. There are sufficient credit limits in place to serve working capital requirements and refinance short term loans.
Viohalco and its Companies follow closely and on a continuous basis the developments in the international and domestic environment and timely adapt their business strategy and risk management policies in order to minimize the impact of the macroeconomic conditions on their operations.

15. Credit risk
Viohalco's companies' customers may default on their obligations. Credit risk may be accentuated if a significant portion of business is concentrated to customers that are similarly impacted by events.

This risk is mitigated by no one customer accounting for 10% of total revenue and by credit insurance. In addition, Viohalco's companies mitigate credit risk through robust creditworthiness checks via banks and other credit ratings and also by setting payment terms and credit limits. They demand real or other security (e.g. letters of guarantee) in order to secure its receivables, where possible. They also record an impairment provision representing its loss estimate in terms of trade and other receivables and investments in securities. This provision mainly consists of impairment losses of specific receivables that are estimated.

16. Environmental and Health & Safety risk

Activities harmful to the environment may expose Viohalco's companies to liabilities for bodily injury, property damage, shut down of sites or part of sites, cost of removal, punitive damages, and unwelcome media attention. This risk also includes the potential non-conformance with environmental licenses and regulations, which could cause fines and reputation damage. Additionally, failure to provide a safe working environment for workers may expose Viohalco's companies to compensation liabilities, loss of business reputation and other costs. Incidents at plants could cause death / injuries or personnel might suffer health problems due to heavy machinery and production processes and materials. Consequences relate to loss of key personnel and resources, prosecution, fines, imprisonment, compensation pay-outs and other financial implications, reputation damage and business interruptions.

Viohalco's companies have established extensive environmental and health and safety policies and procedures for each individual facility. Detailed risk assessments are performed annually and regular reviews and audits are carried out to ensure all preventive measures exist and operate as they should in order to manage the environmental and health and safety risks.

17. Compliance risk

Non-compliance with customer requirements, prescribed organisational policies and procedures or laws and regulations (including listing requirements) may result in lower quality, higher production costs, lost revenues, unnecessary delays, penalties, fines, etc. for Viohalco's companies.

With regard to requirements arising from its stock exchange listings, Viohalco has established the necessary structures and procedures in order to ensure continuous compliance, including the adoption of its Corporate Governance Charter, which covers issues such as Directors' and Managers' accountability, good governance principles, insider dealing, and conflicts of interest. Also in order to mitigate the risk arising from actual or claimed defects in its products, Viohalco's companies have established rigorous quality management systems at their plants and also maintain appropriate insurance coverage against such claims.

18. Real estate segment risk

Negative changes in the Fair Value of Investment Properties may have significant impact on the results of Viohalco and its' subsidiaries.

This risk is addressed by assigning the valuation of these properties to independent experts at regular intervals in order to respond to possible decline, if necessary. Additionally, for those properties that are leased to third parties, the Company and its subsidiaries always look to conclude long-term lease contracts with reliable tenants and at the same time closely monitors the tenants' compliance with the leases contracts terms, to secure future cash flows.

4. Circumstances that may considerably impact the development of Viohalco

Circumstances which may considerably have impact on the development of Viohalco are reported in the section Risk and Uncertainties.

Corporate Governance Statement

Introduction

Viohalco applies standards compliant with the Belgian Code on Corporate Governance of 12 March 2009 (the 2009 Code) to its governance practices and policies as a company listed on the Brussels Stock Exchange (Euronext Brussels). The 2009 Code is available on the website of the Corporate Governance Committee (www.corporategovernance-committee.be). The Corporate Governance Charter (the Charter) is available on the Company's website (www.viohalco.com).

The 2009 Code is based on a «comply or explain» rule. Belgian listed companies must abide by the 2009 Code but are authorised to deviate from certain provisions of the Code, as long as they provide a justified explanation for any such deviation. The internal organisation of Viohalco deviates from the following principles of the 2009 Code:

- **Principle 6.2** "The executive management comprises at least all executive directors".

Explanation: certain directors are considered to be executive directors due to the management functions they assume in one of the subsidiaries of Viohalco, without being part of the Company's executive management.

- **Principle 7.11** "For the interests of an executive manager to be aligned with those of the Company and its shareholders, an adequate part of an executive manager's remuneration package is structured in such a way as to be linked to both the individual and corporate performance".

Explanation: The remuneration policy of the Company is set out in the remuneration report. Such policy does not include variable remuneration. The Board of directors will consider the proposals submitted by the Remuneration and Nomination Committee in order to determine whether, and to what extent, a modification of this policy is justified in light of the Company's specific nature and strategy.

Viohalco's Board of directors periodically reviews the Company's corporate governance and will adopt any amendments deemed to be necessary and appropriate. The Charter includes the rules and policies of Viohalco and must be read in combination with the Company's articles of association, the Corporate Governance Statement in the annual report and the corporate governance provisions set forth in the Belgian Companies Code (BCC).

The Board updated the Charter on 30 November 2016.

Given the secondary listing of Viohalco's shares on the Athens Stock Exchange (Athex), the Greek Law 4443/2016, implementing the articles 22, 23, 30, 31§1, 32 and 34 of the Regulation (EU) No 596/2014 on market abuse (market abuse regulation), as currently applicable, and the Athex Rulebook also apply to the Company, in addition to Belgian laws and regulations.

Board of Directors

1. Role

The Board of directors (the ***Board***) is vested with the power to perform all acts that are necessary or useful for the realisation of the Company's purpose, except for those actions that are specifically reserved by law or the articles of association to the shareholders' meeting or other management bodies.

In particular, the Board is responsible for:

- defining the general policy orientations of the Company and its subsidiaries;
- deciding on all major strategic, financial and operational matters of the Company;
- overseeing the executive management of the Company;
- taking all necessary measures to guarantee the quality, reliability, integrity and publication in due course of the Company's financial statements and other significant financial or non-financial information about the Company;
- monitoring and reviewing the effectiveness of the Audit Committee and the Remuneration and Nomination Committee;
- approving a framework of internal control and risk management set up by the executive management;
- monitoring the quality of the services provided by the external auditor(s) and the internal audit, taking into account the Audit Committee's assessment ;
- approving the remuneration report; and
- all other matters reserved to the Board by the Belgian Companies Code.

Within certain limits, the Board is entitled to delegate part of its powers to the members of the Executive Management. Moreover, it has delegated the day-to-day management of Viohalco to the managing director (CEO). Viohalco has not chosen to establish a Management Committee (executive committee) as defined by Belgian law.

2. Composition of the Board

In accordance with article 9 of the articles of association, the Board is composed of minimum five members and maximum fifteen members. As of at 16 November 2013, the Board of directors comprises 12 members:

Name	Position	Term started	Term expires
Nikolaos Stassinopoulos	Non-executive member of the Board, President	2016	2017
Jacques Moulaert	Executive member of the Board, Vice-President	2016	2017
Evangelos Moustakas	Executive member of the Board, CEO	2016	2017
Michail Stassinopoulos	Executive member of the Board,	2016	2017
Ippokratis Ioannis Stasinopoulos	Executive member of the Board	2016	2017
Jean Charles Faulx	Executive member of the Board	2016	2017
Xavier Bedoret	Non-executive member of the Board	2016	2017
Rudolf Wiedenmann	Non-executive member of the Board	2016	2017
Efthimios Christodoulou	Non-executive member of the Board, Independent	2016	2017
Francis Mer	Non-executive member of the Board, Independent	2016	2017
Thanasis Molokotos	Non-executive member of the Board, Independent	2016	2017
Vincent de Launoit	Non-executive member of the Board, Independent	2016	2017

3. Information on the members of the Board Over the past five years, the members of the Board have held the following positions (apart from their directorship of the Company) and maintained associations with the following bodies which, in theory, could become the source of conflict of interests:

Nikolaos Stassinopoulos, non-executive member of the Board, President. Mr. Stassinopoulos holds a master's degree from the Athens University of Economics and Business. He served as Vice-president and President of Viohalco Hellenic. In the past, Mr. Stassinopoulos was also a member of the Board of the Directors of National Bank of Greece and the Eurobank-Ergasias Bank.

Jacques Moulaert, executive member of the Board, Vice president. Mr. Moulaert holds a Ph.D in law from the University of Ghent and a master's degree in public administration from Harvard University. He serves as honorary managing Director at Groupe Bruxelles Lambert SA and as honorary Chairman of the board of ING Belgium SA/NV. He is the founder and honorary Vice-president of the Louvain Foundation. In the past, Mr. Moulaert served as visiting professor at the Catholic University of Louvain (UCL).

Evangelos Moustakas, executive member of the Board, CEO. Mr. Moustakas joined Viohalco Hellenic group in 1957 and has held various technical and managerial positions at the company, in particular the position of President of the Board of Directors of several subsidiaries of Viohalco Hellenic, such as Hellenic Cables SA and Etem SA. He serves as President of the Board of Directors of the Hellenic Copper Development Institute and is a member of a considerable number of metals-related institutes abroad, such as ICA, IWCC, ECI and others, which are active in the development and promotion of copper and cable products around the world.

Michail Stassinopoulos, executive member of the Board. Mr. Stassinopoulos holds a master's degree from the London School of Economics, a degree from City University in London and a master's degree in shipping, trade and finance from City University. He has served as a member of the executive Committee of Viohalco Hellenic since 1995 and of the Board of Directors of Elval Hellenic Aluminium Industry SA. In the past, Mr. Stassinopoulos served as a member of the Board of Directors of the Hellenic Federation of Enterprises and the Greek-Japanese Chamber of Commerce.

Ippokratis Ioannis Stasinopoulos, executive member of the Board. Mr. Stasinopoulos holds a master's degree in management sciences from City University and a master's degree in shipping, trade and finance from City University's Business School. He serves as a member of the General Council of SEV (Hellenic Federation of Enterprises), the Young Presidents Organisation, and the Board of Directors of Endeavor Greece. Mr. Stassinopoulos holds a managerial position at the Viohalco Hellenic group since 1995.

Jean Charles Faulx, executive member of the Board. Mr. Faulx holds a master's degree in economic sciences from the Catholic University of Louvain (UCL). He was a member of the Board of Directors of Cofidin, Genecos SA (Paris), Terra Middle East (Dusseldorf), Base Metals (Istanbul), and Metal Agencies (London). He was also member of the Board of Directors of International Trade SA and Cofidin Treasury Center SA prior to their absorption by Cofidin in August 2013. Mr. Faulx also serves as CEO of Tepro Metall AG, a subsidiary ofViohalco, Studio58 SA and Promark SPRL. In the past, Mr. Faulx held various positions at Techno Trade SA, JCT Invest and Elval Automotive SA.

Xavier Bedoret, non-executive member of the Board. Mr. Bedoret holds a master's degree in law from the Catholic University of Louvain (UCL). He serves as internal auditor and member of the Audit and Risk Management Division at Group Engie. Prior to joining Engie, he worked as a certified public accountant, senior bank and financial risk manager, and senior manager at KPMG (Brussels).

Rudolf Wiedenmann, non-executive member of the Board. Mr. Wiedenmann holds a master's degree in chemistry from Ludwig-Maximilians Universität München and a PhD in natural sciences. He is a member of the Board of Directors of Icme Ecab SA. In the past, he worked in the research and development department, as well as in other departments such as that of energy cables, of Siemens in Germany. He served as president in the European Association of Cable Manufacturers.

Efthimios Christodoulou, non-executive and independent member of the Board. Mr. Christodoulou holds a BA in economics from Hamilton College and an MA in economics from Columbia University. He served on the staff of the National Bureau of Economic Research (New York) and was a lecturer at New York University. Mr. Christodoulou was also Governor of the National Bank of Greece, President of the Union of Hellenic Banks, and Director General of the National Investment Bank for Industrial Development (ETEBA). He also acted as President of the Board and CEO of Olympic Airways, Executive President of Hellenic Petroleum SA, and was a member of the European Parliament. He was Minister of Foreign Affairs and Minister of National Economy in Greece. Until

June 2013, Mr. Christodoulou also served as President of EFG Eurobank. He is also President of various philanthropic institutions.

Francis Mer, non-executive and independent member of the Board. Mr. Mer holds a master's degree from Ecole Polytechnique and a master's degree in engineering from Ecole des Mines. He serves as honorary President of Safran Group. In the past, Mr. Mer held various positions at Usinor Sacilor Group, including President of the Board of Directors and CEO, and served as President of Cockerill Sambre, Eurofer (European Steel Association) and the International Iron and Steel Institute. He was President of the French Steel Federation, the National Technical Research Association, EpE (Entreprises pour l'Environnement) and the Cercle de l'Industrie, and co-president of the Board of Arcelor. Mr. Mer was the French Minister of Economy, Finance and Industry from 2002 to 2004.

Thanasis Molokotos, non-executive and independent member of the Board. Mr. Molokotos holds a master's degree in mechanical engineering and a master's degree in marine engineering and naval architecture from the Massachusetts Institute of Technology (Cambridge, MA), and a master's degree in mechanical engineering from Tuft University (Medford, MA); he is President and chief executive officer of Assa Abloy Americas. In the past, he served as general manager of Molokotos Textile Corporation and design specialist at Rangine Corporation.

Vincent de Launoit, non-executive and independent member of the Board. Mr Vincent de Launoit serves as CEO at Water and Laser Cutting SA, Water Cutting Luxembourg SA and Laserys SA.

The mandates of all members of the Board will expire at the shareholders' Ordinary General Meeting of 30 May 2017.

4. Appointment of members of the Board

The members of the Board are appointed by the shareholders' General Meeting, on proposal submitted to the shareholders by the Board. For the appointment of the members of the Board, a quorum of at least two thirds (2/3) of the share capital and a majority of 75% of the votes present or represented are required. In case this quorum is not reached, two additional meetings at which the lesser quorum required by articles 21.5 and 21.6 of the articles of association may prove necessary.

In case a seat of member at the Board becomes vacant, the remaining members may by a unanimous vote validly fill such vacancy until the next shareholders meeting confirms such appointment or replaces the appointee.

The members of the Board are appointed for a one year term, renewable. If a member does not attend the Board meetings for a period of six (6) months without justifiable cause, he will be deemed to have resigned.

The Remuneration and Nomination Committee examines candidacies for Board membership in order to recommend to the Board a list of proposed members. In doing so, the Committee seeks to ensure that a satisfactory balance of expertise, knowledge and experience is maintained among such proposed members. The Board submits its proposal to the shareholders' meeting after having examined the recommendations made by the Remuneration and Nomination Committee.

Pursuant to article 518 bis, § 3 of the BCC, at least one third of the Company Board members must be of a different sex, as of the financial year starting on 1 January 2019. The Board is aware of this.

5. Criteria for Independence

The Board decides which candidates satisfy the independence criteria. To be considered as independent, a member of the Board must fulfil the criteria set forth in in article 526ter of the BCC. Any independent member of the Board who no longer fulfil the above criteria of independence shall immediately inform the Board.

The Board of Viohalco has reviewed all criteria applying to the assessment of directors' independence pursuant to the BCC and the 2009 Code. Based on the information provided by all members of the Board on their relationships with Viohalco and its subsidiaries, the Company has decided that Messrs. Efthimios Christodoulou, Vincent de Launoit, Francis Mer and Thanasis Molokotos are independent according to the criteria of the BCC and the 2009 Code.

6. Functioning

The Board has elected a president among its members, Mr. Nikolaos Stassinopoulos (the ***President***). The President is responsible for the leadership of the Board and sets the agenda of the meetings of the Board after consultation with the CEO. The President is responsible for ensuring that all directors receive accurate, timely and clear information.

The Board has appointed a secretary, Mr. Jacques Moulaert to advise the Board on all governance matters (the ***Corporate Governance Secretary***).

The Board shall meet as frequently as the interests of the company requires and in any case, at least five times a year. The majority of the meetings of the Board in any year shall take place in Belgium.

The meetings of the Board can also be held by teleconference, videoconference or by any other means of communication that allow to the participants to hear each other continuously and to actively participate in these meetings. Participation to meeting through the above-mentioned means of communication is considered as a physical presence to such meeting.

Where duly justified by an emergency of the matter and by corporate interest, the Board can adopt unanimous written decisions, expressing its consent in a written document, a facsimile or an e-mail or by any other similar means of communication. Each member of the Board may provide its consent separately and the totality of the consents shall constitute the proof that the decisions were approved. The date of such decisions shall be the date of the last signature. This procedure can however not be used for the approval of the annual accounts. The Board was held by telephone on 12 February 2016, with three members absent and represented.

It met in Brussels on 30 March 2016 in the presence of four members of the Board in Brussels and the rest of them by telephone, except one member who was absent.

It met in Brussels on 14 April 2016, with three members of the Board in Brussels, 7 of them by telephone, with one member absent and represented and another member absent.

A meeting was held by telephone on 3 June 2016 with one member absent.

A meeting was held in Athens on 29 September 2016, with two members of the Board absent and represented.

A meeting was held by telephone on 16 November 2016, with four members of the Board in Brussels and the rest of them by telephone, except three members absent and represented.

It met in Brussels on 30 November 2016, with two members of the Board absent and represented.

Committees of the Board of directors

In 2016, the Board was assisted by two committees, entrusted to assist the Board and make recommendations in specific areas: the Audit Committee and the Remuneration and Nomination Committee. The competences of these committees are mainly defined in the Corporate Governance Charter.

1. The Audit Committee

In 2016, the Audit Committee was composed of Mr. Efthimios Christodoulou (President), Mr. Xavier Bedoret and Count Vincent de Launoit. All are non-executive members of the Board and two are independent.

All members belonging to the Audit Committee meet the criteria of competence by their training and experience acquired during their previous functions.

Pursuant to the Charter, the Audit Committee is convened at least four times a year and meets with the statutory auditors at least twice a year.

The Audit Committee advises the Board on accounting, audit and internal control matters. In particular,

- monitor the financial reporting process;
- monitor the effectiveness of the Company's internal control and risk management systems;
- monitor the internal audit and its effectiveness;
- monitor the statutory audit of annual and consolidated accounts, including any follow-up on any questions and recommendations
- made by the external auditor
- present recommendations to the Board with respect to the appointment of the statutory auditor; and
- review and monitor the independence of the external auditor, in particular regarding the provision of additional services to the Company.

The Audit Committee met four times: on 29 March 2016 with one member by telephone, on 31 May 2016 in Brussels, on 29 September 2016 in Athens one member absent and represented and on 30 November 2016 in Brussels, with all members present. Both the internal auditor and the external auditor attended the meetings of the 31 May and 29 September 2016.

2. Remuneration and Nomination Committee

In 2016, the Remuneration and Nomination Committee was composed of Mr. Nikolaos Stassinopoulos (President), Mr. Francis Mer and Mr. Efthimios Christodoulou.

Mr. Mer and Mr. Christodoulou are independent non-executive members of the Board.

The Committee meets twice a year. The President has reported to the Board on the Committee's effectiveness on 3 December 2014.

The Remuneration and Nomination Committee advises the Board principally on matters regarding the appointment and remuneration of members of the Board, the executive management and senior management and shall in particular:

- submit a remuneration report to the Board;
- make recommendations to the Board with regards to the appointment of the directors, the CEO and the Vice-President;
- periodically assess the composition and size of the Board and make recommendations to the Board with regard to any changes;
- identify and nominate, for the approval of the Board, candidates to fill vacancies as they arise; and
- advise on proposals for appointment originating from shareholders.

The Remuneration and Nomination Committee met twice, on 30 March 2016 and on 30 November 2016 in Brussels, with all its members present. The Committee submitted its recommendations to the Board on the members' remuneration, the CEO and Vice-president's remuneration, and of Mr. Michail Stassinopoulos and Mr. Ippokratis Ioannis Stasinopoulos remuneration.

Assessment of the Board of directors and its Committees

The Board, in its meeting of 3 December 2014, entrusted its President with a first evaluation of the functioning of the Board, and its Committees, the executive management and in particular the CEO, of each member's contribution to the Board functioning, and of the existing relationships between the executive management and the Board.

Executive Management

The executive management comprises four persons: the chief executive officer (CEO) Mr. Evangelos Moustakas, the executive vice-president Mr. Jacques Moulaert, the CFO Mr. Dimitris Kyriacopoulos and the accounting and fiscal affairs manager Mr. Panteleimon Mavrakis. The four members of the executive management are appointed for a renewable term of 1 year by the Board of office lasting from one Ordinary General Meeting until the next one of the following year, which is renewable by the Board. The actual term of office expires at the Ordinary General Meeting of 30 May 2017 and can be renewed.

The CEO is vested with the day-to-day management of the Company. He is also entrusted with the execution of the resolutions of the Board.

The general responsibilities of the CEO include the following:

- preparing strategic proposals to be made to the Board;
- putting internal controls in place;
- monitoring and managing the Company's results and performance against strategic and financial plans;
- giving direction, guidance and support to the Company's business;
- preparing financial statements of the Company in accordance with applicable accounting standards and the related press releases issued by the Company, and providing the Board with a balanced and understandable assessment of the Company's financial situation;
- making recommendations to the Board with respect to matters within its competency; and
- reporting to the Board on the performance of the Company.

The President of the Board maintains a close cooperation with the CEO, assists, and consults him while respecting his autonomy.

The Board has assigned the following missions to the executive management:

- to apply the Company's internal control system, without prejudice to the monitoring role undertaken by the Board of directors and, on its behalf, by the Audit Committee;
- to present to the Board, within the required deadlines, a thorough, reliable and accurate report of the Company's financial statements, in line with the accounting standards and policies established by the latter;
- to disclose mandatorily financial statements and other essential information on the Company's financial and non-financial position;

- to present to the Board a balanced and comprehensible evaluation of the Company’s financial position;
- to provide the Board, within the required deadlines, with the information required by the latter to carry out its duties;
- the financial responsibility towards the Board for the execution of its responsibilities.

Remuneration report

1. Remuneration policy

The policy regarding the remuneration of executive and non-executive members of the Board is determined by the Board, based on a proposal from the Remuneration and Nomination Committee. It leads to proposals that must be approved by the shareholders during the Annual Ordinary General Meeting as far as the members of the Board are concerned. The Remuneration and Nomination Committee bases its proposals on a review of the prevailing market conditions for comparable companies.

Viohalco does not foresee any significant change in its actual remuneration policy for the years 2017 and 2018.

2. Board of directors

The remuneration policy for the year 2016-2017 foresees a fixed fee for each member of the Board amounting to euro 25,000, plus an equal sum in case they are members of a committee.

The remuneration of the Board’s President is equal to that of the other non-executive members of the Board.

These fees are allocated pro rata temporis for the period lasting from one Ordinary Meeting to that of the following year, and are due at the end of such period. No variable remuneration is foreseen.

The following table provides an overview of the fees paid to the Board members during their term of office (2016-2017):

Name for members (amounts in EUR)	**Fixed amount for members of the Board**	**Fixed amount for members of the Audit Committee**	**Fixed amount for the members of the Remuneration and Nomination Committee**	**Total**
Nikolaos Stassinopoulos	25,000	0	25,000	50,000
Jacques Moulaert	25,000	0	0	25,000
Evangelos Moustakas	25,000	0	0	25,000
Michail Stassinopoulos	25,000	0	0	25,000
Ippokratis Ioannis Stasinopoulos	25,000	0	0	25,000
Jean Charles Faulx	25,000	0	0	25,000
Xavier Bedoret	25,000	25,000	0	50,000
Rudolf Wiedenmann	25,000	0	0	25,000
Efthimios Christodoulou (*)	0	0	0	0
Francis Mer	25,000	0	25,000	50.000
Thanasis Molokotos	25,000	0	0	25,000
Vincent de Launoit	25,000	25,000	0	50,000
Total Remuneration	**275,000**	**50,000**	**50.000**	**375,000**

(*) This member of the Board has waived all remuneration.

The total remuneration paid to non-executive members of the Board is presented in the above table, with the exception of Mr. Wiedenmann's, who received an additional sum of EUR 3,310 by Icme Ecab, and Mr. Bedoret's, who received an additional sum of EUR 8,400 by Cenergy Holdings.

3. Executive member of the Board and Executive management:

The remuneration policy for the executive members of the Board and the executive management of Viohalco is made up of a fixed fee. They are entitled to neither stock options nor a supplementary pension scheme. No contingent or deferred compensation has been paid by the Company to the executive members of the Board or the executive management. They do not have any contract with the Company which would entitle them to benefits by the end of their term of office.

The remuneration scheme for the CEO and the executive Vice-president does not include a variable part. The remuneration of other executive members of the Board and legal representatives is not determined by the Company but its subsidiaries.

The CEO's remuneration for the fiscal year 2016 amounts to EUR 1,287 thousands (in addition to his remuneration as member of the Board).

The remuneration granted in 2016 to the executive members of the Board (in addition to the remuneration as members of the Board) and the executive management, excl. the CEO, amounts to EUR 1,647 thousands.

No member of the executive management left Viohalco in 2016.

External Audit

Two statutory auditors, appointed by the General Meeting of Shareholders among the members of the Belgian Institute of Company Auditors, are entrusted with the audit of the Company's financial statements.

On 31 May 2016, the Company appointed KPMG Bedrijfsrevisoren/Réviseurs d'Entreprises SCRL ("KPMG"), represented by Benoit Van Roost and Renaud de Borman Réviseurs d'Entreprises-Bedrijfsrevisoren SPRL, represented by Renaud de Borman, as statutory auditors for a three-year period. KPMG has been appointed to audit the Company's consolidated financial statements.

The statutory auditors' mission and powers are those defined by the law. The general meeting of shareholders sets the number of statutory auditors and determines their remuneration in compliance with the law. Statutory auditors are appointed for a renewable term of three years which cannot be revoked by the General Meeting of Shareholders without a good reason.

Risk Management and Internal Control

The Belgian legislative and regulatory framework on risk management and internal control consists of the relevant provisions of the Acts of 17 December 2008 and of 6 April 2010 (on Corporate Governance), as well as of the 2009 Code on Corporate Governance.

As mentioned in the "Risks and uncertainties" chapter of this annual report, the executive management is responsible for risk management and the internal control systems. The main risks faced by Viohalco and its subsidiaries are identified and managed by the appropriate Company.

The Audit Committee supervises the audit function and ensures compliance with the internal audit Charter within the Company. It ensures the auditors' independence, objectivity and competence, proper mission planning, and the effective implementation of the auditing recommendations by the executive management.

The Audit Committee is responsible, on behalf of the Board, for monitoring this and the effectiveness of the Company's control systems and risk management of the Company as assumed by the internal audit.

Viohalco's Internal Audit function is staffed by qualified individuals, both at group level and at each of its segments. The Internal Audit implements a risk-based audit plan that focuses on the proper application of policies and procedures which have been put in place to manage risk. Internal control deficiencies are communicated to the Audit Committee and Management in a timely manner and periodic follow-up is performed to verify the implementation of the agreed corrective measures.

The internal control is a control environment mechanism, defined and implemented under the responsibility of the executive management. It involves a set of means, procedures and actions which:

- contribute to the control of activities, the effectiveness of operations and the efficient use of resources; and
- must allow major risks to be taken properly into account, whether they are operational, financial or related to conformity.

Specifically, the internal control mechanism aims at ensuring:

- conformity with laws and regulations;
- application of instructions and guidelines specified by the executive management;
- proper execution of internal Company processes, especially those contributing to the protection of its assets; and
- reliability of financial information.

The internal audit services are provided to the Company by Steelmet S.A. (a Viohalco company) pursuant to a subcontracting agreement, headed by mr. Konstantinos Karonis.

The internal audit is an independent and objective activity which guarantees the Company adequate control of its operations provides advice for their improvement and contributes to the creation of added value.

The internal audit helps the Company achieve its objectives by systematically and methodically evaluating its risk management, control and corporate governance procedures, and by submitting proposals to enhance their effectiveness. The person responsible for the internal audit reports to the Audit Committee at least twice a year.

Risk assessment

Risks are identified through a periodic process that is undertaken both at a Viohalco and at a segmental level. This process results in the drafting of the Risk Universe, which is then subject to both quantitative and qualitative analysis and assessment, in order to define updated Risk Profile.

This list of prioritised risks is then subject to an adequate review, in order to ensure correct and up-to-date mapping with the applicable Risk Response, i.e. structures, policies, procedures, systems & monitoring mechanisms put in place by management in order to manage these risks. A consolidated review takes place at the level of the executive management, the outcome of which is presented to the Audit Committee and to the Board of Directors. The Audit Committee monitors the effectiveness of the Company's internal control and risk management systems and looks into specific aspects of internal control and risk management on an on-going basis.

Each of Viohalco's subsidiaries is responsible for the assessment, mitigation and monitoring of its own risks.

A graphical representation of Viohalco's current exposure to risks, along with a description of each risk, is provided in the relevant section of this report ('Risks and Uncertainties').

Control Activities and Relationship with subsidiaries

Viohalco, as a holding company operates in a decentralised way. Each one of Viohalco's companies is responsible for its results and performance. The management of subsidiaries is organised around solid global and regional teams, with responsibility assigned to the members of their respective executive management.

All Viohalco's companies are accountable for their internal control responsibilities, implemented at all segments, locations and production installations. The objective of each Policy is to define the strategy and goals for each particular area, to provide the necessary guidance for their achievement, and to set the framework that should lead behaviours and actions.

Financial reporting and Monitoring Activities

Viohalco has established procedures for the collection of financial and operational information from its various subsidiaries. These also aim to ensure reconciliation of separate transactions and the homogenous implementation of accounting principles.

Each subsidiary submits to Viohalco a monthly report with financial information including P&L, Balance Sheet, Cash Flow, Receivables and Gross Margin Analysis. In addition to this, a Working Capital Scorecard is communicated monthly at group level regarding the actual commitment of cash though working capital versus targets.

A detailed report on the performances of the major subsidiaries of each segment is presented to the Board twice a year. This report compared to the budget provides operational and financial information and is a key component for Viohalco's decision-making process.

<u>Conflicts of interests</u>

Article 10 of the Governance Charter defines Viohalco's policy concerning the transactions or other contractual relationships that may arise between the Company, including its affiliated companies, and the members of the Board, when such transactions are not governed by pertinent legal provisions.

In the event there should arise a conflict of interest with a member of the Board, a shareholder or another company of the Viohalco's subsidiaries, the Board shall implement the specific procedures set forth in articles 523 and 524 of the BCC.

In general, each member of the Board and the executive management acts without conflict of interest and always puts the interest of Viohalco before his individual interest. Each member of the Board and the executive management arranges his or her personal business so as to avoid direct and indirect conflict of interest with Viohalco.

All members of the Board inform the Board of conflicts of interests as arise. If the conflict of interests is of proprietary nature, they also, abstain from participating in the discussions and deliberations on the matter involved in accordance with article 523 of the BCC. The deliberation of the meeting during which the conflict of interest arose shall be reproduced in the annual report of the Company.

If the conflict of interest is not covered by the provisions of the BCC and involves a transaction or contractual relationship between Viohalco or one of its related entities, on the one hand, and any member of the Board or the executive management (or a company or entity with which such member of the Board or the executive management has a close relationship), on the other hand, such member shall inform the Board of the conflict. The Board must then be particularly attentive that the approval of the transaction is motivated by Viohalco's interest only and takes place at arm's length.

In all cases involving a conflict of interest not covered by article 523 of the BCC, the member of the Board affected by the conflict of interests shall judge whether he or she should abstain from participating in the discussions and the vote.

Since the listing of the Company, the Board has not been notified of any transaction or other contractual relationship between Viohalco and its Board members which caused a conflict of interests within the meaning of articles 523 and 524 of the BCC.

Shareholders

1**. Capital Structure**

On 31 December 2016, the Company's share capital amounted to EUR 141,893,811.46 represented by 259,189,761 shares without nominal value. There is no authorised share capital.

All shares of the Company belong to the same class of securities and are in registered or dematerialised form. Shareholders may elect, at any time, to have their registered shares converted into dematerialised shares and vice versa.

No restriction of share transfer is provided in the Company's articles of association. Therefore, all shares are freely transferable. Each share entitles one vote.

2**. Restrictions on Voting Rights**

The Company's articles of association do not include any restrictions on the exercise of voting rights by the shareholders provided that the relevant shareholders are admitted to the General Meeting and their rights are not suspended. The relevant provisions governing the shareholders' admission to the general meeting are set out in article 19 of Viohalco's articles of association.

Article 8.3 of the articles of association provides that Company shares are indivisible and that it recognises only one holder per share. The Board has the right to suspend the exercise of all rights attached to jointly owned shares until a single representative of the joint owners has been appointed.

3**. Transparency**

Pursuant to the Belgian law of 2 May 2007 on the disclosure of shareholdings in listed companies and containing various provisions (the Transparency Law) implementing into Belgian law the Directive 2004/109/EC, all natural and legal entities must inform the Company and the Financial Services and Markets Authority (FSMA) in the following cases:

- an acquisition or disposal of voting shares or financial instruments that are treated as voting securities;
- the holding of voting rights at the time of the initial public offering;
- the passive reaching of a threshold;
- the reaching of a threshold by persons acting in concert or a change in the nature of an agreement to act in concert;
- update of a previous notification concerning the voting securities;
- the acquisition or disposal of the control of an entity holding the voting securities; and

- the introduction by the Company of additional notification thresholds in its articles of association, in each case where the percentage of voting rights attached to the voting securities held by these persons reaches, exceeds or falls below the legal threshold set at 5% of the total voting rights and at 10%, 15%, 20% and so on for every 5% or, as the case may be, the additional thresholds provided in the articles of association.

The notification must be made as soon as possible and, at the latest, within four trading days following the acquisition or disposal of the voting rights triggering the reaching of the initial threshold. Once the Company receives a notification of information concerning the reaching of a threshold, it must publish such information within three trading days following receipt of the notification.

During a general meeting of shareholders of the Company, no shareholder can cast a greater number of votes than those attached to the securities or rights it has notified, pursuant to the Transparency Law, at least 20 days before the date of the general meeting in question, subject to certain exceptions.

The form on which such notifications must be made, together with additional explanations, is available on the FSMA website (www.fsma.be).

The voting rights held by major shareholders of the Company on 30 March 2017 are available on the website of Viohalco (www.viohalco.com).

Viohalco is not aware of the existence of any agreement between shareholders concerning the transfer or exercise of the voting rights attached to the shares of the Company.

General Meeting of Shareholders

1. **Meetings**

The Annual General Meeting of Shareholders of the Company is held on the last Tuesday of May at 12:00 p.m. (noon) or, if the day is a public holiday in Belgium, on the previous business day, at the same time. It takes place in Brussels, at the registered office of the Company or at the place indicated in the convening notice of the shareholders' meeting.

The other shareholders' meetings of the Company must take place on the day, at the hour and place indicated in the convening notice of meeting. They may take place at locations other than the registered office.

The annual, special and extraordinary shareholders' meetings of the Company may be convened by the Board of Directors or the auditor of the Company and at the request of shareholders representing at least the one fifth of the Company's share capital.

2. **Quorum and Majority required for modification of the articles of association**

The modification of Viohalco's articles of association requires that two thirds of the share capital are present or represented and that it is approved by a 75% majority of votes. If the quorum of two thirds is not reached during a first Meeting, a second Meeting can be convened with the same agenda and shall lawfully meet if 60% of the Company capital is present or represented.

If this quorum is not reached, a third Meeting could be convened and shall lawfully meet if 58% of the Company capital is present or represented.

Shareholder Information and Market Data

Share information and evolution of the shares

The share capital of Viohalco is set at EUR 141,893,811.46 and is divided into 259,189,761 shares without nominal value, further to the completion of the cross-border merger through absorption by Viohalco of the Greek companies, Elval Holdings Société Anonyme (Elval), Diatour, Management and Tourism Société Anonyme (Diatour), Alcomet Copper and Aluminium Société Anonyme (Alcomet) and the Luxembourg company Eufina S.A. (Eufina) on 26 February 2016.

The shares have been issued in registered and dematerialised form. All the shares are freely transferable and fully paid up. The company has not issued any other category of shares, such as non-voting or preferential shares.

All the shares representing the share capital have the same rights. In accordance with the articles of association of the company, each share entitles its holder to one vote.

Viohalco's shares are listed under the symbol "VIO" with ISIN code BE0974271034 on the regulated market of Euronext Brussels and on the main market of the Athens Stock Exchange with the same ISIN code and under the symbol VIO (in latin characters) and BIO (in Greek characters).

Market data

The table below sets forth, for the periods indicated the maximum and minimum year-end closing prices, and the end of the year closing prices of Viohalco S.A. on Euronext Brussels and Athens Stock Exchange.

Share price EURONEXT BRUSSELS in EUR	2015	2016
At the end of the year	1.61	1.22
Maximum	3.98	1.70
Minimum	1.53	1.00
Dividends	0	0
Gross annual return in %	-16.1%	-24.35%

Share price ATHENS EXCHANGE in EUR	2015	2016
At the end of the year	1.60	1.25
Maximum	4.08	1.67
Minimum	1.50	0.98
Dividends	0	0
Gross annual return in %	-13.98%	-21.88%

Investor relations contact details

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Market NYSE Euronext Brussels
Ticker VIO
ISIN code BE0974271034

Market Athens Exchange
Ticker VIO (in latin characters) and BIO (in Greek characters)
ISIN code BE0974271034

Viohalco remains committed to high-quality and transparent financial reporting. Viohalco's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU ("IFRSs as adopted by the EU").

Shareholder's structure

Based on the last Transparency Declarations, the shareholding structure of Viohalco is as follows:

Name (Shareholders)	% voting rights
Evangelos Stassinopoulos	42.81%
Nikolaos Stassinopoulos	32.27%

Distribution and dividend policy

Since its incorporation in 2013, Viohalco does not have any history of dividend distribution.

It is the present intention of the Board that in the short term, the Company's profits shall be reinvested into the Company's businesses. This policy will be reviewed by the Board in due course and, if the policy changes, the Company will inform the market accordingly. However, no assurances can be given that Viohalco will make dividend payments in the future. Such payments will depend upon a number of factors, including Viohalco's prospects, strategies, results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions and other factors considered to be relevant by the Board of Directors. Due to its interest and participation in a number of subsidiaries and affiliated companies, Viohalco's stand-alone income and its ability to pay dividends depends in part on the receipt of dividends and distributions from these subsidiaries and affiliated companies. The payment of dividends by these subsidiaries and affiliated companies is contingent upon the sufficiency of earnings, cash flows, and distributable reserves.

Financial calendar

Date	Publication / Event
30 May 2017	Annual General Meeting 2017
29 September 2017	Half Yearly 2017 results

Appendix – Alternative Performance Measures (APMs)

Introduction

VIOHALCO management has adopted, monitors and reports internally and externally P&L APMs, namely Adjusted Gross Profit (a-Gross Profit), Adjusted EBITDA (a-EBITDA) and Adjusted EBIT (a-EBIT) on the basis that they are appropriate measures reflecting the underlying performance of the business. These APMs allow meaningful comparisons of business performance between different reporting periods and are also key performance metrics on which VIOHALCO prepares, monitors and assesses its annual budgets and long-range (5 year) plans. Nevertheless, this does not imply or infer by any terms that the items adjusted are non-Operating or non-Recurring. FY2016 Management Report is the first year that VIOHALCO reports externally these APMs together with comparable figures for FY2015.

VIOHALCO management also reports in its FY2016 Management Report other P&L APMs, i.e. EBITDA and EBIT to allow continuity of information, since these APMs have been reported historically in Management Reports.

Relating to Balance Sheet items, VIOHALCO management monitors and reports the Net Debt measure.

General Definitions

a-EBITDA

a-EBITDA is defined as income from continuing operations before:

- income taxes,
- net interest cost,
- depreciation and amortization

as **adjusted to exclude**:

- metal price lag,
- restructuring costs,
- exceptional idle costs,
- impairment / reversal of impairment of fixed and intangible assets
- impairment / reversal of impairment of investments
- unrealized gains or losses on derivatives and on foreign exchange differences,
- gains/losses from sales of fixed assets, intangible assets and investments,
- exceptional litigation fees and fines,
- exceptional provisions on receivables along with the respective insurance income and
- other exceptional or unusual items

a-EBIT

a-EBIT is defined as income from continuing operations before:

- income taxes,
- net interest cost,

as **adjusted to exclude** items same to those of a-EBITDA

a-Gross Profit

a-Gross Profit is Gross Profit as adjusted to exclude:

- metal price lag,
- restructuring costs (if included in Gross Profit),
- exceptional idle costs,
- other exceptional or unusual items (if included in Gross Profit)

EBITDA

EBITDA is defined as income from continuing operations before:

- income taxes,
- Share of profit/loss of equity-accounted investees, net of tax
- net finance costs,
- depreciation and amortization

EBIT

EBIT is defined as income from continuing operations before:

- income taxes,
- Share of profit/loss of equity-accounted investees, net of tax
- net finance costs

Readers' attention is drawn to the fact that EBITDA and EBIT account for net finance costs, while a-EBITDA and a-EBIT account for net interest costs.

Net Debt is defined as the total of:

- Long term Borrowings,
- Short term Borrowings,

Less :

- Cash and cash equivalents.

Metal Price Lag

Metal price lag is the P&L effect resulting from fluctuations in the market prices of the underlying commodity metals (ferrous and non-ferrous) which VIOHALCO's subsidiaries use as raw materials in their end-product production processes.

Metal price lag exists due to:

(i) the period of time between the pricing of purchases of metal, holding and processing the metal, and the pricing of the sale of finished inventory to customers,

(ii) the effect of the inventory opening balance (which in turn is affected by metal prices of previous periods) on the amount reported as Cost of Sales, due to the costing method used (e.g. weighted average),

(iii) certain customer contracts containing fixed forward price commitments which result in exposure to changes in metal prices for the period of time between when our sales price fixes and the sale actually occurs.

Most **VIOHALCO's** subsidiaries use back to back matching of purchases and sales, or derivative instruments in order to minimize the effect of the Metal Price Lag on their results. However, there will be always some impact (positive or negative) in the P&L, since in the non-ferrous segments (i.e. Aluminum, Copper and Cables) part of the inventory is treated as being kept on a permanent basis (minimum operating stock), and not hedged and in the ferrous (i.e. Steel and Steel Pipes) segments no commodities hedging occurs.

Reconciliation Tables

a- Gross Profit

Amounts in EUR thousand	For the year ended 31 December	
	2016	2015
Gross Profit (as reported in Statement of Profit or Loss)	264,072	229,627
Adjustments for:		
Metal price lag	6,945	41,794
Unrealized (gains)/losses on foreign currency balances and derivatives (fx and commodity)	232	1,063
Other exceptional or unusual (income)/expenses	344	0
a-Gross Profit	271,594	272,484

a-EBIT and a-EBITDA

Amounts in EUR thousand	For the year ended 31 December	
	2016	2015
EBT (as reported in Statement of Profit or Loss)	6,756	-36,784
Adjustments for:		
Net interest cost	106,917	109,772
Metal price lag	6,945	41,794
Restructuring expenses	2,820	3,419
Unrealized (gains)/losses on foreign currency balances and derivatives (fx and commodity)	3,282	302
Impairment/ (Reversal of Impairment) on fixed assets	10,938	2,908
Exceptional provisions on receivables along with the respective insurance income	-1,419	0
Exceptional litigation fees and fines / (income)	-902	0
(Gains)/losses from sales of fixed assets	-540	-2,180
Bargain purchase on acquisition	-7,319	0
Other exceptional or unusual (income)/expenses	432	290
a-EBIT	**127,910**	**119,522**
Add back:		
Depreciation & Amortization	121,628	120,376
a-EBITDA	**249,538**	**239,899**

EBIT and EBITDA

Amounts in EUR thousand	For the year ended 31 December	
	2016	2015
EBT (as reported in Statement of Profit or Loss)	6,756	-36,784
Adjust for:		
Share of profit/loss (-) of equity-accounted investees, net of tax	1,240	-882
Finance Income/Cost	102,056	111,042
EBIT	110,052	73,376
Add back:		
Depreciation & Amortization	121,628	120,376
EBITDA	**231,680**	**193,753**

Net Debt

Amounts in EUR thousand	For the year ended 31 December	
	2016	2015
Long term Borrowings	804,723	895,863
Short term Borrowings	894,491	739,139
Total Debt	**1,699,214**	**1,635,001**
Less :		
Cash and cash equivalents	-171,784	-136,296
Net Debt	**1,527,430**	**1,498,705**

VIOHALCO

FINANCIAL STATEMENTS 2016 & AUDITOR’S REPORT

1. Consolidated Statement of Financial Position

Amounts in EUR thousand	Note	As at 31 December 2016	2015
ASSETS			
Non-current assets			
Property, plant and equipment	17	1,783,156	1,814,588
Intangible assets and goodwill	18	24,657	23,598
Investment property	19	155,553	156,012
Equity-accounted investees	20	17,594	16,452
Other investments	21	7,658	7,645
Deferred tax assets	13	14,731	11,664
Derivatives	22	253	0
Trade and other receivables	15	6,320	8,033
		2,009,922	**2,037,993**
Current Assets			
Inventories	14	857,419	786,242
Trade and other receivables	15	576,187	538,165
Income tax receivables		1,332	1,246
Other investments	29	1,633	2,138
Derivatives	22	7,933	3,654
Cash and cash equivalents	16	171,784	136,296
		1,616,288	**1,467,740**
Total assets		**3,626,210**	**3,505,734**
EQUITY			
Equity			
Share capital	23	141,894	117,666
Share premium	23	457,571	453,822
Translation reserves		-18,847	-13,968
Other reserves	23	395,563	328,622
Retained earnings		81,525	42,353
Equity attributable to owners of the Company		**1,057,706**	**928,495**
Non-controlling interests		90,533	246,349
Total equity		**1,148,239**	**1,174,843**
LIABILITIES			
Non-current liabilities			
Loans and borrowings	25	804,723	895,863
Derivatives	22	4,366	543
Deferred tax liabilities	13	147,763	151,365
Employee benefits	11	26,868	25,405
Grants	27	46,468	50,549
Provisions	28	3,863	3,009
Trade and other payables	26	12,477	17,924
		1,046,529	**1,144,656**
Current liabilities			
Trade and other payables	26	506,804	419,201
Current tax liabilities		19,875	20,534
Loans and borrowings	25	894,491	739,139
Derivatives	22	9,858	5,932
Provisions	28	415	1,428
		1,431,442	**1,186,234**
Total liabilities		**2,477,971**	**2,330,890**
Total equity and liabilities		**3,626,210**	**3,505,734**

The notes on pages 95 to 162 are an integral part of these Consolidated Financial Statements.

2. Consolidated Statement of Profit or Loss

Amounts in EUR thousand	Note	For the year ended 31 December 2016	2015
Continuing operations			
Revenue	7	**3,112,654**	**3,274,735**
Cost of sales	8	-2,848,582	-3,045,108
Gross profit		**264,072**	**229,627**
Other income	8	38,607	48,419
Selling and distribution expenses	8	-58,022	-73,678
Administrative expenses	8	-95,029	-91,528
Other expenses	8	-39,577	-39,463
Operating result (EBIT)		**110,052**	**73,376**
Finance income	9	10,367	14,373
Finance costs	9	-112,423	-125,414
Net finance income / costs (-)		**-102,056**	**-111,042**
Share of profit/ loss (-) of equity-accounted investees, net of tax	20	-1,240	882
Profit/ loss (-) before income tax		**6,756**	**-36,784**
Income tax	13	-13,685	-26,616
Profit/ loss (-) from continued operations		**-6,930**	**-63,400**
Profit/ loss (-) attributable to:			
Owners of the company		-6,383	-59,993
Non-controlling interests		-546	-3,407
		-6,930	**-63,400**
Earnings per share (in EUR per share)			
Basic and diluted	10	-0.0250	-0.2676

The notes on pages 95 to 162 are an integral part of these Consolidated Financial Statements.

3. Consolidated Statement of Profit or Loss and Other Comprehensive Income

Amounts in EUR thousand	**Note**	**For the year ended 31 December** **2016**	**2015**
Profit / Loss (-)		**-6,930**	**-63,400**
Items that will never be reclassified to profit or loss			
Remeasurements of defined benefit liability	11	-607	1,661
Related tax	13	114	-494
Total		**-494**	**1,168**
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences		-17,994	3,812
Gain / Loss (-) of changes in fair value of cash flow hedging - effective portion		-2,568	-10,794
Gain / Loss (-) of changes in fair value of cash flow hedging - reclassified to profit or loss		-10	5,228
Gain / Loss (-) of changes in fair value of Available-for-sale - net change in fair value	21	-24	-4,378
Related tax	13	-204	978
Total		**-20,800**	**-5,154**
Total comprehensive income / expense (-) after tax		**-28,223**	**-67,387**
Total comprehensive income attributable to			
Owners of the company		-22,958	-64,774
Non-controlling interests		-5,266	-2,613
Total comprehensive income / expense (-) after tax		**-28,223**	**-67,387**

The notes on pages 95 to 162 are an integral part of these Consolidated Financial Statements.

4. Consolidated Statement of Changes in Equity

2016	Note	Share capital	Share premium	Treasury shares	Other reserves	Retained Earnings	Translation reserve	Total	Non-controlling interest	Total equity
Balance as at 1 January 2016		**117,666**	**453,822**	**-8,059**	**336,681**	**42,353**	**-13,968**	**928,495**	**246,349**	**1,174,843**
Total comprehensive income										
Other comprehensive income, net of taxes		0	0	0	-1,693	-260	-14,621	-16,575	-4,719	-21,294
Profit/Loss (-)		0	0	0	0	-6,383	0	-6,383	-546	-6,930
Total comprehensive income		**0**	**0**	**0**	**-1,693**	**-6,643**	**-14,621**	**-22,958**	**-5,266**	**-28,223**
Transactions with owners of the company										
Business combination Eufina	32	13,642	515	0	0	-11,231	0	2,926	0	2,926
Transfer of reserves		0	0	0	28,852	-28,852	0	0	0	0
Dividend		0	0	0	0	0	0	0	-1,307	-1,307
Total		**13,642**	**515**	**0**	**28,852**	**-40,083**	**0**	**2,926**	**-1,307**	**1,619**
Changes in ownership interests										
Acquisition of NCI Elval, Alcomet, Diatour	30, 32	10,586	3,234	8,059	21,601	118,261	4,286	166,028	-166,028	0
Other changes in ownership interests	30	0	0	0	10,122	-32,363	5,457	-16,785	16,785	0
Total changes in ownership interests		**10,586**	**3,234**	**8,059**	**31,723**	**85,898**	**9,743**	**149,243**	**-149,243**	**0**
Balance as at 31 December 2016		**141,894**	**457,571**	**0**	**395,563**	**81,525**	**-18,847**	**1,057,706**	**90,533**	**1,148,239**

2015	Note	Share capital	Share premium	Treasury shares	Other reserves	Retained Earnings	Translation reserve	Total	Non-controlling interest	Total equity
Balance as at 1 January 2015		**104,996**	**432,201**	**0**	**363,003**	**32,768**	**-12,755**	**920,214**	**322,792**	**1,243,006**
Total comprehensive income										
Other comprehensive income, net of taxes		0	0	0	-5,215	404	30	-4,780	794	-3,987
Profit/Loss (-)		0	0	0	0	-59,993	0	-59,993	-3,407	-63,400
Total comprehensive income		**0**	**0**	**0**	**-5,215**	**-59,589**	**30**	**-64,773**	**-2,613**	**-67,387**
Transactions with owners of the company										
Transfer of reserves		0	0	0	-1,411	-890	3	-2,298	2,298	0
Dividend		0	0	0	0	0	0	0	-953	-953
Total		**0**	**0**	**0**	**-1,411**	**-890**	**3**	**-2,298**	**1,345**	**-953**
Changes in ownership interests										
Acquisition of NCI Sidenor holdings	30	12,670	21,620	-8,059	-19,909	68,006	-1,170	73,158	-73,158	0
Other changes in ownership interests		0	0	0	214	2,057	-76	2,195	-2,017	178
Total changes in ownership interests		**12,670**	**21,620**	**-8,059**	**-19,695**	**70,063**	**-1,246**	**75,353**	**-75,175**	**178**
Balance as at 31 December 2015		**117,666**	**453,822**	**-8,059**	**336,681**	**42,353**	**-13,968**	**928,495**	**246,349**	**1,174,843**

The notes on pages 95 to 162 are an integral part of these Consolidated Financial Statements.

5. Consolidated Statement of Cash Flows

	Note	For the year ended 31 December	
Amounts in EUR thousand		2016	2015
Cash flows from operating activities			
Profit / loss (-) for the period		-6,930	-63,400
Adjustments for:			
Income tax	**13**	13,685	26,616
Depreciation and amortization of PP&E and intangible assets		122,550	123,339
Depreciation of investment property		3,194	1,667
Amortization of grants	**27**	-4,116	-4,630
Finance income	**9**	-10,367	-14,373
Share of profit of equity accounted investees	**20**	1,240	-882
Foreign exchange differences		-431	-13,277
Finance expenses	**9**	112,423	125,414
Profit (-) / loss from sale of PP&E and intangible assets		-540	-2,050
Impairment and write offs of PP&E, intangible assets and investment property		12,113	3,807
		242,821	**182,233**
Decrease / increase (-) in inventories		-76,631	56,499
Decrease / increase (-) in receivables		-53,011	46,863
Decrease (-) / increase in liabilities		61,096	-26,361
		-68,547	**77,001**
Cash generated from operating activities		**174,275**	**259,234**
Interest paid		-101,872	-121,963
Income tax paid		-5,698	-6,567
Net cash from/used in (-) operating activities		**66,705**	**130,704**
Cash flows from investing activities			
Purchase of PP&E and intangible assets		-103,585	-196,155
Purchase of investment property	**19**	-6,423	-9,878
Proceeds from sale of PP&E and intangible assets		3,130	10,660
Acquisition of equity accounted investees	**20**	-110	-757
Dividends received		827	1,699
Proceeds from sale of available for sale investments		207	39,868
Purchase of other investments		-211	-2,386
Proceeds from sale of other investments		0	1,293
Cash acquired from business combination	**32**	9,880	0
Interest received		3,953	5,278
Proceeds from collection of grants		70	2,038
Net cash used in investing activities		**-92,262**	**-148,340**
Cash flows from financing activities			
Proceeds from new borrowings		466,851	334,516
Repayment of borrowings		-404,079	-280,138
Dividends paid to minority interest		-1,397	-951
Net cash used in financing activities		**61,375**	**53,427**
Net decrease (-)/ increase in cash and cash equivalents		**35,817**	**35,791**
Cash and cash equivalents at the beginning of period		136,296	99,612
Effects of movements in exchange rates on cash held		-329	893
Cash and cash equivalents at the end of period		**171,784**	**136,296**

The notes on pages 95 to 162 are an integral part of these Consolidated Financial Statements.

6. Notes to the Consolidated Financial Statements

1. Reporting entity

Viohalco S.A. (hereafter referred to as "the Company" or "Viohalco S.A.") is a Belgian Limited Liability Company. The Company's registered office is located at 30 Avenue Marnix, 1000 Brussels Belgium. The Company's Consolidated Financial Statements include those of the Company and its subsidiaries (together referred to as"Viohalco"), and Viohalco's interest in associates accounted for using the equity method.

Viohalco S.A. is the holding company and holds participations in approximately 100 subsidiaries, two of which are listed, one on Euronext Brussels and the other on Athens Exchange. With production facilities in Greece, Bulgaria, Romania, FYROM and the United Kingdom, Viohalco subsidiaries specialise in the manufacture of steel, copper and aluminium products. In addition, Viohalco owns substantial real estate properties in Greece and redeveloped some of its properties as real estate development projects. Its shares are traded on Euronext Brussels and has since February 2014 its secondary listing on the Athens Stock exchange (trading ticker "VIO").

The Company's electronic address is www.viohalco.com, where the Consolidated Financial Statements have been posted.

2. Basis of accounting

Statement of compliance

The Consolidated Financial Statements have been prepared by Management in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union up to 31 December 2016. Part of the consolidated financial statements were authorised on 30 March 2017 by Company's Board of Directors and published with the press release of 31 March 2017, while the remaining part was subsequently approved by Management, (which had been authorized to do so by the Board of Directors) on the 28 April 2017.

Details of the Viohalco's accounting policies are included in Note 5.

Basis of measurement

The Consolidated Financial Statements have been prepared in accordance with the historical cost principle with the exception of the following assets and liabilities which are measured on an alternative basis on each reporting date.

1. Financial assets at fair value through profit or loss (fair value);
2. Derivative financial instruments (fair value);
3. Available-for-sale financial assets (fair value);
4. Net defined benefit liability (present value of the obligation)
5. Provisions (present value of the expected future cash flows).

3. Functional currency and presentation currency

The functional and presentation currency of the parent Company is euro. All amounts in the Consolidated Financial Statements are rounded to the nearest thousand, unless otherwise indicated. As such, due to rounding, figures shown as totals in certain tables may not be arithmetic aggregations of the figures that precede them.

4. Use of estimates and judgements

Preparing Financial Statements in line with IFRS requires that Management makes judgements, makes estimates and assumptions that affect the application of Viohalco's accounting policies and the reported amounts of assets, liabilities, income and expenses. The actual results may differ from these estimates.

Management's estimates and judgements are reviewed on an ongoing basis. Revisions to estimates are recognised propectively.

A. Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 5.1 and 30 - Consolidation: whether Viohalco has de facto control over an investee;
- Note 19 and 5.11 – Real estate classification as investment property versus owner-occupied property

B. Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ended 31 December 2016 is included in the following notes:

- Note 11 – Measurement of defined benefit obligations: key actuarial assumptions;
- Note 13 – Recognition of deferred tax assets, availability of future taxable profits against which carryforward tax losses can be used;
- Note 17, Note 18 and Note 19 – Impairment test: key assumptions underlying recoverable amounts;
- Note 28 and 35 – Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources.
- Note 25 and 5 - Lease: whether an arrangement contains a lease;
- Note 33 and 5 – Lease classification

5. Significant accounting policies

The accounting principles described below have been consistently applied to all periods presented in these Financial Statements and have also been consistently applied by Viohalco and its companies (subsidiaries and equity accounted investees).

5.1. Basis of Consolidation

(a) Business combinations

Acquisition of subsidiaries is accounted for using the acquisition method on the acquisition date, i.e. the date on which control is transferred to Viohalco. To assess control, Viohalco takes into account substantive potential voting rights.

Viohalco and its companies measure goodwill on the acquisition date as follows:

- the fair value of the consideration paid, plus
- the value of any non-controlling interest in the acquired subsidiary less
- the fair value of identifiable assets and liabilities assumed.

Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is immediately recognized in the Consolidated Statement of Profit or Loss. Any expenses directly linked with acquisition are directly posted in the Consolidated Statement of Profit or Loss. Any contingent acquisition cost is recognized at its fair value on the acquisition date.

(b) Subsidiaries

Subsidiaries are entities controlled by Viohalco. Viohalco controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

(c) Non-controlling interests

NCI are measured at fair value or at their proportionate share of the acquiree's identifiable net assets at the date of acquisition. This measurement is done on an acquisition by acquisition basis.

Changes in Viohalco's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions

(d) Loss of control

When Viohalco and its companies lose control over a subsidiary, they derecognise the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair vaue when control is lost.

(e) Interests in equity-accounted investees

Viohalco's interests in equity-accounted investees comprise interests in associates and joint ventures.

Associates are those entities in which Viohalco has significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which Viohalco has joint control, whereby Viohalco has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities.

Interests in associates and joint ventures are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequently to initial recognition, the consolidated financial statements include Viohalco's share of the profit or loss and OCI of equity-accounted investees, until the date on which significant influence or joint control ceases.

(f) Transactions eliminated on consolidation

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

5.2. Foreign currency

(a) Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Viohalco’s companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate, when the fair value was determined. Foreign currency gains and losses are recognized and classified in the consolidated statement of profit or loss based on the nature of the related item of the consolidated statement of financial position.

Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction.

Foreign currency differences arising from the translation of qualifying cash flow hedges to the extent that the hedges are effective are recognised in OCI.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into euro at the exchange rates of the reporting date. The income and expenses of foreign operations are translated into euro at the exchange rates at the date of the transactions. The average rate for the period is deemed to be an appropriate rate.

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed of in its entirety or partially such that the control, significant influence or joint control is lost, the cumulative amount in the translation reserve related that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If Viohalco disposes of parts of its interest in the subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to NCI. When Viohalco disposes of only part of an associate or joint venture while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

5.3. Revenue

(a) Sale of goods

Viohalco’s companies recognize revenue when the significant risks and rewards of ownership have been transferred to the customer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of the revenue can be measured reliably. Revenue is measured net of returns, trade discounts and volume rebates.

The timing of the transfer of risks and rewards varies on the individual terms of the sales agreement. The transfer occurs when the product is delivered to the customer; however for some international shipments the transfer occurs on loading the goods onto the carrier at the port. For those shipments, based on the incoterms when the goods are loaded onto the ship, or other delivery vehicle, at the port of the seller, it is considered that all risks and rewards have been transferred from the seller to the buyer and revenue is then recognized.

(b) Rendering of services

Viohalco's companies recognise revenue from rendering of services in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed based on surveys of work performed.

(c) Construction contracts

Contract revenue for Viohalco's companies includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probably that they will result in revenue and can be measured reliably.

If the outcome of a construction contract can be estimated reliably, then contract revenue is recognized in the profit or loss in proportion to the stage of completion of the contract. The stage of completion is assessed with reference to surveys of work performed. Otherwise, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

Contract expenses are recognized as incurred unless they create an asset related to future contract activity. An expected loss on a contract is recognized immediately in profit or loss.

(d) Investment property rental income

Rental income from investment property for Viohalco and its subsidiaries in the Real Estate Development sector is recognised as income on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

Rental income is recognized as "Other income".

5.4. Employee benefits

(a) 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 Viohalco 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.

(b) Defined contribution plans

Defined-contribution plans are plans for the period after the employee has ceased to work during which Viohalco and its companies pay a defined amount to a third legal entity without any other obligation. The accrued cost of defined-contribution programs is recorded as an expense in the period that it concerns.

(c) Defined benefit plans

Viohalco and its companies' 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.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, are recognised immediately in OCI. Viohalco and its companies determine the net interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. Viohalco and its companies recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

(d) Termination benefits

Termination benefits are expensed at the earlier of when Viohalco and its companies 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 Viohalco and its companies are 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.

5.5. Government Grants

Grants from the government are recognized at their fair value where there is a reasonable assurance that the grant will be received and Viohalco's companies will comply with all attached conditions.

Government grants relating to costs are deferred and recognized in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred government grants and are credited to the income statement on a straight line basis over the expected useful lives of the related assets.

5.6. Finance income and finance costs

Viohalco and its companies finance income and finance costs mainly include:

- interest income;
- interest expense;
- dividend income;
- the net gain or loss on the disposal of available-for-sale financial assets;
- impairment losses recognised on financial assets (other than trade receivables);
- Foreign currency gains and losses from loans

(a) Income from interest

Income from interest is recognised on the time proportion basis using the effective interest rate method. Interest expense is recognized using the effective interest method.

(b) Income from dividends

Dividends are accounted for as income when a right to collect them has been established.

5.7. 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 a business combination, or to items recognised directly in equity or in OCI.

A. Current tax

Current tax comprised the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

B. Deferred tax

Deferred 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:

- 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;
- Temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that Viohalco and its companies are able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- Taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that is probable that future taxable profits will be available against which they

can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when the probability of future taxable profits improves.
Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that is has become probable that future taxable profits will be available against which they can be used.
Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.
The measurements of deferred tax reflects the tax consequences that would follow from the manner in which Viohalco and its companies expect, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.
Deferred income 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.

5.8. 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 production and conversion cost and all direct expenses required to bring inventories at their current condition. 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.

The write-down of inventories to net realisable value and any reversals are recognized in 'cost of sales' in the period in which the write-downs or losses occur.

5.9. Property, plant and equipment

A. Recognition and measurement

Property, plant and equipment are presented at their acquisition cost less accumulated depreciation and impairment. The acquisition cost includes all expenses that are directly associated with the asset's acquisition or self-construction. The cost of self-constructed fixed assets includes the cost of direct labour, materials and any other cost that is required for the fixed asset to be ready for use as well as any borrowing costs.
Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to Viohalco and its companies. Repair and maintenance costs are recorded in the Consolidated Statement of Profit or Loss when these are incurred.

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

Borrowing costs related to the construction of qualifying assets are capitalised during the period required for the construction to be completed.

B. Depreciation

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. Land is not depreciated.

Buildings	10-33 years
Plants	50 years
Machinery	2-35 years
Furniture and other equipment	2-8 years
Transport means	4-15 years

Computers are included in the category "Furniture and other equipment".

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

C. Reclassification to investment property

When the use of a property changes from owner-occupied to investment property, the property is reclassified to investment property.

The item is reclassified at its net book value at the date of reclassification which becomes its deemed cost for subsequent accounting purposes.

D. Reclassification to assets held for sale

Non-current assets and disposal groups are reclassified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than continuing use.

5.10. Intangible assets and goodwill

A. Recognition and measurement

Goodwill: Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Research and development: Expenditure on research activities is recognised in profit and loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercial feasible, future economic benefits are probable and Viohalco's companies intend to and have sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.

Software programs: Software licenses are recorded at their acquisition cost less accumulated amortisation. These assets are amortised on the straight line method over their estimated useful lives, which ranges between 3 to 5 years. Expenses that are associated with the software's maintenance are recognised in profit or loss in the year in which they are incurred.

Other intangible assets: Other intangible assets, including customer relationships, patents and trademarks, that are acquired by Viohalco and its companies and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses. Other intangible assets having indefinite useful lives are measured at cost less accumulated impairment losses.

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. Goodwill and other intangible assets with indefinite useful lives are not amortised.
The estimated useful lives for the current and comparative periods are as follows:

- Trademarks and licenses 10 – 15 years
- Software programs 3 – 5 years

Some intangible assets included in "Trademarks and licences" have indefinite useful lives and are therefore not amortised, but subject to an impairment test. See Note 18 for detailed information.
Amortisation methods, useful lives and residual values ar reviewed at each reporting date and adjusted if appropriate.

5.11. Investment property

Investment property, which mainly includes land and buildings, is owned by Viohalco and its subsidiaries in the Real Estate Development sector for the collection of rents and is not used for self-purposes. Investment property is presented at cost less depreciation. When the carrying amounts of investment property exceed their recoverable value, the difference (impairment) is directly recorded in profit and loss as an expense. The reversal of impairment losses is also recognised in profit and loss as income. Land is not depreciated. The buildings are depreciated by applying the straight line method. The expected useful life of buildings is 18-33 years.
Management exercises judgement to determine whether a property qualifies as investment property or not. The criteria related to this judgement are as follows:

- Whether a property generates cash flows derived from rentals and capital appreciation largely independently of the other assets held by Viohalco;
- Whether a property does not generate cash flows from the production or supply of goods or services or the use of property for administrative purposes that are attributable not only to property, but also to other assets used in the production or supply process;
- Whether a building that is vacant will be held to be leased out or for capital appreciation;
- Whether a property that is being constructed or developed for future use as investment property;
- Whether Viohalco holds land for a currently undetermined future use.

5.12. Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for-sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.
Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets or employee benefits which continue to be measured in accordance Viohalco and its companies' other accounting policies. Impairment losses on initial classification as held-for-sale and subsequent gains and losses on remeasurement are recognised in profit or loss.
Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

5.13. Impairment

A. Non-derivative financial assets

Available-for-sale financial assets and financial asset interests in an equity-accounted investee, are assessed at each reporting date to determine whether there is objective evidence of impairment.
Objective evidence that financial assets are impaired includes:

- default or delinquency by a debtor;
- restructuring of an amount due to Viohalco's companies on terms that they would not consider otherwise;
- indications that a debtor or issuer will enter bankruptcy;
- adverse changes in the payments status of borrowers or issuers;
- 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 group of financial assets.

For an investment in an equity security, objective evidence of impairment includes a significant or prolonged decline in its fair value below its cost. Viohalco and its subsidiaries consider a decline of 20% to be significant and a period of 9 months to be prolonged.

Financial assets measured at amortized cost

An impairment loss is calculated as the difference between an asset's carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account. When it is considered that there are no realistic prospects of recovery of the asset, the relevant amounts are written off. If the amount of impairment loss subsequently decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, then the previously recognised impairment loss is reversed through profit or loss.

Available-for-sale financial assets

Impairment losses on available-for-sale financial assets are recognised by reclassifying the losses accumulated in the fair value reserve to profit or loss. The amount reclassified is the difference between the acquisition cost (net of any principal repayment and amortisation) and the current fair value, less any impairment loss previously recognised in profit or loss. If the fair value of an impaired available-for-sale debt security subsequently increases and the increase can be related objectively to an event occurring after the impairment loss was recognised, then the impairment loss is reversed through profit or loss; otherwise, it is reversed through OCI.

Equity-accounted investees

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

B. Non-financial assets

At each reporting date, Viohalco and its companies review the carrying amounts of its 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 is 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 expense". 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.

5.14. Leases

Leases of property, plant and equipment, in which Viohalco and its companies substantially maintains all the risks and benefits of ownership, are classified as financial leases. The leased asset is recognized from the moment the lease begins at the lower of their fair value and the present value of the minimum lease payments. The lease liability is initially recognized at the same amount. The reduction of the lease liability is recognized 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 are recognized on a straight-line basis over the lease term.

5.15. Financial instruments

Viohalco and its companies classify non-derivative financial assets into the following categories: "financial assets at fair value through profit or loss", "Cash and receivables", "available-for-sale financial assets".

(a) Non-derivative financial assets and financial liabilities – recognition and derecognition

Viohalco and its companies initially recognise cash and receivables on the date when they are originated. All other financial assets and financial liabilities are initially recognised on the trade date.
Viohalco and its companies derecognise a financial asset when the contractual rights to the cash flows from the 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 it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset.
Viohalco and its companies derecognise a financial liability when its contractual obligations are discharged or cancelled, or expire.
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, Viohalco and its companies have a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(b) Non-derivative financial assets – measurement

Financial assets at fair value through profit or loss

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value and changes therein, including any interest or dividend income, are recognised in profit or loss.

Trade and other receivables less impairment losses

These assets are initially recognised at fair value and subsequent to initial recognition, they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash on hand and equivalent cash accounts include cash on hand, sight deposits, short-term (up to 3 months) high-liquid and low-risk investments.

Available-for-sale financial assets

These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses and foreign currency differences on debt instruments are recognised in OCI and accumulated in the “Fair value” reserve. When these assets are derecognised, the gain or loss accumulated in equity is reclassified to profit or loss.

(c) Non-derivative financial liabilities – measurement

Non-derivative financial liabilities include loans and borrowings and are initially recognised at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these liabilities are measured at amortised cost using the effective interest method.

5.16. Derivatives and hedge accounting

Viohalco’s companies hold derivative financial instruments designated as fair value or cash flow hedges. Derivatives are used to cover risks arising from changes in prices of metals, fluctuations of foreign exchange rates and changes in interest rates on borrowings.

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 changes therein are generally recognised in profit or loss, unless the instrument qualifies for cash flow hedge accounting.

Fair value hedge

Derivatives are designated as fair value hedges when the exposure to changes in the fair value of a recognized financial asset or liability is hedged.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognised in the Consolidated Statement of Profit or Loss, along with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedge

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 recognized immediately in profit or loss.

The amounts recognized in the "Hedging reserve" are reclassified to profit or loss when the hedged items affect profit or loss.

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

Viohalco's companies, examine the effectiveness of the cash flow hedges, on a regular basis.

5.17. Share capital

Shareholder's equity is composed of ordinary shares.

Direct expenses that are associated with the issue of shares are recorded, after the relative income tax has been deducted, as a reduction to the increase amount. Direct expenses relating to shares that have been issued for the acquisition of a company are included in the acquisition cost thereof.

5.18. Provisions

Provisions are recognised when:

(a) There is a present legal or constructive obligation as a result of past events.

(b) Payment is probable to settle the obligation.

(c) The amount of the payment in question can be reliably estimated.

Provisions are measured by discounting the expected future cash flows at a 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. Contingent assets and contingent liabilities are not recognized in the Consolidated Financial Statements.

5.19. Earnings per Share

Viohalco presents basic and diluted earnings per share. Basic earnings per share are calculated by dividing the net profit/ loss (-) attributable to holders of the Company's ordinary shares by the average weighted number of outstanding ordinary shares during each period.

Diluted earnings per share are determined by adjusting the profit or loss attributable to holders of ordinary shares and the average weighted number of outstanding ordinary shares by the effect of all diluted eventual ordinary shares consisting of convertible notes and shares with options granted to the staff.

5.20. New standards, amendment to standards and interpretations of IFRS's

Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning during the current financial year and subsequent years. Viohalco's evaluation of the effect of these new standards, amendments to standards and interpretations is set out below.

Standards and Interpretations effective for the current financial year:

• *Annual Improvements to IFRSs 2012:*

The amendments set out below describe the key changes to certain IFRSs following the publication of the results of the IASB's 2010-12 cycle of the annual improvements project. The adoption of these amendments did not have significant impact for the consolidated financial statements of Viohalco.

− *IFRS 2 "Share-based payment".* The amendment clarifies the definition of a 'vesting condition' and separately defines 'performance condition' and 'service condition'.

− *IFRS 3 "Business combinations".* The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 "Financial instruments: Presentation". It also clarifies that all non-equity contingent consideration, both financial and nonfinancial, is measured at fair value through profit or loss.

− *IFRS 8 "Operating segments".* The amendment requires disclosure of the judgments made by management in aggregating operating segments.

− *IFRS 13 "Fair value measurement".* The amendment clarifies that the standard does not remove the ability to measure short-term receivables and payables at invoice amounts in cases where the impact of not discounting is immaterial.

− *IAS 16 "Property, plant and equipment"* and *IAS 38 "Intangible assets".* Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model.

− *IAS 24 "Related party disclosures".* The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

• *Annual Improvements to IFRSs 2014:*

The amendments set out below describe the key changes to four IFRSs. Their adoption did not have significant impact for the consolidated financial statements of Viohalco.

− *IFRS 5 "Non-current assets held for sale and discontinued operations".* The amendment clarifies that, when an asset (or disposal group) is reclassified from 'held for sale' to 'held for distribution', or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.

− *IFRS 7 "Financial instruments: Disclosures".* The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and clarifies that the additional disclosure required by the amendments to IFRS 7, "Disclosure – Offsetting financial assets and financial liabilities" is not specifically required for all interim periods, unless required by IAS 34.

− *IAS 19 "Employee benefits".* The amendment clarifies that, when determining the discount rate for post-employment benefit obligations, it is the currency that the liabilities are denominated in that is important, and not the country where they arise.

− *IAS 34 "Interim financial reporting"*. The amendment clarifies what is meant by the reference in the standard to 'information disclosed elsewhere in the interim financial report'.

• *IAS 1 (Amendment)" Disclosure Initiative".* The amendments clarify the guidance of IAS 1 on the concepts of materiality and aggregation, presentation of sub-totals, structure of financial statements and disclosures of accounting policies. The adoption of the amendment did not have significant impact for the consolidated financial statements of Viohalco.

• *IAS 16 and IAS 38 (Amendments) "Clarification of Acceptable Methods of Depreciation and Amortisation".* These amendments clarify that a revenue-based method is not considered to be an appropriate method of asset depreciation and also specify that a revenue-based method is an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. The adoption of these amendments did not have significant impact for the consolidated financial statements of Viohalco.

• *IAS 19R (Amendment) "Employee Benefits".* These narrow scope amendments apply to contributions from employees or third parties to defined benefit plans and simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. The adoption of the amendment did not have significant impact for the consolidated financial statements of Viohalco.

• *IAS 27 (Amendment) "Separate financial statements".* IAS 27 is amended to allow the equity method as an accounting option for investments in subsidiaries, joint ventures and associates in an entity's separate financial statements. The adoption of the amendment did not have significant impact for the consolidated financial statements of Viohalco.

• *IFRS 10, IFRS 12 and IAS 28 (Amendments) "Investment Entities: Applying the Consolidation Exception".* These amendments clarify the application of the consolidation exception for investment entities and their subsidiaries. The adoption of these amendments did not have significant impact for the consolidated financial statements of Viohalco.

• *IFRS 11 (Amendment) "Joint Arrangements".* The amended version of IFRS 11 requires acquirers of an interest in a joint operation that constitutes a business (as defined in IFRS 3 "Business Combinations") to apply all accounting principles of business combinations included in IFRS 3 and other IFRSs save those accounting principles clashing with the stipulations of IFRS 11. In addition, the amendment requires the disclosure of any information required by IFRS 3 and other IFRSs on business combinations. The adoption of the amendment did not have significant impact for the consolidated financial statements of Viohalco.

Standards and Interpretations effective for subsequent periods:

• ***IFRS 15 "Revenue from Contracts with Customers"*** *(effective for annual periods beginning on or after 1 January 2018).*

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 Revenue, IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Viohalco is currently performing an initial assessment of the potential impact of the adoption of IFRS 15 on its consolidated financial statements:

a. ***Sales of products***: For the sale of products, revenue is currently recognised when the significant risks and rewards of ownership have been transferred to the customer, provided that recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of the revenue can be measured reliably.

   Under IFRS 15, revenue will be recognised when a customer obtains control of the goods. For some made-to-order product contracts, the customer controls all of the work in progress as the products are being manufactured. When this is the case, revenue will be recognised as the products are being manufactured. This will result in revenue, and some associated costs, for these contracts being recognised earlier than at present – i.e. before the goods are delivered to the customers' premises.

   For certain contracts that permit the customer to return an item, revenue is currently recognised when a reasonable estimate of the returns can be made, provided that all other criteria for revenue recognition are met. If a reasonable estimate cannot be made, then revenue recognition is deferred until the return period lapses or a reasonable estimate of returns can be made.

   Under IFRS 15, revenue will be recognised for these contracts to the extent that it is probable that a significant reversal in the amount of cumulative revenue recognised will not occur. As a consequence, for those contracts for which Viohalco is unable to make a reasonable estimate of return, revenue is expected to be recognised sooner than when the return period lapses or a reasonable estimate can be made. A refund liability and an asset for recovery will be recognised for these contracts and presented separately in the statement of financial position.

b. ***Rendering of services***: Revenue is currently recognised using the stage-of-completion method. Under IFRS 15, the total consideration in the service contracts will be allocated to all services based on their stand-alone selling prices. The stand-alone selling prices will be determined based on the list prices at which Viohalco sells the services in separate transactions. Viohalco does not expect significant differences in the timing of revenue recognition for these services.

c. ***Construction contracts***: Contract revenue currently includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. When a claim or variation is recognised, the measure of contract progress or contract price is revised and the cumulative contract position is reassessed at each reporting date.
Under IFRS 15, claims and variations will be included in the contract accounting when they are approved.

Transition: Viohalco will adopt IFRS 15 in its consolidated financial statements for the year ending 31 December 2018 and is currently performing a detailed assessment of the impact resulting from the application of IFRS 15 and expects to disclose additional qualitative and quantitative information before it adopts IFRS 15. There are no preliminary conclusions yet to be disclosed.

• ***IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7*** *(effective for annual periods beginning on or after 1 January 2018).* In July 2014, the International Accounting Standards Board issued the final version of IFRS 9 Financial Instruments.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Viohalco currently plans to apply IFRS 9 initially on 1 January 2018.

The actual impact of adopting IFRS 9 on Viohalco's consolidated financial statements in 2018 is not known and cannot be reliably estimated because it will be dependent on the financial instruments that Viohalco holds and economic conditions at that time as well as accounting elections and judgements that it will make in the future. The new standard will require Viohalco to revise its accounting processes and internal controls related to reporting financial instruments and these changes are not yet complete. However, Viohalco has performed a preliminary qualitative assessment of the potential impact of adoption of IFRS 9 based on its positions at 31 December 2016 and hedging relationships designated during 2016 under IAS 39:

a. ***Classification – Financial Assets***: IFRS 9 contains a new classification and measurement approach for financial assets that reflects the business model in which assets are managed and their cash flow characteristics.
IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale.
Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never bifurcated. Instead, the hybrid financial instrument as a whole is assessed for classification.
Based on its preliminary assessment, Viohalco does not believe that the new classification requirements, if applied at 31 December 2016, would have had a material impact on its accounting for trade receivables, loans, investments in debt securities and investments in equity securities that are managed on a fair value basis. At 31 December 2016, Viohalco had equity investments classified as available-for-sale with a fair value of €7.7 million. If these investments continue to be held at initial application of IFRS 9, Viohalco may elect then to classify them as FVOCI or FVTPL. Viohalco has not yet made a decision in this regard. In the former case, all fair value gains and losses would be reported in other comprehensive income, no impairment losses would be recognised in profit or loss and no gains or losses would be reclassified to profit or loss on disposal. In the latter case, all fair value gains and losses would be recognised in profit or loss as they arise.

b. ***Impairment – Financial Assets and contract assets***: IFRS 9 replaces the 'incurred loss' model in IAS 39 with a forward-looking 'expected credit loss' (ECL) model. This will require considerable judgement as to how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.
The new impairment model will apply to financial assets measured at amortised cost or FVOCI, except for investments in equity instruments, and to contract assets.
Under IFRS 9, loss allowances will be measured on either of the following bases:
   - 12-month ECLs. These are ECLs that result from possible default events within the 12 months after the reporting date; and
   - lifetime ECLs. These are ECLs that result from all possible default events over the expected life of a financial instrument.

   Lifetime ECL measurement applies if the credit risk of a financial asset at the reporting date has increased significantly since initial recognition and 12-month ECL measurement applies if it has not. An entity may determine that a financial asset's credit risk has not increased significantly if the asset has low credit risk at the reporting date. However, lifetime ECL measurement always applies for trade receivables and contract assets without a significant financing component; an entity may choose to apply this policy also for trade receivables and contract assets with a significant financing component.
   Viohalco is currently assessing the quantitative impact from the change in the impairment methodologies imposed by IFRS 9.

c. ***Classification – Financial liabilities***: IFRS 9 largely retains the existing requirements in IAS 39 for the classification of financial liabilities.
However, under IAS 39 all fair value changes of liabilities designated as at FVTPL are recognised in profit or loss, whereas under IFRS 9 these fair value changes are generally presented as follows:
   - the amount of change in the fair value that is attributable to changes in the credit risk of the liability is presented in OCI; and
   - the remaining amount of change in the fair value is presented in profit or loss.

   Viohalco has not designated any financial liabilities at FVTPL and under current conditions, it has no intention to do so. Viohalco's preliminary assessment did not indicate any material impact if IFRS 9's requirements regarding the classification of financial liabilities were applied at 31 December 2016.

d. ***Hedge Accounting***: When initially applying IFRS 9, Viohalco may choose as its accounting policy to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements in IFRS 9. Viohalco is currently assessing whether it will elect to apply the new requirements of IFRS 9.
IFRS 9 will require Viohalco to ensure that hedge accounting relationships are aligned with Viohalco's risk management objectives and strategy and to apply a more qualitative and forwardlooking approach to assessing hedge effectiveness. IFRS 9 also introduces new requirements regarding rebalancing of hedge relationships and prohibiting voluntary discontinuation of hedge accounting. Under the new model, it is possible that more risk management strategies, particularly those involving hedging a risk component (other than foreign currency risk) of a non-financial item, will be likely to qualify for hedge accounting.
Viohalco uses forward foreign exchange contracts to hedge the variability in cash flows arising from changes in foreign exchange rates relating to foreign currency payables, receivables, sales and inventory purchases.
Under IAS 39, for all cash flow hedges, the amounts accumulated in the cash flow hedge reserve are reclassified to profit or loss as a reclassification adjustment in the same period as the hedged expected cash flows affect profit or loss. However, under IFRS 9, for cash flow hedges of foreign currency risk associated with forecast non-financial asset purchases, the amounts accumulated in the cash flow hedge reserve and the cost of hedging reserve will instead be included directly in the initial cost of the non-financial asset when it is recognised.
Viohalco's preliminary assessment indicated that the types of hedge accounting relationships that Viohalco currently designates should be capable of meeting the requirements of IFRS 9 if Viohalco completes certain planned changes to its internal documentation and monitoring processes.

Disclosures: IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and expected credit losses. Viohalco's preliminary assessment includes an analysis to identify data gaps against current processes and Viohalco plans to implement the system and controls changes that it believes will be necessary to capture the required data.
Transition: Changes in accounting policies resulting from the adoption of IFRS 9 will generally be applied retrospectively, except as described below.

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

• ***IFRS 16 "Leases"*** *(effective for annual periods beginning on or after 1 January 2019).* IFRS 16 introduces a single, on-balance lease sheet accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are optional exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases.
IFRS 16 replaces existing leases guidance including IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases—Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease.
The standard is effective for annual periods beginning on or after 1 January 2019. Early adoption is permitted for entities that apply IFRS 15 Revenue from Contracts with Customers at or before the date of initial application of IFRS 16.
Viohalco has started an initial assessment of the potential impact on its consolidated financial statements, which so far has indicated that new assets and liabilities (currently operating leases) will be recognized. In addition, the nature of expenses related to those leases will now change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. Viohalco has not yet decided whether it will use the optional exemptions.

Transition: As a lessee, Viohalco can either apply the standard using a:
- Retrospective approach; or
- Modified retrospective approach with optional practical expedients.

The lessee applies the election consistently to all of its leases. Viohalco currently plans to apply IFRS 16 initially on 1 January 2019. Viohalco has not yet determined which transition approach to apply.
As a lessor, Viohalco is not required to make any adjustments for leases in which it is a lessor except where it is an intermediate lessor in a sub-lease.

Viohalco has not yet quantified the impact on its reported assets and liabilities of adoption of IFRS 16. The quantitative effect will depend on, inter alia, the transition method chosen, the extent to which Viohalco uses the practical expedients and recognition exemptions, and any additional leases that Viohalco enters into. Viohalco expects to disclose its transition approach and quantitative information before adoption.

The standard has not yet been endorsed by the EU.
The following amendments are not expected to have significant impact on the consolidated financial statements of Viohalco, according to an initial assessment which has been based on current conditions.
• *IAS 12 (Amendments) "Recognition of Deferred Tax Assets for Unrealised Losses" (effective for annual periods beginning on or after 1 January 2017).* These amendments clarify the accounting for deferred tax

assets for unrealised losses on debt instruments measured at fair value. The amendments have not yet been endorsed by the EU.
• *IFRS 2 (Amendments) "Classification and measurement of Shared-based Payment transactions" (effective for annual periods beginning on or after 1 January 2018)*. The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it was wholly equity-settled, where an employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority. The amendments have not yet been endorsed by the EU.
• *IFRS 4 (Amendments) "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018)*. This amendment gives an option for all issuers of insurance contracts to adjust profit or loss for eligible financial assets by removing any additional accounting volatility that may arise from applying IFRS 9; and it also provides with an optional temporary exemption from IFRS 9 for companies whose activities are predominantly connected with insurance (ie these companies will be permitted to continue to apply existing financial instrument requirements in IAS 39. The amendments have not yet been endorsed by the EU.
• *Annual Improvements to IFRSs 2014 – 2016 cycle:*
(Effective for annual periods beginning on or after 1 January 2018)
The improvements includes the following three amendments:

− *IFRS 1 "First-time Adoption of International Financial Reporting Standards".* Deletion of short-term exemptions for first-time adopters.

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

− *IAS 28 "Investments in Associates and Joint Ventures".* Measuring associates and joint ventures at fair value through profit or loss (FVTPL) on an investment-by-investment basis.

For the following amendments, Viohalco is currently evaluating their effect on its consolidated financial statements.
• *IAS 7 (Amendments) "Disclosure initiative" (effective for annual periods beginning on or after 1 January 2017).* These amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities. The amendments have not yet been endorsed by the EU.
• *IFRIC Interpretation 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018)*. It clarifies the accounting for transactions that include the receipt of payment of advance consideration in a foreign currency. The amendments have not yet been endorsed by the EU.
• *IAS 40 (Amendments) "Transfers to Investment Property" (effective for annual periods beginning on or after 1 January 2018)*. The amendment clarifies the application of paragraph 57 of IAS 40 Investment Property, and which provides guidance on transfers to, or from, investment properties. The amendments have not yet been endorsed by the EU.

6. Operating segments

A. Basis for the division into segments

For management purposes, Viohalco is split into eight major strategic reportable segments which operate in different industries and are managed separately:

- Aluminium;
- Copper;
- Steel;
- Cables;
- Steel pipes;
- Real estate development;
- Recycling and
- Other activities

For management purposes, Viohalco is split into eight major strategic reportable segments which operate in different industries. These segments offer different products and services, and are managed separately because they require different technology and marketing strategies.

Such structural organization is determined by the nature of risks and returns associated with each business segment. It is based on the management structure, as well as the internal reporting system. It represents the basis on which Viohalco reports its segmental information.

The segment analysis presented in these Consolidated Financial Statements reflects operations analysed by business. This is the way the chief operating decision maker of Viohalco regularly reviews its' operating results in order to allocate resources to segments and in assessing their performance.

The basis of segmentation has changed compared to prior year, as a result of the ongoing restructuring that took place during the current year. More specifically, "Other" segment as published in last year's Annual Report has been broken down into 3 separate segments; "Real estate", "Recycling" and "Other". Comparative figures have also been restated according to the new segmentation.
For the purposes of segmental reporting, all Viohalco companies, except those operating as trading companies, have been assigned to a specific reportable segment.

Regarding the trading companies of Viohalco, their P&L and Balance Sheet numbers haven been allocated to the reportable segments, according to the nature of their transactions and balances.
A brief description of the segments is as follows:
Aluminium: Elval and its subsidiaries, Bridgnorth Aluminium and Etem Bulgaria deliver a wide variety of products from aluminium coils and sheets for general applications and aluminium foil for household use, to special products, such as, rolled and extruded aluminium products for shipbuilding, automotive and construction industries, and lithographic coils.
Copper: Halcor and its subsidiaries produce a wide range of copper and copper alloy products that span from copper and brass tubes, copper strips, sheets and plates, to copper bus bars and rods.
Steel: Sidenor Steel Industry, Stomana Industry and their subsidiaries manufacture long, flat and downstream steel products.
Cables: The Cablel® Hellenic Cables Group is one of the largest cable producers in Europe, manufacturing power, telecommunication and submarine cables, as well as enamelled wires and compounds.
Steel Pipes: Corinth Pipeworks engages in the production of steel pipes for the transportation of natural gas, oil and water networks, as well as steel hollow sections which are used in construction projects.
Real estate: Viohalco creates value through the development of its former industrial real estate properties in Greece and Bulgaria.
Recycling: Viohalco's recycling segment trades and processes secondary raw materials, undertakes waste management and environmental operations, and provides services to consumers and corporate companies.

Other: Viohalco also holds investments in smaller companies in other segments, such as ceramic sanitary ware and tiles (Vitrouvit S.A.), Technology and R&D (TEKA, Elkeme) and insurance brokerage.

None of these segments met the quantitative thresholds for reportable segments in 2016 or 2015.

Transfers and transactions between segments take place under actual commercial terms and conditions pursuant to the provisions applying to transactions with third parties.

B. Information about reportable segments

The information disclosed in the tables below is derived directly from the internal financial reporting system used by the Board (i.e. chief operating decision maker) to monitor and evaluate the performance of the operating segments separately.

The following tables illustrate the information about the reportable segments profit or loss, assets and liabilities at 31 December 2016 and 2015, and for the years then ended. The corresponding information for 2015 are restated compared to the published prior period's amounts due to the change in the basis of segmentation compared to prior year.

Revenue and operating profit per segment for 2016 were as follows:

Amounts in EUR thousand	Aluminum	Copper	Cables	Steel	Steel Pipes	Real Estate	Recycling	Other activities	Total
Total revenue per segment	**1,382,225**	**973,753**	**411,946**	**774,458**	**388,717**	**0**	**180,297**	**54,730**	**4,166,126**
Inter-segment revenue	-304,052	-222,414	-30,454	-227,689	-95,348	0	-135,595	-37,920	**-1,053,472**
Revenue per segment after elimination of inter-segment revenue	**1,078,173**	**751,340**	**381,492**	**546,769**	**293,368**	**0**	**44,702**	**16,811**	**3,112,654**
Gross profit	99,156	51,578	30,477	39,261	33,174	0	15,140	-4,713	**264,072**
Operating result (EBIT)	57,600	25,274	15,049	8,604	18,972	-10,102	1,295	-6,640	**110,052**
Finance income	134	445	163	1,063	453	51	7	8,052	**10,367**
Finance costs	-21,869	-25,458	-21,093	-31,691	-10,666	-608	-2,215	1,178	**-112,423**
Share of profit/ loss (-) of equity accounted investees, net of tax	250	-12	0	-444	-1,034	0	0	0	**-1,240**
Profit / loss (-) before tax	**36,114**	**248**	**-5,882**	**-22,468**	**7,725**	**-10,659**	**-913**	**2,589**	**6,756**
Income tax	-11,432	-823	-2,805	3,830	-3,791	5,922	-328	-4,258	**-13,685**
Net profit / loss (-)	**24,683**	**-575**	**-8,687**	**-18,638**	**3,934**	**-4,737**	**-1,241**	**-1,668**	**-6,930**

Other information per segment for 2016 is as follows:

	Aluminum	Copper	Cables	Steel	Steel Pipes	Real Estate	Recycling	Other activities	Total
Equity accounted investees	499	600	0	4,836	11,567	0	0	91	**17,594**
Other assets	1,100,735	427,015	421,183	826,887	424,448	234,463	61,357	112,527	**3,608,616**
Total assets	**1,101,234**	**427,615**	**421,183**	**831,724**	**436,015**	**234,463**	**61,357**	**112,619**	**3,626,210**
Liabilities	510,617	457,325	366,313	710,072	297,329	34,576	61,275	40,463	**2,477,971**
Capital expenditure	54,712	8,302	12,163	25,557	6,905	6,990	1,662	1,998	**118,289**
Depreciation and amortisation	-52,552	-11,239	-12,374	-33,182	-8,620	-3,610	-2,932	-1,235	**-125,744**

Revenue and operating profit per segment for 2015 were as follows:

Amounts in EUR thousand	Aluminum	Copper	Cables	Steel	Steel Pipes	Real Estate	Recycling	Other activities	Total
Total revenue per segment	**1,198,375**	**1,067,499**	**494,895**	**819,415**	**497,031**	**0**	**208,722**	**44,814**	**4,330,750**
Inter-segment revenue	-60,913	-284,005	-47,609	-253,468	-209,491	0	-169,113	-31,416	**-1,056,015**
Revenue per segment after elimination of inter-segment revenue	**1,137,463**	**783,494**	**447,285**	**565,947**	**287,540**	**0**	**39,609**	**13,397**	**3,274,735**
Gross profit	**122,305**	**29,555**	**42,270**	**-4,915**	**30,818**	**0**	**14,778**	**-5,185**	**229,627**
Operating result (EBIT)	**61,349**	**2,470**	**26,357**	**-34,014**	**17,740**	**7,477**	**37**	-8,039	**73,376**
Finance income	872	1,860	6,070	1,031	81	55	316	4,087	**14,373**
Finance costs	-21,029	-30,081	-29,317	-34,856	-8,002	-217	-2,460	548	**-125,414**
Share of profit/ loss (-) of equity accounted investees, net of tax	300	-112	0	-831	1,525	0	0	0	**882**
Profit / loss (-) before tax	**41,492**	**-25,863**	**3,109**	**-68,670**	**11,345**	**7,315**	**-2,107**	**-3,405**	**-36,784**
Income tax	-14,677	88	-5,233	-367	-4,998	117	72	-1,618	**-26,616**
Net profit / loss (-)	**26,815**	**-25,775**	**-2,124**	**-69,037**	**6,347**	**7,432**	**-2,035**	**-5,023**	**-63,400**

Other information per segment for 2015 is as follows:

	Aluminum	Copper	Cables	Steel	Steel Pipes	Real Estate	Recycling	Other activities	Total
Equity accounted investees	432	639	0	5,456	9,925	0	0	0	**16,452**
Other assets	1,141,492	469,215	396,377	805,284	310,005	234,679	71,628	60,602	**3,489,282**
Total assets	**1,141,924**	**469,853**	**396,377**	**810,740**	**319,930**	**234,679**	**71,628**	**60,602**	**3,505,734**
Liabilities	530,171	521,570	330,588	661,503	176,210	16,445	55,406	38,998	**2,330,891**
Capital expenditure	106,005	12,250	11,401	25,541	36,859	9,878	3,607	492	**206,032**
Depreciation and amortisation	-52,403	-14,023	-11,582	-32,373	-8,558	-1,515	-2,789	-1,764	**-125,007**

Profit before income tax improved significantly in the copper segment and in the steel segment. In the copper segment profit before income tax amounted to EUR 0.2 million, compared to a loss of EUR 26 million in 2015. Metal gains of EUR 4.9 million, versus a metal loss of EUR 14.7 million in 2015, had a positive effect on these results. In the steel segment loss before income tax amounted to EUR 23 million, a significant change compared to the loss of EUR 69 million in 2015, which was due to the improvement in underlying performance as measured by a-EBITDA and in lower negative effect of metal price lag which in 2015 was driven by the sharp decrease in the scrap price throughout the second half of the year.

C. Geographic information

Viohalco's segments are managed on a worldwide basis, but operate manufacturing facilities and sales offices primarily in Greece, Germany, United Kingdom, France, Bulgaria, Romania, Serbia, FYROM and U.S.A.

The segmental information below is based on the segment revenue from external customers by country of domicile of customers and segment assets were based on the geographic location of the assets. The global scale operations of Viohalco are divided into seven principal geographical areas. In Europe, information for Greece, and Belgium, is reported separately.

Amounts in EUR thousand	For the year ended 31 December	
Revenue	**2016**	**2015**
Greece	524,732	476,591
European Union	1,817,625	1,913,130
Other European countries	296,060	271,395
Asia	151,030	165,681
America	255,733	398,774
Africa	60,929	44,751
Oceania	6,544	4,413
Total	**3,112,654**	**3,274,735**

Amounts in EUR thousand	For the year ended 31 December	
Property Plant Equipment	**2016**	**2015**
Belgium	1,605	1,494
Greece	1,276,696	1,288,278
Other	504,856	524,817
Total	**1,783,156**	**1,814,588**

Amounts in EUR thousand	For the year ended 31 December	
Intangible assets and goodwill	**2016**	**2015**
Belgium	59	5
Greece	18,950	19,120
Other	5,648	4,473
Total	**24,657**	**23,598**

Amounts in EUR thousand	For the year ended 31 December	
Investment property	**2016**	**2015**
Greece	148,400	148,531
Other	7,153	7,481
Total	**155,553**	**156,012**

7. Revenue

Amounts in EUR thousand	For the year ended 31 December	
	2016	**2015**
Sale of goods	3,041,862	3,160,694
Rendering of services	12,380	10,269
Construction contract revenue	58,412	103,772
Total	**3,112,654**	**3,274,735**

Viohalco's consolidated revenue for 2016 amounted to 3.1 million, a decline of 5% compared to EUR 3.3 million in 2015. A sales volume increase in all segments, with the exception of cables segment, was counterbalanced by an 11% drop in the average LME price of copper, a 3% decline in the price of primary aluminium and the execution of different types of construction contracts in the cables segment which resulted in changes to the product mix. The largest sales volume growth was registered in the steel and steel pipes segments.

8. Other income and expenses

A. Other income

	For the year ended 31 December	
Amounts in EUR thousand	**2016**	**2015**
Government grants	379	174
Amortization of grants received	4,116	4,630
Rental income from investment property	6,544	5,713
Other rentals	1,856	966
Foreign exchange gains	3,503	14,009
Income from fees, commisions & costs recharged	1,040	5,641
Cost refund	1,515	1,099
Damage compensation	2,607	2,133
Gain on sale of PP&E and intangible assets	592	2,180
Income from consulting services	1,098	1,040
Reversal of impairment losses of receivables	1,529	606
Reversal of provisions	1,365	2,197
Reversal of impairment of PP&E and investment property	7,660	7,112
Other	4,803	920
Total other income	**38,607**	**48,419**

B. Other expenses

	For the year ended 31 December	
Amounts in EUR thousand	2016	2015
Impairment of PP&E and investment property	-18,597	-10,017
Production cost non allocated to cost of goods sold	-4,941	-3,203
Loss on sale of PP&E and intangible assets	-53	0
Foreign exchange losses	-3,642	-6,806
Damages paid	-897	-1,074
Other taxes	-851	-979
Restructuring expenses	-2,820	-3,419
Employee benefits	-2,487	-2,698
Other	-5,290	-11,267
Total other expenses	**-39,577**	**-39,463**
Other income and expense (net)	**-970**	**8,955**

The net loss from foreign exchange differences was EUR 139 thousand (2015: EUR 7.2 million gain). The decrease in the foreign exchange differences is attributed to the fluctuation of EUR versus US dollar during 2015.

Impairment losses on fixed assets are explained in Notes 17 and 19.

C. Expenses by nature

	For the year ended 31 December	
Amounts in EUR thousand	2016	2015
Cost of inventories recognized as an expense	2,126,325	2,315,740
Employee benefits	249,417	234,612
Energy	114,076	114,872
Depreciation and amortisation	124,740	120,811
Taxes - duties	14,134	6,676
Insurance premiums	16,898	18,181
Rental fees	9,428	8,015
Transportation	114,687	110,539
Promotion & advertising	4,129	3,015
Third party fees and benefits	160,760	192,231
Impairment losses on receivables	1,735	2,787
Other provisions	342	2,699
(Gains)/losses from derivatives	10,465	19,151
Packing	5,923	1,243
Commissions	12,738	6,828
Foreign exchange differences	-570	-6,073
Maintenance	26,698	26,013
Other	9,706	32,972
Total	**3,001,633**	**3,210,314**

The aggregate amount of research and development expenditure recognised as an expense during 2016 amounts to EUR 6 million (2015: EUR 5.9 million).

The decrease in third party fees and benefits is attributed to additional fees paid to subcontractors during 2015 for construction contracts in the cables segment.

In order for Viohalco to apply uniformity regarding the presentation of segmental performance, certain reclassifications have been made to the comparative figures; net foreign exchange result and net losses from foreign exchange derivatives, amounting to EUR 13 million, and direct selling expenses amounting to EUR 64 million have been reclassified from selling and distribution expenses to cost of sales. These reclassifications relate to steel and steel pipes segments.

9. Net finance costs

	Note	For the year ended 31 December	
Amounts in EUR thousand		2016	2015
Income			
Interest income		1,200	783
Foreign exchange gains		1,183	8,953
Dividend income		105	881
Bargain purchase gain	32	7,331	0
Gains on sale of available for sale financial assets		548	3,756
Financial income		**10,367**	**14,373**
Expense			
Interest expense and related charges		-107,834	-110,541
Finance leases		-283	-14
Foreign exchange losses		-4,211	-12,445
Other		-96	-2,414
Finance cost		**-112,423**	**-125,414**
Financial cost (net)		**-102,056**	**-111,042**

10. Earnings per share

Considering that there are neither share options, nor convertible bonds, basic and diluted earnings per share are identical and have been based on the following profit/loss (-) attributable to the ordinary shareholders and weighted-average numbers of ordinary shares outstanding.

A. Profit/loss (-) attributable to ordinary shareholders

	For the year ended 31 December	
For the year ended 31 December	2016	2015
Amounts in EUR thousand		
Profit/loss (-) attributable to the owners of the Company	-6,383	-59,993

B. Weighted-average number of ordinary shares outstanding

in thousands of shares	Note	2016	2015
Issued ordinary shares at 1 January		233,165	219,611
Effect of shares issued related to the mergers	30	22,032	4,588
Weighted-average number of ordinary shares at 31 December		**255,197**	**224,199**

The weighted-average number of equity shares in 2016 takes into consideration the issuance of new shares (including the elimination of treasury shares) after the completion of the merger with ELVAL, ALCOMET, DIATOUR and the business combination with EUFINA on 26 February 2016 while in 2015 it takes into consideration the new shares issued in respect of the merger with SIDENOR.

C. Earnings per share

The basic and diluted earnings per share are as follows:

Earnings per share (in euro per share)	**2016**	**2015**
Basic and diluted	-0.0250	-0.2676

11. Employee benefits

Amounts in EUR thousand	**2016**	**2015**
Net defined benefit liability	26,868	25,405
Liability for social security contributions	9,164	7,845
Total employee benefit liabilities	**36,032**	**33,251**
Non-current	26,868	25,405
Current	9,164	7,845

For details on the related employee benefit expenses, see Note 12.

A. Post-employment plans

The following post-employment plans exist:

Defined contribution plans

All the employees of Viohalco's companies are insured for their main pension by the respective social insurance organizations as required by the local legislation. Once the contributions have been paid, Viohalco's companies have no further payment obligations. The regular contributions constitute net periodic costs for the year in which they are due, and as such are included in employee benefit expenses.

Defined benefit plans

The employees of Viohalco's companies in some countries, mainly in Greece and Bulgaria, are entitled to receive a lump sum when they retire. This lump sum is determined in accordance with the years of service and the salary at the retirement date. This obligation meets the definition of defined benefit plans and charges the accumulated benefits through profit or loss in each period with a corresponding increase of the retirement liability. Benefits paid to pensioners during each period are charged against this liability. Viohalco's companies' liability for personnel benefits as of 31 December 2016 and 2015 is EUR 26,868 thousand and EUR 25,405 thousand respectively. These plans are unfunded.

B. Movement in net defined benefit liability

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

Amounts in EUR thousand	2016	2015
Balance at 1 January	**25,405**	**25,675**
Included in profit or loss		
Current service cost	1,175	1,613
Past service credit	355	56
Termination loss	1,456	2,167
Interest cost/income (-)	487	319
	3,474	**4,155**
Included in OCI		
Remeasurement loss/gain (-):		
-Actuarial loss/gain (-) arising from:		
-Demographic assumptions	613	278
-Financial assumptions	875	-1,587
-Experience adjustements	-880	-352
	607	**-1,661**
Other		
Benefits paid	-2,619	-2,763
	-2,619	**-2,763**
Balance at 31 December	**26,868**	**25,405**

During the financial year 2016, Viohalco and its companies paid EUR 2.6 million (2015: EUR 2.8 million) in benefits in respect of employees who left during the year. An additional cost that arose due to these payments was recognized (termination loss of EUR 1.5 million – 2015: EUR 2.2 million). More specifically, in the cases of dismissal, voluntary withdrawals with benefit payment and retirement, the additional cost is the difference between the benefit paid and the amount recorded in the defined benefit liability for the respective employees.

C. Defined benefit obligation

(a) Actuarial assumptions

The following were the weighted average principal actuarial assumptions at the reporting date:

	2016	2015
Discount rate	1.62%	2.06%
Price inflation	1.52%	1.77%
Rate of compensation increase	1.55%	1.71%
Plan duration (in years)	13.51	13.96

Assumptions regarding future mortality have been based on published statistics and mortality.

(b) Sensitivity analysis

The sensitivity analysis for each significant actuarial assumption which was reasonably possible, at the end of the reporting period, shows how the defined benefit obligation (DBO) would have been affected by those changes as follows:

	2016
Sensitivity 1 (discount rate plus 0,5%) - % Difference in DBO	-6.52%
Sensitivity 2 (discount rate minus 0,5%) - % Difference in DBO	7.17%
Sensitivity 3 (salary growth rate plus 0,5%) - % Difference in DBO	6.87%
Sensitivity 4 (salary growth rate minus 0,5%) - % Difference in DBO	-6.33%
Sensitivity 5 (0% withdrawal rate assumption) - % Difference in DBO	3.13%

The above sensitivity analysis is based on a change in one assumption while all other assumptions remain constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the pension liability recognized on the statement of financial position. The methods and the formula of the assumptions used for the defined analysis have not changed compared to the previous year.

The expected maturity analysis of undiscounted pension benefits is as follows:

Amounts in EUR thousand	2016
Less than a year	1,599
Between 1-2 years	189
Between 2-5 years	1,375
Over 5 years	28,411
Total	**31,574**

12. Employee benefit expenses

	For the year ended 31 December	
Amounts in EUR thousand	2016	2015
Wages and salaries	195,395	186,109
Social security contributions	41,566	40,828
Contributions to defined contribution plans	593	615
Defined benefit plans	3,474	4,155
Other employee benefits	10,877	5,603
Total	**251,906**	**237,310**

Amounts in EUR thousand		
Employee benefits have been allocated as follows:	2016	2015
Cost of goods sold	173,880	162,323
Selling and distribution expenses	32,285	31,433
Administrative expenses	43,252	40,856
Other expenses	2,488	2,698
Total	**251,906**	**237,310**

13. Income taxes

A. Amounts recognised in profit or loss

Amounts in EUR thousand	2016	2015
Current tax expense	-19,917	-18,921
Deferred tax expense (-)/income	6,232	-7,696
Tax expense (-)/income on continuing operations	**-13,685**	**-26,616**

B. Reconciliation of effective tax rate

Amounts in EUR thousand		2016		2015
Profit/loss (-) before income tax		**6,756**		**-36,784**
Statutory income tax rate in Greece		-1,959		10,667
Non-deductible expenses for tax purposes		-10,305		-3,428
Tax-exempt income		1,414		2,936
Recognition of previously unrecognised tax losses, tax credit or temporary differences of a prior period		7,244		444
Effect of tax rates in foreign jurisdictions		-2,204		-7,576
Current-year losses for which no deferred tax asset is recognised		-2,960		-14,750
Tax-exempt reserves recognition		-346		8,049
Withholding tax on international dividends		-34		-268
Change in tax rate or composition of new tax		0		-18,143
Other taxes		-589		3,187
Derecognition of previously recongnized deferred tax assets		-3,947		-7,733
Income tax expense reported in the statement of profit or loss at the effective tax rate	*203%*	**-13,685**	*-72%*	**-26,616**

According to Greek laws N. 4334/2015 and N. 4336/2015, the corporate income tax rate for legal entities in Greece is set at 29% for fiscal year 2016 (2015: 29%). In 2015, Elval S.A. had recognized EUR 26.9 million as tax-exempt reserves (in accordance with Greek law 3299/2004), with tax effect equal to EUR 7.8 million. During 2016, an amount of EUR 7.2 million which relates to tax losses from previous years was recognised in order to be offset against 2016 taxable profits. Additionally, non-deductible expenses for tax purposes increased by EUR 7 million mainly due to non-recognition of deferred tax assets at consolidation level, on gains which resulted (at subsidiary level) from this years' mergers and acquisitions.

C. Movement in deferred tax balances

2016	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Foreign exchange differences	Other	Balance at 31 December: Net	Deferred tax assets	Deferred tax liabilities
Amounts in EUR thousand								
Property, plant and equipment	-153,861	8,665	0	400	477	**-144,319**	7,171	-151,490
Intangible assets	1,734	-597	0	0	-9	**1,127**	1,870	-742
Investment property	-13,299	83	0	0	-323	**-13,539**	301	-13,840
Available-for-sale financial assets	1,347	-358	12	0	212	**1,213**	1,213	0
Derivatives	-1,974	2,130	-216	-28	-52	**-140**	1,691	-1,831
Inventories	603	-654	0	0	553	**502**	502	0
Loans and borrowings	-3,556	323	0	0	-52	**-3,284**	160	-3,444
Employee benefits	5,688	251	114	0	-29	**6,024**	6,024	0
Provisions	4,576	-2,478	0	0	-183	**1,914**	2,697	-783
Other items	60	3,054	0	-208	-34	**2,872**	6,425	-3,554
Carry forward tax loss	18,983	-4,188	0	-8	-188	**14,599**	14,599	0
Tax assets/liabilities (-) before set-off	**-139,700**	**6,232**	**-91**	**155**	**372**	**-133,032**	**42,652**	**-175,684**
Set-off tax							-27,921	27,921
Net tax assets/liabilities (-)						**-133,032**	**14,731**	**-147,763**

2015	Net balance at 1 January	Recognised in profit or loss	Recognised in OCI	Foreign exchange differences	Other	Balance at 31 December: Net	Deferred tax assets	Deferred tax liabilities
Amounts in EUR thousand								
Property, plant and equipment	-147,030	-6,754	0	-77	0	**-153,861**	6,353	-160,214
Intangible assets	2,109	-458	0	0	83	**1,734**	1,734	0
Investment property	-12,181	-1,119	0	0	0	**-13,299**	38	-13,337
Available-for-sale financial assets	6	186	329	0	826	**1,347**	1,964	-617
Derivatives	-2,479	-127	649	-4	-13	**-1,974**	114	-2,088
Inventories	52	551	0	0	0	**603**	603	0
Loans and borrowings	-3,527	-28	0	0	0	**-3,556**	0	-3,556
Employee benefits	5,241	906	-494	-1	36	**5,688**	5,688	0
Provisions	4,268	386	0	0	-79	**4,576**	4,576	0
Other items	1,829	-1,131	0	359	-998	**60**	342	-282
Carry forward tax loss	18,939	-108	0	-7	158	**18,983**	18,983	0
Tax assets/liabilities (-) before set-off	**-132,773**	**-7,696**	**485**	**270**	**13**	**-139,700**	**40,394**	**-180,094**
Set-off tax							-28,729	28,729
Net tax assets/liabilities (-)						**-139,700**	**11,664**	**-151,365**

Deferred tax assets relating to carry forward tax loss are recognised only if it is probable that they can be offset against future taxable profits. At each balance sheet date, Viohalco and its subsidiaries assess whether the realization of future tax benefits is sufficiently probable based on approved business plans. On 31 December 2016, the accumulated tax losses carried forward available for future use amounted to EUR 625 million (31 December 2015: EUR 654 million). Viohalco’s companies have recognised a deferred tax asset on tax losses of EUR 14.6 million (31 December 2015: EUR 19 million) because management considered it probable that future taxable profits would be available against which such losses can be used. This deferred tax asset corresponds to losses equal to EUR 74 million (31 December 2015: EUR 65 million)

Based on these estimates regarding the future tax profitability, deferred tax assets have not been recognised in respect of tax losses carried forward for an amount of EUR 552 million (EUR 589 million in 2015) with expiration date during the period 2017 to-2021.

14. Inventories

Amounts in EUR thousand	2016	2015
Merchandise	72,388	64,561
Finished goods	213,355	204,221
Semi-finished goods	126,909	146,278
By-products & scrap	23,711	18,965
Work in progress	35,693	41,522
Raw and auxiliary materials, consumables and packaging materials	385,363	310,695
Total	**857,419**	**786,242**

In 2016, the amount of inventories recognised as expense during the period and included in “Cost of sales” was EUR 2.1 million (2015: EUR 2.3 million).

Inventories have been reduced by EUR 3.4 million in 2016 as a result of the write-down to net realizable value (2015: EUR 25.6 million). This amount was charged to profit or loss in "Cost of sales”. Besides the

write-down, inventories were higher as at 31 December 2016, compared to 31 December 2015, due to increased purchases in order to meet the expected increase in sales quantities.
Inventories with a carrying amount of EUR 48 million are pledged as security for borrowings received by Viohalco's companies (See Note 25).

15. Trade and other receivables

Amounts in EUR thousand	2016	2015
Current assets		
Trade receivables	456,083	396,631
Construction contracts in progress	11,081	33,187
Less: Impairment losses	-43,113	-49,104
Net trade receivables	**424,052**	**380,713**
Other advance payments	2,360	1,871
Cheques and notes receivable & cheques overdue	25,978	24,818
Receivables from related parties	25,272	20,109
Tax assets	44,537	45,899
Other debtors	68,308	73,101
Receivables from dividends of equity-accounted investees	579	575
Less: Impairment losses	-14,898	-8,923
Net other receivables	**152,135**	**157,451**
Total	**576,187**	**538,165**
Non-current assets		
Other non-current receivables	6,320	8,033
Total	**6,320**	**8,033**
Total receivables	**582,507**	**546,197**

Viohalco and its companies have not concentrated their credit risk in relation to receivables from customers, since they have a wide range and a large number of customers.

A. Transfer of trade receivables

Viohalco and its subsidiaries, enter into factoring agreements (with recourse) to sell trade receivables for cash proceeds. These trade receivables are not being derecognised from the statement of financial position, because substantially all of the risk and rewards are still retained by Viohalco - primarily credit risk. The amount received on transfer is recognised as a secured bank loan.

	2016	2015
Amounts in EUR thousand		
Carrying amount of trade receivables transferred to a bank	122,859	73,368
Carrying amount of associated liabilities	95,924	38,036

As at 31 December 2016 and 2015, Viohalco had not used the total amount of credit line provided by the factoring companies.
Related loans are included in the line "secured bank loans" in Note 25 "Loans and Borrowings".

B. Litigations

During 2010, the subsidiary Corinth Pipeworks SA 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 23.8 million as at 31 December 2016), plus legal interest of 12%.
Following a series of court proceedings, the Dubai Court of Cassation, on 19 March 2014, finally upheld the appeal of the company of 26 September 2013, confirmed the amount due to the company and cancelled the previous decision of the Court which had recognised the counterclaim raised by the customer in the course of the litigation and had ordered the off-setting of this counterclaim with the company's claim. The case was then referred back to the Court of Appeal, which is now examining the validity of the counterclaim and has appointed a tripartite of accounting experts.
A report was issued by the experts on December 2016 and confirmed that the counterclaim is not supported by any document. The next Court hearing has been scheduled for 15 May 2017.
The expected finalization of the Court hearings is unknown but, based on an assessment of the company's lawyers in Dubai handling the case, it is most likely that the Court of Appeal will dismiss the counterclaim raised by the former customer and therefore there will be no need for off-setting this counterclaim with the company's claim for payment of the overdue receivables.
In addition, the company, in order to ensure its rights, has imposed provisional seizure on real estate assets of third parties who are involved in the case in accordance with the decision of the Court of First Instance of Athens (issued under the proceedings of interim measures).
The company recorded in 2010 an impairment loss of USD 12.5 million (EUR 11.9 million as at the reporting date) against this receivable. While judicial actions for the collection of the receivable are ongoing and since no final judgments have been issued, the company considers that there is no reason to revise the impairment at the reporting date.

C. Construction contracts in progress

Amounts in EUR thousand	**2016**	**2015**
Current assets		
Amount of contract revenue recognised	58,412	103,772
Gross amount due from customers for contract work	11,081	33,187
Amount of advances received	0	4,410
Amount of retentions	116	3,608

The amount of construction contract revenue recognized is related to the construction and installation projects of high-voltage cables. There are no contingent liabilities relating to projects under construction as at the reporting date.

D. Credit and market risks and impairment losses

Information about Viohalco's companies' exposure to credit and market risks, and impairment losses for trade and other receivables, excluding construction contracts in progress, is included in Note 29.

16. Cash and cash equivalents

Amounts in EUR thousand	2016	2015
Cash in hand and at banks	2,875	7,365
Short-term bank deposits	168,909	128,931
Total	**171,784**	**136,296**

Short term deposits have duration of less than 90 days and are available for use.

17. Property, plant and equipment

A. Reconciliation of carrying amount

Amounts in EUR thousand	Land,Plants & Other Buildings	Machinery	Furniture & other equipment	Under construction	Total
Cost					
Balance as at 1 January 2016	**884,766**	**2,153,677**	**63,445**	**225,281**	**3,327,169**
Effect of movement in exchange rates	2,552	-17,805	246	-6,388	**-21,396**
Additions	5,204	19,260	3,246	82,185	**109,895**
Disposals	-228	-3,419	-340	-761	**-4,749**
Reclass due to spin off	-20	-734	-1,536	0	**-2,290**
Reclassification to/from investment property	-1,156	0	0	0	**-1,156**
Other reclassifications	4,181	227,752	-348	-227,659	**3,926**
Write offs	-5	-2,515	-3,951	-4	**-6,475**
Balance as at 31 December 2016	**895,295**	**2,376,215**	**60,761**	**72,653**	**3,404,924**
Accumulated depreciation and impairment losses					
Balance as at 1 January 2016	**-265,686**	**-1,188,608**	**-53,578**	**-4,708**	**-1,512,581**
Effect of movement in exchange rates	-4,433	11,601	-255	0	**6,913**
Depreciation	-17,657	-99,168	-3,042	0	**-119,867**
Disposals	18	1,933	321	0	**2,272**
Reclass due to spin off	20	734	1,536	0	**2,290**
Write offs	0	1,418	3,881	0	**5,299**
Reversal of previously recognized impairment loss	4,291	0	0	0	**4,291**
Impairment loss	-10,384	0	0	0	**-10,384**
Balance as at 31 December 2016	**-293,832**	**-1,272,089**	**-51,138**	**-4,708**	**-1,621,768**
Carrying amount as at 31 December 2016	**601,463**	**1,104,126**	**9,623**	**67,945**	**1,783,156**

Amounts in EUR thousand	Land,Plants & Other Buildings	Machinery	Furniture & other equipment	Under construction	Total
Cost					
Balance as at 1 January 2015	**869,936**	**2,099,556**	**63,572**	**138,150**	**3,171,214**
Effect of movements in exchange rates	1,032	5,196	19	1,720	**7,968**
Additions	9,184	17,623	2,552	164,057	**193,416**
Disposals	-4,702	-9,867	-2,724	-1,410	**-18,703**
Reclass due to spin off	0	-16,712	-768	0	**-17,480**
Reclassification to investment property	-7,036	0	0	-26	**-7,062**
Other reclassifications	16,352	57,881	794	-77,211	**-2,185**
Balance as at 31 December 2015	**884,766**	**2,153,677**	**63,445**	**225,281**	**3,327,169**
Accumulated depreciation and impairment losses					
Balance as at 1 January 2015	**-254,285**	**-1,102,281**	**-53,624**	**-2,000**	**-1,412,190**
Effect of movements in exchange rates	-554	-3,798	218	0	**-4,134**
Depreciation	-18,919	-98,750	-3,131	0	**-120,801**
Disposals	203	6,819	2,190	0	**9,213**
Reclass due to spin off	0	16,712	768	0	**17,480**
Reclassification to investment property	757	0	0	0	**757**
Impairment loss	0	-7,310	0	-2,708	**-10,017**
Reversal of previously recognized impairment loss	7,112	0	0	0	**7,112**
Balance as at 31 December 2015	**-265,686**	**-1,188,608**	**-53,578**	**-4,708**	**-1,512,581**
Carrying amount as at 31 December 2015	**619,080**	**965,069**	**9,866**	**220,573**	**1,814,588**

Other reclassifications include transfers of capitalized PP&E and intangible assets from assets under construction. It also includes items which were transferred from inventory to PP&E.

B. Leased Buildings and Machinery

Viohalco's companies lease buildings and machinery under a number of finance leases. The leased equipment secures lease obligations.
The net carrying amount of finance leases is as follows:

	2016	2015
Buildings		
Amounts in EUR thousand		
Cost	1,394	1,394
Accumulated depreciation	-337	-267
Net carrying amounts	**1,057**	**1,127**
Machinery		
Amounts in EUR thousand		
Cost	9,865	10,311
Accumulated depreciation	-337	-7,692
Net carrying amounts	**9,528**	**2,619**

C. Security

Property, plant & equipment with a carrying amount of EUR 1,047 million are mortgaged as security for borrowings received by Viohalco's companies (see Note 25).

D. Property, plant and equipment under construction

The most important items in property, plant and equipment under construction as of 31 December 2016 concern the following:

- the ongoing investment in Oinofyta's aluminium rolling plant held by Elval Group,
- revamping of Dojran Steel's (Viohalco's subsidiary in Steel segment) rolling mill which commenced in autumn 2016. The mill is expected to become fully operational within 2017,
- the installment of new machinery aiming to increase product variety and quality and further decrease production and energy costs in Steel segment,
- productivity and capacity improvement investments in cables segment's plants.

A significant part of the aforementioned investments included in property, plant and equipment under construction are expected to be completed during 2017.
Capitalized borrowing costs related to property, plant and equipment under construction amount to EUR 104 thousand (2015: EUR 3.2 million), which have been calculated using an average capitalization rate of 5.3% (2015: 5.5%).

E. Transfer to and from investment property

During 2016, some properties of Viohalco companies were transferred to investment property (see Note 19), because they will no longer be used for own purposes and are expected to be leased to a third party in the future. As a result, a reclassification of properties with a carrying amount of EUR 10.4 million (2015: EUR 6.3 million) was made from property, plant and equipment to investment property. On the other hand, EUR 9.3 million were transferred from investment property to PPE (no transfers in 2015).

F. Impairment of property, plant and equipment

On December 31, 2016, an impairment test was performed for each Cash Generating Unit (further CGU), for which indications of impairment existed at 31 December 2016. The identified indications of impairment concerned the losses incurred by certain CGUs over the last years. For the calculation of recoverable amount per CGU, cash flow projections based on a period of five years were used. The results of this test concluded that the property, plant and equipment used by these CGUs were not impaired at 31 December 2016, since the recoverable amount of each CGU exceeded the respective carrying amount.
In addition, impairment tests were performed on all real estate assets (individual assets), either owner occupied or held as investment property. The tests were carried out in order to address the risk of negative changes in the fair value of properties, and respond if necessary. The results relating to investment properties are outlined in note 19.
For owner occupied assets, an impairment loss of EUR 10.4 million was recorded and included in "Other expense" in profit or loss. Impairment losses relate primarily to land, and the recoverable amount was based on its fair value less costs of disposal. The fair value of these properties was determined by external, independent property valuers, having appropriate recognized professional qualifications and recent experience in the location and category of the properties being valued. The valuation technique applied was the comparative method (market approach). According to this method the valuer estimates the market value of the subject asset by comparing the factors that mostly affect it. Such factors can be location, size, quality of construction etc. With this method capital values of comparable assets (with similar characteristics) are processed in order to approach the subject asset's market value. Important role in the application of this method has the valuer's experience in finding the suitable comparables and adjusting the available data to derive the final result. The rationale behind this method is that no prudent investor would pay more to acquire a property that has similar characteristics with another one.
The specific valuation technique has been classified as Level 2, regarding the fair value measurement hierarchy. For segmental classification purposes, impairment losses were reported as follows:

Real Estate: EUR 8.6 million (recoverable amount EUR 57.6 million)

Other: EUR 1.8 million (recoverable amount EUR 2.5 million)

G. Reversal of impairment of property, plant and equipment

A test has also been performed for CGUs, for which indications for reversal of previously recorded impairment existed at 31 December 2016. The impairment previously recorded in 2013 concerned land and buildings used by those CGUs for administrative purposes. The identified indications of reversal for previously recorded impairment concerned the improvement of expected performance of certain CGUs over the following years.
For the calculation of recoverable amount per CGU, cash flow projections based on a period of five years were used (value in use method). The results of this test concluded that the recoverable amount exceeded the carrying amount of these CGUs and therefore previously recorded impairment should be reversed. The amounts reversed were EUR 4.3 million and they related to land. The average discount rate used to calculate the value in use of this CGUs was 9.3%.
For segmental classification purposes, impairment losses included in the line "other income" were reported under real estate.

H. Change in estimates

During 2016, within the context of the reassessment of the property, plant & equipment residual values and useful lives, management of certain Viohalco subsidiaries, amended the useful lives of some fixed assets. More specifically, Corinth Pipeworks S.A and ETEM Bulgaria S.A. amended the useful lives of buildings and machinery while Sofia Med S.A. amended the useful lives of some major machinery items. In all three cases, management proceeded with the assessment of the useful economic life of those fixed assets and based on the review conducted their actual useful lives proved to be higher than those used up to 31 December 2015. Thus, management reassessed the useful lives as follows:

Company	Description	Previous useful life	New Useful life
Corinth Pipeworks	Machinery	8-20 years	8-25 years
Corinth Pipeworks	Certain buildings	28 years	33 years
ETEM Bulgaria	Buildings	25 years	30 years
ETEM Bulgaria	Certain machinery	5,12,14 and 15 years	20 years
Sofia Med	Major machinery items	10-25 years	15-35 years

The change in accounting estimate resulted in a reduction of the depreciation charge, which for the current period amounted to EUR 7.4 million.

18. Goodwill and intangible assets

A. Reconciliation of carrying amount

Amounts in EUR thousand	Goodwill	Development costs	Trademarks and licenses	Software	Other	Total
Cost						
Balance as at 1 January 2016	**3,132**	**571**	**19,653**	**32,161**	**2,565**	**58,083**
Effect of movement in exchange rates	0	0	0	-1	-14	-15
Additions	0	4	244	1,643	80	1,971
Disposals	0	0	0	-19	-84	-102
Write-offs	0	-114	-22	-2,871	-99	-3,106
Reclass due to spin off	0	37	0	-3,620	565	-3,018
Reclassifications	0	0	1,300	722	-119	1,903
Balance as at 31 December 2016	**3,132**	**498**	**21,176**	**28,017**	**2,894**	**55,715**
Accumulated amortization and impairment						
Balance as at January 1 2016	**-1,500**	**-518**	**-4,101**	**-27,326**	**-1,039**	**-34,484**
Effect of movement in exchange rates	0	0	0	3	-93	-90
Amortization	0	-10	-789	-1,817	-66	-2,682
Disposals	0	0	0	19	0	19
Write-offs	0	114	22	2,869	99	3,105
Reclass due to spin off	0	-37	0	3,288	-232	3,018
Reclassifications	0	0	-5	-205	266	56
Balance as at 31 December 2016	**-1,500**	**-451**	**-4,873**	**-23,170**	**-1,064**	**-31,058**
Carrying amount as at 31 December 2016	**1,632**	**47**	**16,303**	**4,847**	**1,829**	**24,657**

Amounts in EUR thousand	Goodwill	Development costs	Trademarks and licenses	Software	Other	Total
Cost						
Balance as at 1 January 2015	**3,132**	**534**	**16,832**	**31,032**	**2,520**	**54,049**
Effect of movement in exchange rates	0	0	0	-20	0	-20
Additions	0	75	1,705	848	112	2,740
Disposals	0	-37	0	-68	0	-106
Reclass due to spin off	0	0	-2	-766	3	-765
Reclassifications	0	0	1,119	1,136	-70	2,185
Balance as at 31 December 2015	**3,132**	**571**	**19,653**	**32,161**	**2,565**	**58,083**
Accumulated amortization and impairment						
Balance as at 1 January 2015	**-1,500**	**-534**	**-3,371**	**-26,407**	**-960**	**-32,771**
Effect of movement in exchange rates	0	0	-35	16	-4	**-23**
Amortization	0	-22	-698	-1,750	-72	**-2,542**
Disposals	0	37	0	48	-2	**83**
Reclass due to spin off	0	0	2	766	0	**768**
Balance as at 31 December 2015	**-1,500**	**-518**	**-4,101**	**-27,326**	**-1,039**	**-34,484**
Carrying amount as at 31 December 2015	**1,632**	**53**	**15,552**	**4,835**	**1,527**	**23,598**

B. Amortisation

The amortization of trademarks & licenses with finite useful lives, software programs and other intangible assets is allocated to the cost of inventory and is included in “cost of sales” as inventory is sold, as trademarks & licenses and software programs are mainly used directly for the production of products and they are considered as production overheads. The amortization of intangible assets not used for production is allocated to administrative expenses.

C. Intangible assets with indefinite useful lives

All intangible assets have finite useful life (see Note 5.10), except for the following assets, included in trademarks and licenses category:

i. Intangible assets recognized for the CGU “Fulgor”

   a. Trade Name “Fulgor” (carrying amount of EUR 1.4 million as at 31 December 2016)

It relates to the sector of medium voltage submarine cables and terrestrial high voltage cables that Fulgor was operating prior to its acquisition by Hellenic Cables in 2011 and which has revealed significant economic benefits. Based on the analysis of relevant factors (e.g. knowledge, no longstanding engagement with a wide range of clientele, future development of the sector), the useful life of the brand was considered indefinite.

   b. License of Port use in Soussaki, Corinth (carrying amount of EUR 8.3 million as at 31 December 2016)

Fulgor holds license for permanent and exclusive use of port located in the premises of the factory in Soussaki Corinth. The port is necessary for the production of submarine cables of medium and high voltage. The subsidiary, during the years 2012-2016 invested EUR 96 million in the upgrade and expansion of production capacity in producing high-voltage submarine cables. Since 2014, the production started as planned. The useful life of the asset is considered indefinite, since the use of these port facilities is for an indefinite period of time, in the context of the significant development of the sector.

ii. Intangible assets recognized for the CGU “Reynolds” (carrying amount of EUR 1.5 million as at 31 December 2016)

Upon the completion of the acquisition of Reynolds Cuivre by Genecos, an intangible asset related to the brand name “Reynolds” was recognized, as significant economic benefits are expected from its use. Based on the analysis of relevant factors (e.g. knowledge of the relevant market, wide range of clientele, expected future developments), the useful life of the brand was considered indefinite.

D. Impairment testing

(a) Intangible assets recognized for the CGU “Fulgor”

As these intangible assets do not generate independent cash inflows, it was considered appropriate to carry out the impairment test on the basis of the Cash Generating Unit (CGU) of Fulgor production plant, which incorporates these assets. In order to evaluate the value in use, cash flow projections based on estimates by management covering a five-year period were used. These estimates take into consideration the contracts that the company has already signed, as well as contracts that are expected to be announced in Greece and abroad.

Cash flows after the first five years were calculated using an estimated growth rate of 1.3%, which mainly reflects management's estimates for the growth prospects of the high voltage submarine cable sector. The rate used to discount these cash flows is from 10.6 % to 11.8% for the five year period and 10.6% for the terminal value and was based on the following:

- Risk free rate was determined according to AAA Eurozone rates and has a range from -0.6% for the five years to 0.07% for the terminal value.
- The country risk for operating in Greece determined in the range of 4.5-5.7% for the first five years and 4.2% for the terminal value.
- The market risk premium was determined at 6%

The results of this test indicated that the recoverable amount as at December 31, 2016 exceeds the carrying amount of the CGU amounting to EUR 121 million by EUR 73.5 million.

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

Results of the sensitivity analysis for the impairment testing:

	Assumptions used	Change in rates required for the recoverable amount to equal the carrying amount
Discount rate	*10.6% to 11.8%*	*+4.7%*
Terminal growth	*1.3%*	*-8.7%*

(b) Intangible assets recognized for the CGU “Reynolds”

The recoverable amount of the CGU that included this intangible asset (Reynolds Cuivre S.A.) was estimated based on the present value of the future cash flows expected to be derived from the CGU (value in use).

Cash flows after the first five years were calculated using an estimated growth rate of 0.5%, which reflects management's estimates for the growth prospects for the market. The rate used to discount these cash flows is 7.0% for the five year period and for the terminal value and was based on the following:

- Risk free rate was determined to be 0.2%.
- The market risk premium (which includes country risk for operating in France) was determined at 6.7%

The results of this test indicated that the recoverable amount as at 31 December 2016 exceeds the carrying value of the CGU amounting to EUR 6.6 million by EUR 9.7 million.

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

Results of the sensitivity analysis for the impairment testing:

	Assumptions used	Change in rates used required for the recoverable amount to equal the carrying amount
Discount rate	*7.0%*	*+8.7%*
Terminal growth	*0.5%*	*-10.0%*

19. Investment property

A. *Reconciliation of carrying amount*

Amounts in EUR thousand	2016	2015
Balance as at 1 January	**156,012**	**141,497**
Acquisitions	6,423	9,878
Impairment loss	-8,213	0
Reversal of impairment loss	3,369	0
Transfers from property, plant and equipment	10,428	6,305
Transfers to property, plant and equipment	-9,272	0
Depreciation	-3,194	-1,667
Balance as at 31 December	**155,553**	**156,012**

Gross carrying amount	220,544	224,201
Accumulated depreciation and impairment losses	-64,991	-68,189
Net carrying amount as at 31 December	**155,553**	**156,012**

The table below summarizes the most important properties held by Viohalco and its subsidiaries:

REAL ESTATE	LOCATION	'000 m^2 (1)
Ikea store & River West shopping mall	96, Kifissos Av., Egaleo, Greece	123.5
Hotel (Wyndham Grand Athens)	Karaiskaki Square, Athens, Greece	23.9
Industrial buildings & offices (ex-BIC plant)	Oinofyta, Greece	9.5
Mare West (former premises of Corinth Pipeworks)	Corinth, Greece	14.0
Office Complex	115, Kiffissias Ave., Athens, Greece	38.9
Office Complex	57, Ethnikis Antistasseos St., Halandri, Greece	6.0
Office Complex	26, Apostolopoulou St., Halandri, Greece	10.9
Office Building	53A, Nikola Vaptzarov Blvd, Sofia , Bulgaria	5.0

(1) refers to built surface

Investment property comprises a number of commercial properties that are either leased to third parties currently or will be in the foreseeable future. Those which are currently vacant, are not used by Viohalco and its subsidiaries.

Each of these leases is indexed to consumer prices. Subsequent renewals are negotiated with the lessee and on average renewal periods last for four years. No contingent rents are charged.

B. *Measurement of fair value – Impairment loss and subsequent reversal*

On December 31, 2016, an impairment test was performed on all real estate assets (individual assets), either owner occupied or held as investment property. The tests were carried out in order to address the risk of negative changes in the fair value of properties, and respond if necessary. The results relating to owner occupied properties are outlined in note 17.

For investment property assets, an impairment loss of EUR 8.2 million was recorded and included in the line "Other expense" in profit or loss. Impairment losses relate primarily to land and buildings, and the recoverable amount was based on its fair value less costs of disposal. The fair value of these properties was determined by external, independent property valuers, having appropriate recognized professional

qualifications and recent experience in the location and category of the properties being valued. For land, the comparative method (market approach) was the valuation technique used, which is classified as Level 2 regarding the fair value measurement hierarchy. For further details regarding the comparative method please refer to Note 17, Property, Plant and Equipment.
For buildings, Level 3 valuation techniques were used. These are described in more detail in the next paragraph.

For segmental classification purposes, impairment losses were reported as follows:
Real Estate: EUR 7.2 million (recoverable amount EUR 27.7 million)

Other: EUR 1 million (recoverable amount EUR 2.9 million)
Asset valuations were also used to identify if previously recognized impairment losses could be reversed. As a result of this, EUR 3.4 million were reversed and included in the line "Other Income" of the Consolidated Income Statement.
The recoverable amount of these assets as at 31 December 2016 was EUR 23.7 million and they relate to the Real Estate segment.
The accumulated impairment losses carried forward as at 31 December 2016, amounts to EUR 45.1 million (31 December 2015: EUR 40.3 million).
The fair value of all properties reported in the line "investment property", as at 31 December 2016, is EUR 158.1 million (31 December 2015: EUR 165.8 million).

Valuation techniques and significant unobservable inputs (Level 3)
The fair value measurement for investment property buildings has been categorized as a Level 3 regarding fair value hierarchy, based on the inputs to the valuation techniques used.
Valuations methods used to determine the fair value of these properties were reflecting the highest and best possible use.
- For buildings currently rented or expected to be rented out in the foreseeable future for which no observable prices were available, the income approach method was used. This method considered the present value of net cash flows to be generated from each property, taking into account expected rental growth rate, void periods, occupancy rate, lease incentive costs such as rent-free periods and other costs not paid by tenants. The expected net cash flows are discounted using risk-adjusted discount rates that ranged from 12%-13 %. Among other factors, the discount rate estimation considers the quality of each building, its location, tenant credit quality, lease terms and the expected market return. The estimated fair value would decrease if either the expected market rental growth was lower or the risk-adjusted discount rates were higher.
- For buildings, which were under construction and which are intended to be used as investment property in the future, the residual method was primarily used. The fair value determined by this method reflects the value of the property in its current condition.
- For buildings, which were vacant and which are intended to be used as investment property in the future, the depreciated replacement cost method was primarily used. The fair value determined by this method reflects the amount that currently would be required to replace or reconstruct these assets.

There has been no change to the valuation techniques during the year.

C. Restrictions - Contractual obligations

There are neither restrictions nor contractual obligations.

20. Equity-accounted investees

A. Reconciliation of carrying amount of associates

Amounts in EUR thousand	2016	2015
Balance as at 1 January	**16,452**	**18,495**
Share of profit / loss (-) net of tax	-1,240	882
Dividends received	-725	-1,012
Effects on movement in exchange rates	2,997	-2,670
Additions	110	757
Balance as at 31 December	**17,594**	**16,452**

B. Financial information per associate

Amounts in EUR thousand

Company	Principal place of business	Segment	Associate/ JV	Current Assets	Non-Current Assets	Non-current liabilities	Current liabilities	Revenue	Profit or loss from continuing operations	Direct ownership interest	Ultimate ownership interest
2016											
AFSEL SA	Greece	Aluminum	Associate	496	3	0	-74	462	185	50.00%	50.00%
DOMOPLEX LTD	Cyprus	Steel	Associate	2,574	2,814	0	-4,240	2,852	-200	45.00%	45.00%
ZAO TMK-CPW	Russia	Steel Pipes	Associate	24,036	9,526	-25	-8,528	41,590	-2,316	49.00%	36.24%
SMARTREO	Australia	Steel	Associate	691	3,531	-2,731	-799	2,711	-1,155	50.00%	49.96%
AWM SPA	Italy	Steel	Associate	8,667	6,885	-3,791	-3,857	11,233	257	34.00%	34.00%
HC ISITMA A.S.	Turkey	Copper	Joint Venture	164	1,051	-304	-75	5,832	-77	50.00%	34.14%
U.E.H.E.M GmbH	Germany	Aluminum	Associate	7,169	114	0	-6,718	23,102	316	49.00%	49.00%

Company	Principal place of business	Segment	Associate/ JV	Current Assets	Non-Current Assets	Non-current liabilities	Current liabilities	Revenue	Profit or loss from continuing operations	Direct ownership interest	Ultimate ownership interest
2015											
AFSEL SA	Greece	Aluminum	Associate	1,537	4	0	-701	1,187	599	50.00%	36.32%
DOMOPLEX LTD	Cyprus	Steel	Associate	2,517	3,298	-73	-4,331	2,543	-650	45.00%	45.00%
ZAO TMK-CPW	Russia	Steel Pipes	Associate	19,849	9,003	-34	-7,611	49,018	3,113	49.00%	42.06%
SMARTREO	Australia	Steel	Associate	1,061	3,776	0	-2,959	2,444	-1,824	49.96%	49.94%
AWM SPA	Italy	Steel	Associate	6,988	6,650	-2,737	-3,447	17,272	1,097	34.00%	34.00%
HC ISITMA A.S.	Turkey	Copper	Joint Venture	451	1,457	0	728	1,776	-225	50.00%	33.17%

During 2016, Elval S.A (subsidiary of Viohalco) participated together with UACJ Corporation in the establishment of the company UACJ ELVAL Heat Exchanger Materials GmbH in Germany, by paying an amount of EUR 110 thousand. U.E.H.E.M was established to sell automotive heat exchanger materials produced by Elval.

Aforementioned financial information is presented considering the following:

(a) There are no restrictions on the ability of joint ventures or associates to transfer funds to the entity in the form of cash dividends, or to repay loans or advances made by the entity.

(b) The financial statements of joint ventures or associates are used in applying the equity method and as of the same date with that of Viohalco.

(c) There are no unrecognised share of losses of a joint venture or associate, both for the reporting period and cumulatively.

C. Description of associates

AFSEL is a joint establishment between Elval and UACJ Corp.. It is active in the promotion of aluminium products to manufacturers of automotive heat exchangers in Europe.

UEHEM is a joint establishment between Elval and UACJ Corp.. It markets aluminium products to manufacturers of automotive heat exchangers in Europe.

ISITMA is a joint venture between HALCOR and Cantas AS. It is active in the manufacture of pre-insulated copper tubes in Turkey.

Smartreo manufactures prefabricated reinforcing steel for the Australian market using Synthesis™ in conjunction with other state-of-the-art technologies at a high-tech facility situated in Wacol, Brisbane. The company is a joint establishment between Sidenor and Thiess, one of Australia's biggest construction companies.

AO TMK-CPW is a joint stock company between Corinth Pipeworks and AO TMK, the largest manufacturer of steel pipes in Russia and one of the top three globally. AO TMK-CPW has its production facilities in Polevskoy, Russia, where it manufactures pipes and hollow structural sections.

AWM is developing, designing and manufacturing high-technology machines for the processing of reinforcement steel such as standard and special mesh welding machines, high-speed wire straightening and cutting machines, lattice girder machines, cold rolling lines, automatic mesh cutting and bending machines and special machines for production of tunnel reinforcement.

Domoplex is a Cyprus-based company active in the manufacturing and trading of welded wire mesh for the reinforcement of concrete.

21. Other investments

Other investments are substantially available-for-sale financial assets and include the following:

Amounts in EUR thousand	2016	2015
Balance as at 1 January	**7,645**	**50,366**
Additions	211	183
Sales	-121	-41,086
Change in fair value through profit or loss	-113	2,561
Change in fair value through equity	-24	-4,378
Reclassifications	59	0
Balance as at 31 December	**7,658**	**7,645**

	2016	2015
Listed securities		
-Greek equity instruments	321	174
-Other equity instruments	2,508	2,508
Unlisted shares		
-Greek equity instruments	4,144	2,289
-Other equity instruments	46	2,040
-Mutual funds	628	633
-Other	11	0
	7,658	**7,645**

22. Derivatives

The following table sets out the carrying amount of derivatives:

Amounts in EUR thousand	2016	2015
Non-current assets		
Forwards	253	0
Total	**253**	**0**
Current assets		
Forwards	4,670	1,968
Futures contracts	3,263	1,686
Total	**7,933**	**3,654**
Non-current liabilities		
Forwards	4,366	383
Futures contracts	0	160
Total	**4,366**	**543**
Current liabilities		
Interest rate swaps	0	91
Forwards	7,007	2,205
Futures contracts	2,851	3,637
Total	**9,858**	**5,932**

Hedge accounting

Viohalco's companies hold derivative financial instruments for cash flow and fair value hedges.

The abovementioned derivative financial instruments cover risks from:
- Changes in the prices of metals
- Fluctuations of foreign exchange rates
- Changes in loan interest rates

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

Derivatives held by Viohalco's companies concerns mainly:

- Future contracts to hedge the risk from the change of the price of metals listed in LME (London Metal Exchange) and used in production of Viohalco's companies (i.e. mainly copper, aluminum and zinc). Such hedges are designated as cash flow hedges.
- F-X Forward and F-X swaps to hedge the risk from the change in exchange rate of US Dollar and British Pound (i.e. currencies to which Viohalco's companies are mainly exposed). Such hedges are either designated as fair value or cash flow hedges depending on the item hedged. F-X Forwards and F-X swaps when used for hedging f-x risk on outstanding receivables and suppliers denominated in foreign currency these instruments are designated under fair value hedging. F-X forwards when used for hedging f-x risk on the forecasted sales of goods or purchase of materials executed in foreign currency f-x forward is hedging instruments designated under the cash flow method.
- Interest rate swaps to offset the impact of future changes in interest rates. Such hedges are designated as fair value hedges, when the hedged risk is associated with a fixed rate debt obligation, and as cash flow hedges when the hedged risk is associated with a floating rate debt obligation.

Derivatives are recognised when Viohalco's companies enter into the transaction in order either to hedge the fair value of receivables, liabilities or commitments (fair value hedges) or highly probable transactions (cash flow hedges).

Fair value hedges
Derivatives are designated as fair value hedges when the exposure to changes in the fair value of a recognized financial asset or liability is hedged. Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in the Consolidated Statement of Profit or Loss, along with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedges
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". The gain or loss on the non-effective proportion is recorded to the profit or loss.
The amounts recorded in "Hedging Reserve" are reclassified to the consolidated statement of profit or loss of the periods when the event hedged occurs, i.e. at the date when the forecasted transaction which constitutes the object of the hedge took place or the hedged item affects profit and loss (for example, in case of a forward sale of aluminum, the reserve is recognised in the consolidated statement of profit or loss after the net cash settlement of future contract and at the date the aluminum sold).
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 realized, the amounts recorded in 'Hedging reserve' are reclassified to the consolidated statement of profit or loss.

The change in fair value recognized in equity under cash flow hedging as of 31 December 2016 will be recycled to the consolidated statement of profit or loss during the next years, as some of the hedged events are expected to occur (the forecasted transactions will take place or the hedged items will affect P&L statement) within 2017 and some others at a later stage.

Viohalco's companies examine 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 by applying the dollar offset method on a cumulative basis is examined.

Viohalco's companies' results from the hedging activities recorded in the statement of profit or loss are presented for metal future contracts and foreign exchange contracts in the "Revenue" and the "Cost of sales" while for interest rate swaps in the "Finance income / expenses (-)". The amounts recognized in the consolidated statement of profit or loss are the following:

Amounts in EUR thousand	**2016**	**2015**
Gain / loss (-) on future contracts	-5,667	5,679
Gain / loss (-) on FX forwards contracts	-2,676	-16,035
Gain / loss (-) on interest rate swaps	686	0
	-7,658	**-10,356**

Profit or loss related to derivatives used for cash flow hedging and recognized in other comprehensive income (Hedging reserve) as at 31 December 2016 will be recycled to profit or loss during the next financial years.

23. Capital and reserves

A. Share capital and share premium

The share capital of the Company amounts to EUR 141,894 thousands divided into 259,189,761 shares without nominal value. Holders of shares issued in 2016 are entitled to one vote per share at the general meetings of the Company.

Regarding the share capital increase during 2016, please refer to Note 30 where the relevant transactions are explained.

Share premium of the Company amounts to EUR 458 million.

B. Nature and purpose of reserves

(a) Statutory reserve

Pursuant to the Belgian tax legislation, the companies are obliged, from their fiscal year profits, to form 5% as a legal reserve until it reaches 10% of their paid share capital. The distribution of the legal reserve is prohibited.

Pursuant to Greek company law, the companies are obliged to allocate each year at least 5% of its annual net profits to its statutory reserve, until this reserve equals at least 1/3 of the company's share capital. The distribution of the statutory reserve is prohibited but it can be used to offset losses.

(b) Translation reserve

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

(c) Fair value reserve

Fair value reserve is comprised of:

- the hedging reserve which include 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; and

- the cumulative net change in the fair value of the available-for-sale financial assets until the assets are derecognised or impaired.

(d) The special reserves

This category relates to reserves formed by the application of the provisions of certain developmental laws which were granting tax benefits to companies that invested their retained earnings rather than distribute them to the shareholders. More specifically, the aforementioned reserves have either exhausted their income tax liability or have been permanently exempted from income tax, after the lapse of a specified period beginning from the completion of the investments they concern.

(e) Tax exempt reserves

This category relates to reserves formed by the application of the provisions of certain tax laws and are exempt from income tax, provided that they are not distributed to the shareholders. In case these reserves are distributed, they will be taxed using the tax rate applying at such time.

As far as the acquired treasury shares are concerned, please see note 30.

C. Reconciliation of other reserves

Amounts in EUR thousand	Statutory reserves	Fair value reserve	Special reserves	Tax exempt reserves	Other	Total
Balance as at 1 January 2016	**14,870**	**3,874**	**19,927**	**222,134**	**75,876**	**336,681**
Other comprehensive income, net of tax	0	-1,259	0	0	-434	**-1,693**
Transfer of reserves	1,470	0	13	27,559	-189	**28,852**
Changes in ownership interests	15,636	-4,364	38,819	45,167	-63,535	**31,723**
Balance as at 31 December 2016	**31,975**	**-1,750**	**58,759**	**294,860**	**11,719**	**395,563**
Balance as at 1 January 2015	**23,217**	**4,990**	**19,174**	**239,354**	**76,266**	**363,001**
Other comprehensive income, net of tax	0	-5,217	0	0	5	**-5,213**
Transfer of reserves	-1,049	5,012	0	0	-5,374	**-1,411**
Changes in ownership interests	-7,298	-911	753	-17,220	4,980	**-19,696**
Balance as at 31 December 2015	**14,870**	**3,874**	**19,927**	**222,134**	**75,876**	**336,681**

24. Capital management

Viohalco and its companies' 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 their activities. The Board of Directors monitors the return on capital which is defined as net results divided by total equity less non-controlling interests. The Board of Directors also monitors the level of dividends distributed to holders of ordinary shares.

The Board of Directors tries to maintain an equilibrium between higher returns that would be feasible through higher borrowing levels and the advantages and security offered by a strong and robust capital structure. In this context, the Board of Directors monitors the Return on Capital Employed (ROCE) index, otherwise the Return on Invested Capital (ROIC) index, which is defined as Earnings before Interest and Tax (EBIT) divided by total Capital Employed, (i.e. equity and debt). The Board of Directors seeks opportunities and examines feasibility to leverage Viohalco's companies with relatively high ROCE (in every case higher than the cost of debt) and deleverage companies that go through a relatively low ROCE performance period.

25. Loans and borrowings

A. Overview

Amounts in EUR thousand	2016	2015
Non-current liabilities		
Secured bank loans	103,101	176,411
Unsecured bank loans	41,484	9,600
Secured bond issues	593,615	681,377
Unsecured bond issues	57,481	26,886
Finance lease liabilities	9,042	1,588
Total	**804,723**	**895,863**
Current liabilities		
Secured bank loans	176,037	0
Unsecured bank loans	490,389	548,489
Current portion of secured bank loans	116,855	40,161
Current portion of secured bond issues	92,343	142,739
Current portion of unsecured bond issues	9,902	1,043
Current portion of unsecured bank loans	7,790	6,358
Current portion of finance lease liabilities	1,176	349
Total	**894,491**	**739,139**
Total loans and borrowings	**1,699,214**	**1,635,001**

Information about the Viohalco's companies' exposure to interest rate, foreign currency and liquidity risk is included in Note 29.

The maturities of non-current loans are as follows:

Amounts in EUR thousand	2016	2015
Between 1 and 2 years	472,212	157,698
Between 2 and 5 years	305,266	712,391
Over 5 years	27,245	25,773
Total	**804,723**	**895,863**

The effective weighted average interest rates at the reporting date are as follows:

	2016	2015
Bank loans (non-current) - EUR	4.66%	4.50%
Bank loans (non-current) - GBP	2.97%	3.00%
Bank loans (current) - EUR	5.58%	6.00%
Bank loans (current) - GBP	1.36%	3.00%
Bank loans (current) - USD	5.70%	-
Bond issues - EUR	4.41%	5.01%
Finance lease liabilities	4.80%	4.53%

The majority of loans of Viohalco's companies are denominated in Euro.

During 2016, Viohalco's companies obtained new bank loans in Euro, which amounted to EUR 467 million and repaid bank loans of EUR 404 million with maturity date in 2016. The current bank loans had an average interest rate of 5.2%.

The increase in the short term borrowings of Viohalco's companies financed the working capital needs of its subsidiaries. They have available adequate credit lines to meet future needs.

Mortgages and pledges in favour of banks have been recorded on the fixed assets and inventories of subsidiaries. The carrying amount of assets mortgaged or pledged is EUR 1,095 million.

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

In March 2017, Stomana S.A., subsidiary of Viohalco, obtained waivers for breaching loan covenants as at 31 December 2016, which related to secured bank loans with a carrying amount of EUR 98.2 million. Although the aforementioned loans are repayable in tranches within 5 and 7 years according to the loan agreements, they are repayable on demand, upon covenants breach.

The waivers cover the whole period from 1 January 2016 to 31 December 2016. As at 31 December 2016, the carrying amount of both loans was reported in the line short term borrowings.

B. Finance leases liabilities

Finance lease liabilities are payable as follows.

Amounts in EUR thousand	2016	2015
Future minimum lease payments		
Up to 1 year	2,278	375
From 1 to 5 years	6,892	1,450
Over 5 years	2,781	202
Total	**11,951**	**2,027**
Less: Future finance lease interest charges	-1,734	-90
Present value finance lease obligations	**10,217**	**1,937**

26. Trade and other payables

Amounts in EUR thousand	2016	2015
Suppliers	375,155	280,758
Notes payable	56,934	57,505
Down payments from customers	15,019	17,459
Social security funds	9,164	7,852
Amounts due to related parties	2,593	2,305
Sundry creditors	12,578	12,474
Deferred income	1,148	75
Accrued expenses	25,562	42,511
Taxes - duties	21,128	16,187
Total	**519,280**	**437,125**
Current balance of trade and other payables	506,804	419,201
Non-current balance of trade and other payables	12,477	17,924
Balance as at 31 December	**519,280**	**437,125**

The fluctuation in trade and other payables mainly relate to increased obligations to suppliers of raw materials during 2016, for the ongoing projects, (i.e. energy project TAP), the purchase of materials, to serve the expected increase in sales quantities, along with the fact the LME prices were higher in the last months of 2016 compared to ones at the end of 2015.

27. Grants

Amounts in EUR thousand	2016	2015
Balance at 1 January	**50,549**	**48,632**
Collection of subsidies	70	2,038
Transfer to receivables/payables	0	4,539
Amortisation of grants	-4,116	-4,630
Other	-34	-29
Ending Balance	**46,468**	**50,549**

Government grants have been received for investments in property, plant and equipment. All conditions attached to the grants received by Viohalco's companies were met as of 31 December 2016.

28. Provisions

	Pending court rulings	Other provisions	Total
Balance as at 1 January 2016	215	2,794	3,009
Foreign exchange differences	0	-160	-160
Additional provisions of the fiscal year	34	15	49
Reclassifications	0	1,848	1,848
Provisions reversed during the year	0	-844	-844
Provisions used during the fiscal year	-39	0	-39
Balance as at 31 December 2016	**210**	**3,653**	**3,863**
Balance as at 1 January 2015	243	2,851	3,093
Foreign exchange differences	0	71	71
Additional provisions of the fiscal year	39	24	63
Provisions used during the fiscal year	-67	-152	-219
Balance as at 31 December 2015	**215**	**2,794**	**3,009**

Current

Amounts in EUR thousand

	Pending court rulings	Other provisions	Total
Balance as at 1 January 2016	0	1,428	1,428
Foreign exchange differences	0	-19	-19
Additional provisions of the fiscal year	88	205	293
Provisions used during the fiscal year	0	-1,286	-1,286
Balance as at 31 December 2016	**88**	**327**	**415**
Balance as at 1 January 2015	13	402	415
Foreign exchange differences	0	8	8
Additional provisions of the fiscal year	0	1,107	1,107
Provisions used during the fiscal year	-13	-90	-102
Balance as at 31 December 2015	**0**	**1,428**	**1,428**

Other provisions mainly relate to provisions for open tax years, other receivables and provisions related to environmental obligations.

29. Financial instruments

A. Accounting classifications and fair values

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

31 December 2016

Amounts in EUR thousand	**Carrying amount**	**First Level**	**Second Level**	**Third Level**	**Total**
Available-for-sale financial assets	7,658	3,308	1,345	3,005	**7,658**
Financial instruments at fair value	1,633	1,624	0	9	**1,633**
Derivative financial assets	8,186	4,304	3,882	0	**8,186**
	17,477	**9,237**	**5,227**	**3,014**	**17,477**
Derivative financial liabilities	-14,224	-12,409	-1,815	0	**-14,224**
	3,253	**-3,173**	**3,412**	**3,014**	**3,253**

31 December 2015

Amounts in EUR thousand	**Carrying amount**	**First Level**	**Second Level**	**Third Level**	**Total**
Available-for-sale financial assets	7,645	3,316	1,353	2,976	**7,645**
Financial instruments at fair value	2,138	1,350	779	9	**2,138**
Derivative financial assets	3,654	1,686	1,968	0	**3,654**
	13,438	**6,351**	**4,101**	**2,986**	**13,438**
Derivative financial liabilities	-6,475	-3,796	-2,679	0	**-6,475**
	6,962	**2,555**	**1,422**	**2,986**	**6,962**

The various levels are 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.

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

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

The following table shows reconciliation between opening and closing balances for Level 3 financial assets:

Amounts in EUR thousand	**Available-for-sale financial assets**	**Financial instruments at fair value through profit or loss**
Balance at 1 January 2015	**3,930**	**9**
Acquisitions	60	0
Disposals	-138	0
Fair value adjustment through OCI	-876	0
Balance at 31 December 2015	**2,976**	**9**
Balance at 1 January 2016	**2,976**	**9**
Acquisitions	35	0
Disposals	-121	0
(Impairment) / Reversal of impairment	3	0
Reclassification	111	0
Balance at 31 December 2016	**3,005**	**9**

B. Measurement of fair values

(a) Valuation techniques and significant unobservable inputs

The fair values of financial assets that are traded in active markets (stock markets) (e.g. derivatives, shares, bonds, mutual funds) are set according to the published prices that are valid on the reporting date. The fair value of financial assets is determined by their offer price, while the fair value of financial liabilities is determined by their bid price.

The fair values of financial assets that are not traded in active markets are set through the use of valuation techniques and standards that are based on market data on the reporting date.

The nominal value less allowances for doubtful commercial claims is deemed to approximate their fair value. The fair values of financial liabilities, for the purpose of being recorded in Financial Statements, are estimated based on the present value of the future cash flows that arise from specific contracts using the current interest rate that is available for Viohalco and its companies for the use of similar financial-credit means.

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 the Viohalco's companies' 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 technique**	**Significant observable inputs**	**Inter-relationship between key unobservable inputs and fair value measurement**
Derivatives	*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 traded in active markets	*Market value*: Price as traded in active market.	Not applicable.	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 estimates of Viohalco and its companies 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.	- Risk-free rate: 0.79% - Market risk premium: 6.02% - Expected income tax rate: 29% - WACC (rounded): 8.90%	• the expected market growth rate increase (decrease) • the estimated cash flows increase (decrease) • the risk-adjusted discount rate were lower (higher)

(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 2016 or in 2015.

C. Financial risk management

Viohalco and its companies are exposed to credit, liquidity and market risk due to the use of its 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 Viohalco's Capital Management (Note 24). More quantitative particulars on these disclosures are included in the entire range of the Consolidated Financial Statements.

The risk management policies are applied in order to identify and analyze the risks facing Viohalco and its companies, set risk-taking limits and apply relevant control systems. The risk management policies and relevant systems are examined from time to time 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, 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.

C.1. Credit risk

Credit risk is the risk of the financial loss to Viohalco and its companies, if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the companies' receivables from customers and investments in debt securities.

The carrying amount of financial assets represents the maximum credit exposure.

Amounts in EUR thousand	Note	2016	2015
Trade & Other receivables - Current	15	576,187	538,165
Trade & Other receivables - Non-current	15	6,320	8,033
Subtotal		**582,507**	**546,197**
Available-for-sale financial assets	21	7,658	7,645
Other investments		1,633	2,138
Cash and cash equivalents	16	171,784	136,296
Derivatives	22	8,186	3,654
Subtotal		**189,262**	**149,734**
Grand Total		**771,768**	**695,932**

(a) Trade and other receivables

The Viohalco's companies' 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. No client exceeds 10% of consolidated sales and, consequently, commercial risk is spread over a large number of clients.

Viohalco's companies have established a credit policy on the basis under which 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. Viohalco's companies 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 receivability they have shown. Trade and other receivables mainly include mainly wholesale customers of Viohalco's companies. Any customers characterized 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, Viohalco's companies demand real or other security (e.g. letters of guarantee) in order to secure its receivables, if possible.

Viohalco's companies record an impairment that represents its estimate of incurred 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:

Amounts in EUR thousand	2016	2015
Greece	153,541	195,069
Other EU Member States	284,064	259,766
Other European countries	37,417	26,566
Asia	32,000	33,603
America	59,864	21,645
Africa	10,901	8,624
Oceania	4,719	925
	582,507	**546,197**

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

Amounts in EUR thousand	2016	2015
Industrial customers	240,860	398,554
Distributors/ resellers	147,659	51,113
Other	193,988	96,530
	582,507	546,197

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

Amounts in EUR thousand	2016	2015
Neither past due nor impaired	493,913	433,338
Overdue		
- Up to 6 months	50,071	50,910
- Over 6 months	38,523	61,950
	582,507	546,197

Subsidiaries' management believe that the unimpaired 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.
The movement in the allowance of impairment in respect of trade and other receivables is as follows:

Amounts in EUR thousand	2016	2015
Balance as at 1 January	**58,027**	**53,529**
Impairment loss recognized	1,735	6,809
Amounts written off	-759	-1,875
Impairment loss reversed	-1,529	-606
Foreign exchange differences	537	171
Balance as at 31 December	**58,011**	**58,027**

The impairment loss of EUR 1.7 million in 2016 relates to several customers that have indicated that they are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

The following collateral exists for securing receivables from customers:

	2016	2015
Amounts in EUR thousand		
Bank letters of guarantee	29,099	30,563
Guarantees for securing receivables from customers	4,849	2,778
	33,947	33,341

(b) Cash and cash equivalents

Viohalco and its companies held cash and cash equivalents of EUR 172 million at 31 December 2016 (2015: EUR 136 million). The cash and cash equivalents are held with bank and financial institution counterparties, which are rated from A+ to CCC+ based on ratings of Standard and Poor's.

C.2. Liquidity risk

Liquidity risk is the risk that Viohalco and its companies will encounter difficulty in meeting the obligations associated with its 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 they 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, Viohalco and its companies 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 its operating needs, including coverage of its financial obligations. This policy does not take into account the relevant effect from extreme conditions that cannot be foreseen.

The companies monitor their cash needs through Steelmet S.A., Viohalco's subsidiary, which agrees upon financing terms with the credit institutions in Greece and other countries.

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

2016	Carrying Amount	<1 year	1 - 2 years	2 -5 years	>5 years	Total
Amounts in EUR thousand						
Liabilities						
Bank loans	935,655	813,631	107,901	30,287	13,824	**965,644**
Bond issues	753,341	126,470	379,775	282,334	57,194	**845,773**
Finance lease obligations	10,217	1,620	2,041	5,540	2,810	**12,011**
Derivatives	14,224	9,858	3,427	939	0	**14,224**
Trade and other payables	519,280	506,804	11,905	7,891	227	**526,826**
	2,232,719	**1,458,383**	**505,049**	**326,990**	**74,055**	**2,364,478**

2015	Carrying Amount	<1 year	1 - 2 years	2 -5 years	>5 years	Total
Amounts in EUR thousand						
Liabilities						
Bank loans	781,019	613,402	54,575	142,046	14,552	**824,574**
Bond issues	852,045	164,105	148,897	616,358	67,651	**997,012**
Finance lease obligations	1,937	375	1,251	198	202	**2,027**
Derivatives	6,475	5,932	543	0	0	**6,475**
Trade and other payables	437,125	419,201	2,796	14,879	2,380	**439,255**
	2,078,601	**1,203,015**	**208,063**	**773,482**	**84,785**	**2,269,345**

Viohalco's companies have syndicated loans that contain loan covenants. A future breach of covenants may require the companies to repay the loans earlier than indicated in the above table. Under the agreement, the covenants are monitored on regular basis by Steelmet S.A. and regularly reported to companies' management to ensure compliance with the agreements.

C.3. Market risk
Market risk is the risk that changes in the market prices – such as commodity prices, foreign exchange rates and interest rates - will affect Viohalco and its companies income or the value of their financial instruments. Viohalco's companies use derivatives to manage market risk.
All such transactions are carried out through Steelmet S.A. Generally, the companies seek to apply hedge accounting to manage volatility in profit or loss.

(a) Currency risk:

Viohalco and its companies 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 Viohalco and its companies, which is mainly euro. The most important currencies in which these transactions are held are mainly euro, USD and GBP.
Over time, Viohalco's companies hedge the greatest part of its estimated exposure to foreign currencies in relation to the anticipated sales and purchases, as well as to the receivables and liabilities in foreign currency. Viohalco's 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. As the case may be, the foreign exchange risk may also be covered by taking out loans in the respective currencies.
Loan interest is denominated in the same currency with that of cash flows, which arises from the Viohalco's companies' operating activities.

The investments of Viohalco and its companies in their subsidiaries are not hedged, because these exchange positions are considered to be long-term and have been made mainly in euro.

The summary quantitative data about Viohalco and its companies' exposure to currency risk as reported is as follows.

	2016							
Amounts in EUR thousand	**EURO**	**USD**	**GBP**	**BGN**	**RSD**	**RON**	**OTHER**	**TOTAL**
Trade and other receivables	412,682	86,906	29,272	24,843	1,676	18,529	8,599	**582,507**
Loans and Borrowings	-1,619,926	-34,816	-32,910	-3,988	0	-5,677	-1,897	**-1,699,214**
Trade and other payables	-348,349	-80,284	-23,783	-50,732	-1,016	-14,201	-914	**-519,280**
Cash & cash equivalents	134,099	19,599	7,381	7,052	424	1,322	1,908	**171,784**
	-1,421,494	-8,595	-20,040	-22,826	1,084	-27	7,694	**-1,464,204**
Derivatives for risk hedging (Nominal Value)	671	-45,767	-25,081	0	0	0	-117	**-70,294**
Exposure	**-1,420,824**	**-54,362**	**-45,121**	**-22,826**	**1,084**	**-27**	**7,578**	**-1,534,498**

	2015							
Amounts in EUR thousand	**EURO**	**USD**	**GBP**	**BGN**	**RSD**	**RON**	**OTHER**	**TOTAL**
Trade and other receivables	410,695	51,014	29,807	25,923	11,021	15,083	2,655	**546,197**
Loans and Borrowings	-1,536,231	-21,340	-38,637	-35,418	0	-3,289	-86	**-1,635,001**
Trade and other payables	-339,951	-25,661	-26,592	-31,758	-696	-12,322	-145	**-437,125**
Cash & cash equivalents	110,359	13,988	4,019	2,027	1,865	2,957	1,081	**136,296**
	-1,355,129	18,000	-31,402	-39,226	12,191	2,429	3,504	**-1,389,632**
Derivatives for risk hedging (Nominal Value)	-1,410	27,529	-6,321	0	0	0	23	**19,821**
Exposure	**-1,356,539**	**45,530**	**-37,723**	**-39,226**	**12,191**	**2,429**	**3,527**	**-1,369,812**

Euro denominated amounts are included for totals' reconciliation purposes.

The following exchange rates have been applied during the year.

	Average exchange rate		**Year end spot rate**	
	2016	**2015**	**2016**	**2015**
USD	1.11	1.11	1.05	1.09
GBP	0.82	0.73	0.86	0.73
BGN	1.96	1.96	1.96	1.96
RSD	123.08	120.72	123.40	121.60
RON	4.49	4.45	4.54	4.52

A reasonably possible strengthening (weakening) of the euro, US dollar, pound sterling, DINAR, or RON against other currencies 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. The Bulgarian currency LEV is not analysed below due to its fixed currency rate at 1.956 LEV/EUR.

	Profit or loss		**Equity, net of tax**	
Effect In EUR thousand	**Strengthening**	**Weakening**	**Strengthening**	**Weakening**
2016				
USD (10% movement in relation to EUR)	4,942	-4,942	2,954	-2,954
GBP (10% movement in relation to EUR)	4,102	-4,102	1,619	-1,619
RSD (10% movement in relation to EUR)	-99	99	0	0
RON (10% movement in relation to EUR)	2	-2	0	0
2015				
USD (10% movement in relation to EUR)	-4,139	4,139	-1,777	1,777
GBP (10% movement in relation to EUR)	3,429	-3,429	408	-408
RSD (10% movement in relation to EUR)	-1,108	1,108	0	0
RON (10% movement in relation to EUR)	-221	221	0	0

(b) Interest rate risk:

Viohalco's companies during the prolonged low interests period have adopted a flexible policy of ensuring that between 0 % and 20% of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed–rate instruments and partly by borrowing at a float rate and using interest rate swaps as hedges of the variability in cash flows attributable to interest rate risk.

The interest rate profile of Viohalco's companies' interest-bearing financial instruments, as reported is as follows.

	Nominal amount	
Amounts in EUR thousand	2016	2015
Fixed-rate instruments		
Financial liabilities	-49,468	-20,605
Variable-rate instruments		
Financial liabilities	-1,649,746	-1,614,396

Fair value sensitivity analysis for fixed-rate instruments

A change of 25 basis points in interest rates of fixed-rate instruments would have a positive or negative effect of EUR 88 thousand after tax (2015: EUR 38 thousand) in profit or loss.

Cash flow sensitivity analysis for variable-rate instruments

A reasonably possible change of 0.25% in interest rates of variable-rate instruments at the reporting date would have increased/ decreased (-) 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	
Amounts in EUR thousand	**0.25% increase**	**0.25% decrease**
2016		
Financial liabilities	-2,928	2,928
Cash flow sensitivity (net)	-2,928	2,928
2015		
Financial liabilities	-2,866	2,866
Cash flow sensitivity (net)	-2,866	2,866

(c) 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:

		Expected Cash Flows			
Amounts in EUR thousand	**Carrying amount 31 December 2016**	**1 - 6 months**	**6 - 12 months**	**>1 year**	**Total 31 December 2016**
Forwards					
Assets	3,770	3,545	225	0	**3,770**
Liabilities	-11,374	-5,051	-1,956	-4,366	**-11,374**
Future contracts					
Assets	3,030	2,595	435	0	**3,030**
Liabilities	-2,851	-2,844	-6	0	**-2,851**
	-7,424	**-1,755**	**-1,303**	**-4,366**	**-7,424**

		Expected Cash Flows			
Amounts in EUR thousand	**Carrying amount 31 December 2015**	**1 - 6 months**	**6 - 12 months**	**>1 year**	**Total 31 December 2015**
Interest rate swaps					
Liabilities	-91	-45	-45	0	-91
Forwards					
Assets	467	430	37	0	467
Liabilities	-2,588	-1,780	-425	-383	-2,588
Future contracts					
Assets	661	490	171	0	661
Liabilities	-3,796	-3,288	-348	-160	-3,796
	-5,347	**-4,193**	**-611**	**-543**	**-5,347**

C.4. Risk of macroeconomic and financial environment in Greece

In Greece, where most of Viohalco's subsidiaries are located, the macroeconomic and financial environment is not fully stabilized yet.

The Greek government completed the negotiation with the Institutions, (IMF, EU, ESM, ECB), for the formulation of a lending package, in the third quarter of 2015 and the recapitalization of the Greek banks was completed successfully at the end of 2015. In June of 2016 the first disbursement of EUR 7.5 billion to Hellenic Republic was released and covered the short-term public debt servicing needs, while the first evaluation of the financial assistance program was completed and the partial disbursement of the second installment of the program, amounting to EUR 10.3 billion, was approved. The remaining amount of EUR 2.8 billion was disbursed in October 2016 after the completion of the prerequisite actions that had been set.

In the fourth quarter of 2016 the second evaluation of the financial support program began, but the completion date of December 4th was not met. The early completion of the second evaluation and the disbursement of installments are expected to contribute to the enhancement of the real economy and the improvement of investment prospects. During the first quarter of 2017 no agreement was reached and in mid-April, Greece's negotiations with Institutional Creditors are in the run-up to an agreement. The Greek side accepted new austerity measures for 2019 and 2020 worth roughly EUR 3.6 billion, as corresponding to GPD, mainly pension cuts and a lowering of the tax-free annual income threshold. The new austerity measures were demanded by the IMF, which has repeatedly maintained that fiscal goals, primarily ambitious budget surplus targets from 2018 onwards, cannot be achieved under the present economic and fiscal conditions. Countervailing measures, mainly social allowances, will be included in the next agreement and their implementation will depend to the achievement of the fiscal goals. Following this progress the second evaluation is expected to be completed in May.

The above, combined with the continuation of reforms and the measures described in the 24 May 2016 Eurogroup statement for the enhancement of the sustainability of the Greek debt, are expected to contribute to the gradual improvement of the economic environment in Greece and to the return of the economy to positive growth rates. The probability of future uncertainty in the economic and financial environment, albeit reduced, constitutes a key risk factor and any adverse development is likely to affect the activities of Viohalco's subsidiaries in Greece, and their local financial performance and position.

It should be noted that the capital controls that are in force in Greece since June 2015, and still remain until the date of approval of the financial statements, have not prevented Viohalco's companies to continue their activities with no production delays and timely execution of all customers' orders. More specifically, the production capacity of the units, production costs and raw supplies have not been affected by the capital controls and the reduction in domestic demand. Therefore, cash flows from operational activities of Viohalco's companies have not been disrupted by the current situation in Greece.

Additionally, Viohalco's companies' strong customer base outside Greece along with their established facilities abroad minimize the liquidity risk which may arise from the uncertainty of the economic environment in Greece. Viohalco's companies' debt amounting to EUR 1,699 million comprises of 47% long term and 53% short term facilities. Taking into account also the EUR 171 million of cash & equivalents (i.e. 19% of short term debt), Viohalco's companies' Net Debt amounts to EUR 1,527 million. Long term facilities have an average maturity of three years. Short term facilities are predominately revolving credit facilities, which are reviewed annually with anniversaries spread throughout the year and, within those revolving credit limits, short term loans of various maturities are drawn and when matured are renewed automatically if needed. There are sufficient credit limits in place to serve working capital requirements and refinance short term loans.

Viohalco and its subsidiaries follow closely and on a continuous basis the developments in the international and domestic environment and timely adapt their business strategy and risk management policies in order to minimize the impact of the macroeconomic conditions on their operations.

30. Subsidiaries

The Viohalco's subsidiaries and the percentages of financial interest held by the parent company at the end of the reporting period are as follows:

SUBSIDIARIES COMPANIES	Country	Financial Interest 2016	Financial Interest 2015	SUBSIDIARIES COMPANIES	Country	Financial Interest 2016	Financial Interest 2015
AEIFOROS SA	GREECE	90.00%	90.00%	JOSTDEX LIMITED	CYPRUS	99.92%	99.83%
AEIFOROS BULGARIA SA	BULGARIA	90.00%	90.00%	LESCO ROMANIA SA	ROMANIA	48.06%	32.49%
AL - AMAR SA	LIBYA	90.00%	65.37%	LESCO OOD	BULGARIA	73.95%	49.97%
ALCOMET SA	GREECE	-	99.36%	METAL AGENCIES LTD	U.K	85.56%	65.89%
ALUBUILD SRL	ITALY	100.00%	72.63%	METAL VALIUS DOO	SERBIA	100.00%	92.71%
ALURAME SPA	ITALY	88.56%	71.53%	METAL VALIUS LTD	BULGARIA	100.00%	92.71%
ANOXAL SA	GREECE	100.00%	72.63%	METALCO SA	BULGARIA	100.00%	100.00%
ANAMET DOO	SERBIA	100.00%	92.71%	METALIGN SA	BULGARIA	100.00%	-
ANAMET SA	GREECE	100.00%	92.71%	METALLOURGIA ATTIKIS SA	GREECE	50.00%	50.00%
ANTIMET AE	GREECE	100.00%	100.00%	MKC GMBH	GERMANY	88.56%	71.85%
ATTIKI SA	GREECE	75.00%	75.00%	MOPPETS LTD	CYPRUS	-	72.63%
BASE METALS S.A.	TURKEY	66.86%	54.25%	NOVAL SA	GREECE	100.00%	100.00%
BRIDGNORTH LTD	U.K	75.00%	54.47%	NOVOMETAL DOO	FYROM	100.00%	92.71%
CENERGY HOLDINGS SA	BELGIUM	73.95%		PORT SVISHTOV WEST SA	BULGARIA	73.09%	73.09%
CLUJ INTERNATIONAL TRADE SRL	ROMANIA	100.00%	100.00%	PRAKSIS SA	GREECE	61.00%	61.00%
COMMERCIAL PARK CORINTHOS SA	GREECE	-	100.00%	PRISTANISHTEN KOMPLEX SVILOSA EOOD	BULGARIA	73.09%	73.09%
CORINTH PIPEWORKS HOLDINGS SA	GREECE	-	85.83%	PROSAL TUBES SA	BULGARIA	100.00%	100.00%
CORINTH PIPEWORKS SA	GREECE	73.95%	85.83%	QUANTUM SA	BULGARIA		72.63%
CPW AMERICA Co	USA	73.95%	85.83%	REYNOLDS CUIVRE SA	FRANCE	88.06%	67.62%
DE LAIRE LTD	CYPRUS	73.95%	49.97%	SANIPARK SA	GREECE	100.00%	100.00%
DIA.VI.PE.THI.V SA	GREECE	90.98%	88.56%	SANITAS REPRESENTATIVE SA	GREECE	-	100.00%
DIAPEM SA	GREECE	-	79.65%	SANITAS SA	GREECE	-	100.00%
DIATOUR SA	GREECE	-	98.74%	SIDEBALK STEEL DOO	SERBIA	100.00%	100.00%
DOJRAN STEEL LLCOP	FYROM	100.00%	100.00%	SIDENOR INDUSTRIAL SA	GREECE	100.00%	100.00%
ELVAL COLOUR SA	GREECE	100.00%	72.63%	SIDERAL SHRK	ALBANIA	99.82%	99.82%
ELVAL HOLDINGS S.A	GREECE	-	72.63%	SIDEROM STEEL SRL	ROMANIA	100.00%	100.00%
ELVAL INDUSTRIAL SA	GREECE	100.00%	72.63%	SIGMA IS SA	BULGARIA	69.28%	69.28%
ELKEME SA	GREECE	90.12%	69.35%	SYMETAL SA	GREECE	100.00%	72.63%
ENERGY SOLUTIONS SA	BULGARIA	94.54%	92.77%	SOFIA MED AD	BULGARIA	71.81%	66.34%
ERGOSTEEL SA	GREECE	49.51%	39.15%	SOVEL SA	GREECE	92.93%	92.85%
ERGOPAMA SA	GREECE	-	39.15%	STEELMET CYPRUS LTD	CYPRUS	82.51%	65.21%
ERLIKON SA	GREECE	99.95%	99.95%	STEELMET PROPERTIES SA	GREECE	82.51%	54.43%
ETEM ALBANIA SA	ALBANIA	100.00%	72.63%	STEELMET ROMANIA SA	ROMANIA	88.56%	70.10%
ETEM BULGARIA SA	BULGARIA	100.00%	72.63%	STEELMET SA	GREECE	82.51%	65.21%
ETIL SA	GREECE	69.98%	69.98%	STOMANA INDUSTRY SA	BULGARIA	100.00%	100.00%
ETEM COMMERCIAL SA	GREECE	100.00%	72.63%	TECHOR SA	GREECE	68.28%	66.34%
ETEM SCG	SERBIA	100.00%	72.63%	TECHOR ROMANIA SA	ROMANIA	68.28%	66.34%
ETEM SYSTEMS LLC	UCRAINE	100.00%	72.63%	TEPRO METAL AG	GERMANY	88.56%	71.85%
ETEM SYSTEMS SRL	ROMANIA	100.00%	72.63%	TERRA MIDDLE EAST AG	GERMANY	88.56%	71.85%
FITCO SA	GREECE	68.28%	66.34%	THERMOLITH SA	GREECE	63.00%	63.00%
FLOCOS SA	GREECE	88.30%	85.78%	TEKA SYSTEMS SA	GREECE	50.01%	50.01%
FULGOR SA	GREECE	73.95%	49.97%	VEMET SA	GREECE	100.00%	100.00%
GENECOS SA	FRANCE	88.06%	67.62%	VEPAL SA	GREECE	100.00%	72.63%
HALCOR SA	GREECE	68.28%	66.34%	VET SA	GREECE	73.95%	92.85%
HALCOR R & D SA	GREECE	47.80%	46.43%	VIANATT SA	GREECE	100.00%	92.71%
HELLENIC CABLES HOLDINGS SA	GREECE	-	49.97%	VIENER	GREECE	93.44%	100.00%
HELLENIC CABLES SA	GREECE	73.95%	49.97%	VIEXAL SA	GREECE	91.54%	70.95%
HUMBEL LTD	CYPRUS	73.95%	85.83%	VIOMAL SA	GREECE	50.00%	36.32%
ICME ECAB SA	ROMANIA	72.91%	49.29%	VITRUVIT SA	GREECE	100.00%	100.00%
INOS BALCAN	SERBIA	100.00%	92.71%	WARSAW TUBULARS TRADING SP.ZO	POLAND	73.95%	85.83%
IWM S.A.	BULGARIA	90.00%	90.00%	XENCA SA	GREECE	-	100.00%
INTERNATIONAL TRADE	BELGIUM	88.56%	99.84%				

The ultimate controlling entity is Viohalco S.A. For all the above entities Viohalco does exercise control, by holding the majority of the voting rights, directly and/or indirectly and these entities are reported as subsidiary companies.

The percentages reported on the above table represent the financial interest held directly and indirectly by Viohalco. For example if Viohalco holds 70% of company A and company A holds 70% of company B then in the table above it will be presented that Viohalco holds 49% of financial interest in company B.

The transactions described below had an effect on the holding percentage of several subsidiaries in the above list.

Absorption of Elval Holdings, Alcomet, Diatour and Eufina by Viohalco S.A.

On Friday December 4, 2015, the boards of directors of the parent company Viohalco S.A., the Greek subsidiaries "Elval Holdings SA" (hereinafter Elval), "Alcomet S.A. Copper and Aluminium SA" (hereinafter Alcomet) and "Diatour, Management and Tourism SA" (hereinafter Diatour) and the Luxembourg non-listed company "Eufina SA" (hereinafter Eufina) decided to proceed with a cross-border merger by absorption of Elval, Alcomet, Diatour and Eufina by Viohalco.
On 26 February 2016 (i.e. transaction date), the absorption of Elval, Alcomet, Diatour and Eufina by Viohalco S.A. was concluded.
On 1 March 2016, Euronext Brussels approved the primary admission to listing and trading of the new shares on the regulated market of Euronext Brussels, and on 3 March 2016 the Managing Committee of the Stock Markets of the Athens Stock Exchange approved the secondary admission to listing and trading of the new shares on the Athens Stock Exchange. The trading of the 38,250,030 new Shares on both Euronext Brussels and the Athens Stock Exchange has commenced simultaneously on 7 March 2016.

Cancellation of treasury shares
As a result of the completion of the Cross-Border Merger on 26 February 2016, Viohalco acquired 9,009,196 of its own shares and 2,075,000 shares of Elval from Eufina at a fair value of EUR 9.7 million and EUR 1.5 million respectively.
Moreover, Viohalco had already acquired 1,574,542 of its own shares from Diatour and 1,641,177 of its own shares from Alcomet through the merger with Sidenor concluded on 22 July 2015.
In accordance with the resolutions adopted by Viohalco's shareholders at the occasion of the extraordinary meeting of its shareholders held on 17 February 2016, these shares (a total of 12,224,915) were cancelled.

Share capital and share premium
The capital increase related to the merger resulted in the creation of 26,025,115 new shares representing the same number of voting rights in the share capital, with a fair value of EUR 28 million based on the closing price of EURONEXT on 26 February 2016 (EUR 1.075 per share). The difference between the fair value and the approved capital increase (EUR 24.2 million) has been recognized as share premium (EUR 3.7 million).
Consequently, Viohalco's share capital is set at EUR 141.9 million as at 31 December 2016 divided into 259,189,761 shares.

Ownership interests
As a result of the transaction with Elval, Alcomet and Diatour, Viohalco acquired an additional 25.68% financial interest in Elval (including 1.65% owned by Eufina), an additional 0.64% financial interest in Alcomet and an additional 1.26% financial interest in Diatour through the issuance of new shares.

NCI effect
Due to the transactions described above, along with some other minor changes in the structure of Viohalco, a decrease in non-controlling interest (NCI) equal to EUR 166 million was recognized. The respective increase in equity attributable to owners of the Company was EUR 152 million.

Other changes in ownership interests

During 2016, few other changes took place relating to ownership interests, with the most significant one being the Cenergy Holdings transaction.

On 14 December 2016, Cenergy Holdings (subsidiary of Viohalco) announced the completion of the cross-border merger by absorption by Cenergy Holdings of the formerly Greek listed companies, Corinth Pipeworks Holdings S.A. and Hellenic Cables S.A. Holdings Société Anonyme (also subsidiaries of Viohalco).

The transaction was approved by the shareholders of Cenergy Holdings on 7 December 2016 and those of Hellenic Cables S.A. Holdings Société Anonyme and Corinth Pipeworks Holdings S.A. on 8 December 2016.

On 14 December 2016, the cross-border merger became effective from a legal perspective, both in Belgium and in Greece. As a result, as from 8 December 2016 Cenergy Holdings has assumed the control of the subsidiaries of Hellenic Cables and Corinth Pipeworks.

On 21 December 2016, the trading of its shares commenced on Euronext Brussels and the Athens Stock Exchange.

Before the business combination, Viohalco controlled all the combining entities since it controlled 99.84% of voting rights of Cenergy Holdings, 74.48% of voting rights of Hellenic Cables S.A. Holdings Société Anonyme (1.95% directly and 72.53% through its subsidiary Halcor S.A.) and 85.89% of voting rights of Corinth Pipeworks Holdings S.A.. Upon the completion of the business combination Viohalco controls 81.93% (56.77% directly and 25.16% through its subsidiary Halcor S.A).

Other minor changes in percentages held by the parent company took place during the period. These changes did not have any material effect on the consolidated financial statements.

NCI effect
Due to the other ownership interest transactions an increase in non-controlling interest (NCI) equal to EUR 17 million was recognized (with equal increase in equity attributable to owners of the Company).

Absorption of Sidenor Holdings S.A. by Viohalco S.A.

On April 29, 2015, the boards of directors of the parent company Viohalco S.A. and the Greek subsidiary Sidenor Holdings S.A., both holding companies with no production activity, elected the merger of the two companies as the most appropriate technical solution for strengthening the capital structure of the steel producing companies and plants located in Greece.

On 22 July 2015 (i.e. transaction date), the absorption of Sidenor Holdings S.A. by Viohalco S.A. was concluded. As a result of this transaction Viohalco acquired an additional 24.56% financial interest in Sidenor Holdings S.A. through the issuance of new shares.

13,553,338 new shares were issued and the fair value of the new shares at the transaction date was EUR 34,289 thousand. According to the merger terms approved by the respective shareholders' meetings of Viohalco SA and Sidenor Holdings SA on 22 July 2015, the issuance of shares relating to the merger will has increased the share capital by EUR 12,669,660.51 and share premium for an amount of EUR 21,620 thousand. As a result of the transaction, Viohalco recognised a decrease in non-controlling interest (NCI) of EUR 73 million, an increase in retained earnings of EUR 13.4 million, a decrease in translation reserve earnings of EUR 1.2 million and an increase in other reserves of EUR 26.7 million. Overall, equity attributable to owners of the group was increased by EUR 38.8 million as a result of the merger.

Amounts in EUR thousand	Amount
Carrying amount of NCI acquired	73,081
Consideration paid to NCI through the issuance of new shares	-34,290
Increase in equity attributable to owners of the group	38,791

Due to the fact that the subsidiaries Alcomet S.A. and Diatour S.A. held shares of Sidenor Holdings S.A., as a result of the aforementioned transactions, Viohalco acquired at consolidation level 3,215,719 own shares with a carrying value of EUR 8,135,769. These treasury shares were presented as a deduction of equity. The weighted-average number of ordinary shares issued in July 2015 was equal to 4,588,204 excluding these 3,215,719 treasury shares.

31. Non-controlling interests

The following table summarises the information relating to each of the subsidiaries that have material NCI (at sub-group level in the cases of Cenergy, Halcor, Sidenor, Elval and CPW) before any intra-group elimination.

2016	Cenergy*	Halcor	Sidenor	Bridgnorth	Other	Intragroup eliminations	Total
NCI percentage	26.05%	31.72%	0.00%	25.00%			
Non-current assets	431,505	275,813	337,081	92,501			
Current assets	458,866	192,691	272,766	81,998			
Non-current liabilities	240,345	262,475	284,297	20,508			
Current liabilities	443,564	191,308	318,074	58,308			
Net Assets	206,462	14,722	7,477	95,683			
Attributable to NCI by the Companies	501	4,758	28,306	0			
Net attributable to the equity holders & NCI of Viohalco	**205,961**	**9,964**	**-20,829**	**95,683**			
Attributable to NCI by Parent Company	**53,653**	**3,161**	**0**	**23,921**			
Carrying amount of NCI	54,154	7,919	28,306	23,921	10,090	-33,857	**90,533**
Revenue	0	1,080,606	378,941	200,423			
Profit / Loss (-)	-1,172	7,782	-12,525	1,741			
Other comprehensive income	0	7,796	-273	-23,342			
Total comprehensive income	**-1,172**	**15,578**	**-12,798**	**-21,601**			
Attributable to NCI by the Companies	0	-1,901	1,021	0			
Net attributable to the equity holders & NCI of Viohalco	**-1,172**	**17,479**	**-13,818**	**-21,601**			
Attributable to NCI by Viohalco	**-305**	**5,545**	**0**	**-5,400**			
Total OCI of NCI	-305	3,644	1,021	-5,400	289	-4,513	**-5,266**
Cash flows from operating activities	1,644	252,793	-10,689	-3,702			
Cash flows from investing activities	0	41,438	-12,130	-14,920			
Cash flows from financing activities	62	-284,796	31,945	19,946			
Net increase/ decrease (-) in cash and cash equivalents	**1,706**	**9,434**	**9,125**	**1,323**			

2015	Elval	Halcor	Sidenor	CPW	Other	Intragroup eliminations	Total
NCI percentage	27.37%	33.66%	0.00%	14.17%			
Non-Current Assets	592,085	447,992	330,582	199,430			
Current Assets	569,525	425,565	240,046	140,068			
Non-current liabilities	253,838	455,128	282,608	94,982			
Current liabilities	274,847	414,399	267,746	95,076			
Net Assets	632,924	4,031	20,274	149,441			
Attributable to NCI by the Companies	**37,686**	**17,713**	**32,026**	**0**			
Net attributable to the equity holders & NCI of Parent company	**595,239**	**-13,683**	**-11,752**	**149,441**			
Attributable to NCI by Parent Company	**162,917**	**-4,606**	**0**	**21,176**			
Carrying Amount of NCI	200,602	13,108	32,026	21,176	37,108	-57,671	**246,349**
Revenue	1,237,622	1,230,103	346,539	296,224			
Profit / Loss (-)	26,595	-25,156	-42,653	7,759			
Other comprehensive income	1,425	-3,695	175	1,864			
Total comprehensive income	28,019	-28,851	-42,478	9,623			
Attributable to NCI by the Companies	2,251	190	-4,577	0			
Net attributable to the equity holders & NCI of Viohalco	**25,769**	**-29,041**	**-37,900**	**9,623**			
Attributable to NCI by Viohalco	**7,053**	**-9,775**	**0**	**1,364**			
Total OCI of NCI	9,304	-9,585	-4,577	1,364	581	302	**-2,613**
Cash flows from operating activities	108,574	15,140	9,181	27,340			
Cash flows from investing activities	-99,241	-24,088	-15,825	-36,233			
Cash flows from financing activities	35,263	25,132	32,668	18,316			
Net increase/ decrease (-) in cash and cash equivalents	**44,596**	**16,184**	**26,024**	**9,423**			

**Amounts reported for Cenergy, are those which have been taken into account for consolidation purposes of Viohalco. Since Cenergy subgroup was formed in December 2016 (see Note 30), profit and loss numbers relate only to the parent company Cenergy Holdings S.A.*

32. Business combination

While the mergers with Viohalco's subsidiaries Elval, Alcomet and Diatour constituted a change in ownership interest, the merger of Viohalco with Eufina was a business combination, and it has been accounted for in accordance with IFRS 3.

The acquisition of Eufina by Viohalco had the following effect on the consolidated assets and liabilities at 26 February 2016:

in EUR thousand	**Fair values on acquisition**
Available-for-sale financial assets	11,610
Cash and cash equivalents	9,880
Trade and other payables	-14
Net identifiable assets and liabilities	**21,476**
Net assets acquired	21,476
Bargain purchase on acquisition	-7,319
Fair value of the consideration transferred	14,156
Net cash outflow	**0**

In accordance with the exchange ratio (which is based on a valuation method for Viohalco and Eufina based on 60% Discounted Cash Flow value and 40% published prices on the stock market), Viohalco issued 13,168,788 shares to the owners of Eufina, representing the 100% of voting rights acquired. Based on the stock price as per 26 February 2016 of EUR 1.075 per share, the fair value of the consideration transferred amounts to EUR 14.2 million and consisted of the fair value of the shares to be issued by Viohalco.

The resulting bargain purchase on acquisition amounting to EUR 7.3 million was in profit or loss in "Finance Income" together with the related expenses paid for the completion of this business combination and this income has been fully attributed to the "Owners of the Company".

There was no material profit or loss since acquisition date. If the business combination had taken place at the beginning of the annual reporting period the revenue and profit would not significant differed from the revenue and profit since acquisition date.

33. Operating leases

A. Leases as lessee

Viohalco and its companies lease buildings and motor vehicles under operating lease agreements.

(a) Future minimum lease payments

At 31 December, the future minimum lease payments under non-cancellable leases were as follows.

Amounts in EUR thousand	2016	2015
Less than one year	3,860	3,547
Between one and five years	7,673	6,260
More than five years	11	20
	11,543	**9,827**

(b) Amounts recognized in profit or loss

Amounts in EUR thousand	2016	2015
Lease expense	5,478	2,443

B. Leases as lessor

Viohalco and its companies in the Real Estate Development sector lease out their investment properties (See Note 19).

(a) Future minimum lease collections

At 31 December, the future minimum lease payments under non-cancellable leases were as follows.

Amounts in EUR thousand	2016	2015
Less than one year	5,858	4,244
Between one and five years	23,467	16,298
More than five years	70,292	49,845
Total	**99,617**	**70,388**

(b) Amounts recognized in profit or loss

The figures below are related to investment property that has been recognised in the statement of profit or loss:

Amounts in EUR thousand	2016	2015
Rental income from investement property	6,544	5,713
Direct operating expenses regarding investment properties from which rents are collected	-8,347	-3,423
Direct operating expenses that do not generate rental income	-1,733	-2,086

34. Commitments

A. Purchase commitments

The below mentioned commitments relate to contracts that the subsidiaries have entered into according to their investment plans, which are expected to be concluded during the next 3 years.

Amounts in EUR thousand	2016	2015
Property plant and equipment	8,372	14,052

B. Guarantees

Liabilities	2016	2015
Guarantees to secure liabilities to suppliers	38,519	40,191
Guarantees for securing the good performance of contracts with customers	54,189	51,215
Guarantees for securing the good performance of contracts with suppliers	2,581	172

35. Contingent liabilities

(a) Litigations matters

Please refer to the ongoing claim described in Note 15.

(b) Contingent tax liabilities

The tax filings of the subsidiaries are routinely subjected to audit by tax authorities in most of the jurisdictions in which Viohalco and its companies conduct business. These audits may result in assessments of additional taxes. Viohalco and its companies provide for additional tax in relation to the outcome of such tax assessments, to the extent that a liability is probable and estimable.

Viohalco companies believe that their accruals for tax liabilities are adequate for all open tax years based on their assessment of underlying factors, including interpretations of tax law and prior experience.

36. Related parties

A. Equity-accounted investees and other related parties

The following transactions, together with the amounts due from and to as at the period end, have been made with equity-accounted investees and other related parties.

	2016	2015
Sales of goods / services		
Associates	62,918	23,639
Joint ventures	51	1,425
	62,969	**25,064**
Purchases of goods / services		
Associates	**4,689**	**5,758**
Purchase of fixed assets		
Associates	**169**	**449**

Closing balances that arise from sales/purchases of goods, services, fixed assets, etc.:

Amounts in EUR thousand	2016	2015
Receivables from related parties:		
Associates	25,123	19,968
Joint ventures	149	141
	25,272	**20,109**
Liabilities to related parties:		
Associates	**2,593**	**2,305**

The outstanding balances from related parties are secured and the settlement of those balances is expected to be performed in cash during the following year, since the balances concern only short-term receivables & payables.

Services to and from related parties as well as sales and purchases of goods are carried out in accordance with the price lists applying to non-related parties.

B. Key management personnel compensation

The table below provides an overview of the transactions with Board members and executive management:

Amounts in EUR thousand	2016	2015
Compensation to BoD members and executives	3,321	2,816

The compensation to directors and executive management in the table above are fixed compensation. No variable compensation, post-employment benefits or share based benefits were paid in 2015 and in 2016.

37. Subsequent events

Besides the waiver obtained during March 2017, regarding the breach of covenants of certain loan agreements, as described in Note 25, no material events took place after the end of the reporting period and up to the date of publication of the consolidated financial statements.

38. Auditor's fees

Viohalco's statutory auditors, KPMG Réviseurs d'Entreprises and Renaud de Borman Réviseurs d'Entreprises, and a number of member firms of the KPMG network, received fees for the following services:

Amounts in EUR thousand	For year ended 31 December	
	2016	2015
KPMG Réviseurs d'Entreprises		
Audit	301	170
Audit related services	53	27
	354	**197**
Renaud de Borman Réviseurs d'Entreprises		
Audit	10	10
Audit related services	0	0
	10	**10**
KPMG Network		
Audit	501	450
Audit related services	0	6
Tax related services	79	100
Other services	38	0
	618	**556**
Total	**982**	**763**

Auditor’s Report on the Consolidated Financial Statements

Statutory auditor's report to the general meeting Viohalco SA as of and for the year ended 31 December 2016

In accordance with the legal requirements, we report to you in the context of our statutory auditor’s mandate. This report includes our report on the consolidated financial statements as of and for the year ended 31 December 2016, as defined below, as well as our report on other legal and regulatory requirements.

Report on the consolidated financial statements - Unqualified opinion

We have audited the consolidated financial statements of Viohalco SA (“the Company”) and its subsidiaries (jointly “the Group”), prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2016 and the consolidated statements of profit and loss, profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information. The total of the consolidated statement of financial position amounts to EUR 3,626,210,000 and the consolidated statement of profit or loss shows a loss of EUR 6,930,000.

Board of directors’ responsibility for the preparation of the consolidated financial statements

The board of directors is responsible for the preparation of these consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines, is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor’s responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISAs) as adopted in Belgium. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the Company’s preparation and fair presentation of the consolidated financial statements 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 Group’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements.

We have obtained from the Company’s officials and the board of directors the explanations and information necessary for performing our audit.

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

Unqualified opinion

In our opinion, the consolidated financial statements give a true and fair view of the Group's equity and consolidated financial position as at 31 December 2016 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, and with the legal and regulatory requirements applicable in Belgium.

Report on other legal and regulatory requirements

The board of directors is responsible for the preparation and the content of the annual report on the consolidated financial statements.

In the context of our mandate and in accordance with the Belgian standard which is complementary to the International Standards on Auditing as applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we provide the following additional statement which does not modify the scope of our opinion on the consolidated financial statements:

— The annual report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and does not present any material inconsistencies with the information that we became aware of during the performance of our mandate.

Brussels, 28 April 2017

KPMG Réviseurs d'Entreprises
Statutory Auditor
represented by

Benoit Van Roost
Réviseur d'Entreprises

Condensed Statutory Balance Sheet and Income Statement

In accordance with Article 105 of the Company Code, the non-consolidated accounts are presented hereafter in a summary version of the annual accounts, which does not include all the attachments required by law or the Statutory Auditor's report. The complete version of the annual accounts, as deposited with the National Bank of Belgium, will be available on request from the company's registered office, they will also be available on the website (www.viohalco.com). The statutory Auditor's report on the annual accounts was unqualified.

Summary balance sheet

In euro thousand	As at 31 December 2016
Non- current assets	**966,098**
Start-up costs	2,057
Intangible assets	626
Tangible assets	82,927
Financial assets	878,274
Amounts receivables	2,214
Current assets	**53,211**
Inventories	0
Amounts receivable	41,969
Investments	0
Cash at the bank and in hand	9,970
Deferred charges and accrued income	1,272
Total assets	**1,019,309**
Capital and reserves	**1,014,548**
Capital	141,894
Share premium account	528,113
Revaluation	21,054
Reserves	389,365
Profit carried forward	-65,877
Creditors	**4,761**
Amounts payable at more than one year	123
Amounts payable within one year	4,511
Accrued charges and deferred income	127
Total equity and liabilities	**1,019,309**

Summary income statement

In euro thousand	For the year ended 31 December 2016
Sales and services	**10,901**
Gain on disposal of fixed assets	3,560
Operating charges	**-15,901**
Raw materials and consumables	-2,948
Miscellaneous goods and services	-6,185
Remuneration, social security and pensions	-1,271
Depreciation and amounts written off on start-up costs, intangible and tangible assets	-3,342
Other operating expenses	-2,155
Loss of operating activities	**-5,000**
Financial income	**43,751**
Income from financial assets	9,787
Income from current assets	286
Adjustments to amounts written off financial fixed assets	26,124
Gain on disposal of financial assets	7,554
Financial expenses	**-50,977**
Debt expenses	-55
Other financial expenses	-2
Amounts written off financial fixed assets	-50,919
Profit (loss) for the year before income taxes	**-12,226**
Income taxes on result	**-32**
Profit (loss) for the year	**-12,258**

Declaration of responsible persons

Statement on the true and fair view of the consolidated financial statements and the fair overview of the management

In accordance with the article 12, §2,3° of the Royal Decree of the 14 November 2007, the members of the executive management, (i.e. Jacques Moulaert, Evangelos Moustakas, Dimitri Kyriacopoulos, Panteleimon Mavrakis) declare that, on behalf and for the account of the Company, to the best of their knowledge :

a) the consolidated financial statements for the year ended 31 December 2016 which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fare view of the equity, Financial position and Financial Performance of the Company, and the entities included in the consolidation as a whole,

b) the management report on the consolidated Financial statements includes a fair overview of the development and performance of the business and the position of the Company, and the entities included in the consolidation, together with the description of the main risks and uncertainties with which they are confronted.

Glossary

The following explanations are intended to assist the general reader to understand certain terms used in this Annual Report. The definitions set out below apply throughout the annual report, unless the context requires otherwise.

ABB ABB is a leading global technology company in power and automation that enables utility, industry, and transport and infrastructure customers to improve their performance while lowering environmental impact

Accounts Payable Revenue Ratio Accounts payable/ Cost of goods sold * 365

Accounts Receivable Revenue Ratio Accounts receivable/Revenue * 365

Aramco Saudi Aramco is the state-owned oil company of the Kingdom of Saudi Arabia.

ASTM American Society for Testing and Material

BCC the Belgian Companies Code

Belgian GAAP the applicable accounting framework in Belgium

BG BG Group is an international exploration and production and LNG company.

Board of Directors or Board the Board of Directors of the Company from time to time appointed in accordance with the Articles of Association

BP BP is one of the world's leading integrated oil and gas companies. Provides its customers with fuel for transportation, energy for heat and light, lubricants to keep engines moving, and the petrochemicals products used to make everyday items as diverse as paints, clothes and packaging

BS British Standards

Cheniere Energy Houston-based energy company primarily engaged in LNG-related businesses

Chevron Chevron is one of the world's leading integrated energy companies.

Coverage of Financial Expenses EBITDA/Financial expenses

DCP Midstream is an energy company that sits squarely between a growing resource base and expanding petrochemical and energy markets.

Debt/Equity Total liabilities/equity or (Total assets-equity)/equity

Denbury Denbury Resources Inc., is an independent oil and natural gas company

DIN Deutsches Institut für Normung

EBIT Operating result as reported in the consolidated financial statements (Earnings before Interest and Taxes)

EBITDA EBIT+amortization+Depreciation (Earnings before Interest, Taxes, Depreciation and Amortization)

EDF EDF Energy, the UK's largest producer of low-carbon electricity

EEA the European Economic Area

EN EUROPEAN NORM

EN/ISO 17025 General requirements for the competence of testing and calibration laboratories

Enbridge Enbridge, Inc. is an energy delivery company based in Calgary, Canada. It focuses on the transportation, distribution and generation of energy, primarily in North America. As a transporter of energy, Enbridge operates in Canada and the United States, the longest crude oil and liquid hydrocarbons transportation system in the world. As a distributor of energy, it owns and operates Canada's largest natural gas distribution network, providing distribution services in Ontario, Quebec, New Brunswick and New York State

Energy Transfer Energy Transfer is a Texas-based company that began in 1995 as a small intrastate natural gas pipeline operator and is now one of the largest and most diversified investment grade master limited partnerships in the United States. Growing from roughly 200 miles of natural gas pipelines in 2002 to approximately 71,000 miles of natural gas, natural gas liquids (NGLs), refined products, and crude oil pipelines today, the Energy Transfer family of partnerships remains dedicated to providing exceptional service to its customers and attractive returns to its investors.

EPCO Energy Planners Company (EPCO) is an energy management and consultation firm. EPCO works with commercial, industrial, and nonprofit clientele to aid them in better understanding how and where energy is consumed in their facility.

FSMA Financial Services and Market Authority, which succeeded the Belgian Banking, Finance and Insurance Commission as the financial regulatory agency for Belgium on 1 April 2011

FYROM the Former Yugoslav Republic of Macedonia

General Liquidity Current Assets/Short term liabilities

Greek Public Natural Gas DEPA is the public natural gas supply corporation of Greece Corporation (DEPA)

Gross annual return the gross annual return is calculated on the share price it equals to (change in price from January 1 to 31 December/share price on January)

GRTGAZ is the natural gas transmission system operator located in Paris, France. The operated system consists of high pressure gas pipelines.

HVAC Heating, ventilation and air-conditioning

IAS International Accounting Standards

IFRS International Financing Reporting Standards, as adopted by the EU

Inventories Revenue Ratio Inventory/Cost of goods sold * 365

JIS Japanese Industrial Standards

Kinder Morgan is the largest energy infrastructure company in North America.

LSAW Longitudinal Submerged Arc Welded Mill for the production of high-strength offshore and onshore energy pipes

Mamuth pipes Mammoth Carbon Products is a World-Class industry leader in the Standard and Line Pipe distribution space that serves the Energy, Petrochemical and Construction markets

McJunkin MRC Global is the largest distributor of pipe, valve and fitting products and services to the energy and industrial markets. MRC Global serves the oil and gas industry across the upstream, midstream and downstream sectors as well as the chemical and gas distribution market sectors in the USA.

MITE Marubeni Itochu Tubulars Europe PLC- Marubeni-Itochu Tubulars Europe plc was established in 2001 to supply steel tubular products for the Oil and Gas Industry. Marubeni-Itochu Tubulars Europe plc is a subsidiary of Marubeni-Itochu Steel Inc and is headquartered in London, United Kingdom.

National Grid United Kingdom-based utilities company

OGC a leading organisation in the Sultanate's Oil and Gas sector and managing Oman's major natural gas distribution network

OMV is an integrated international oil and gas company. It is active in the upstream (Exploration and Production) and downstream businesses (Refining and Marketing as well as Gas and Power). OMV is one of the largest listed industrial companies in Austria.

OSI Oil States International Inc. oilfield services company with a leading market position as a manufacturer of products for deepwater production facilities and certain drilling equipment, as well as a provider of completion services and land drilling services to the oil and gas industry. Oil States is publicly traded on the NYSE under the symbol "OIS".

PDO Petroleum Development Oman (PDO) is the major exploration and production company in the Sultanate

Pioneer Pipe Inc Pioneer is one of the largest full-service construction, maintenance, and fabrication companies in the Midwest, specializing in general, structural, mechanical, and electrical construction, pipe fabrication and installation, steel fabrication and erection, modular fabrication and assembly, and plant maintenance.

Plains All American Plains All American Pipeline is one of the largest and most admired midstream energy companies in North America. Plains All American Pipeline (Plains) is a publicly-traded master limited partnership that owns and operates midstream energy infrastructure and provides logistics services for crude oil, natural gas liquids (NGL), natural gas, and refined products. It owns an extensive network of pipeline transportation, terminalling, storage and gathering assets in key crude oil and NGL producing basins and transportation corridors, and at major market hubs in the United States and Canada.

RWERWE is one of Europe's five leading electricity and gas companies.

SAE Society of Automotive Engineers

SD Trade Mark

Shell Shell Global is a global group of energy and petrochemical companies

Snam an Italian natural gas infrastructure company. The utility mainly operates in Italy and is one of Europe's leading regulated gas utilities

Socar The State Oil Company of the Azerbaijan Republic (SOCAR) is involved in exploring oil and gas fields, producing, processing, and transporting oil, gas, and gas condensate, marketing petroleum and petrochemical products in domestic and international markets, and supplying natural gas to industry and the public in Azerbaijan.

Spartan Spartan Energy Corp. is an oil and gas company based in Calgary, Alberta. Spartan has operations in central Alberta and in southeast Saskatchewan and maintains a multi-year inventory of oil focused horizontal drilling opportunities.

Special Liquidity (Current Assets-Inventory)/ Short term liabilities

Spectra Energy Spectra Energy Corp is a S&P500 company headquartered in Houston Texas, that operates in three key areas of the natural gas industry: transmission and storage, distribution, and gathering and processing.

STEG Tunisian Company of Electricity and Gas or STEG is a Tunisian public company non-administrative. Established in 1962, its mission is the production and distribution of electricity and natural gas on the Tunisian territory. STEG is the second largest Tunisian company by its revenues in 2009.

Subsea Subsea7 is a world-leading seabed-to-surface engineering, construction and services contractor the offshore energy industry.

THN Mining profiles

TIGF Transport et Infrastructures Gaz France offer and develop natural gas transport and storage solutions for the European market

Transparency Law the law of 2 May 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market

UPN European Standard channels

The annual report, the full versions of the statutory and consolidated annual accounts, as well as the audit reports regarding said annual accounts are available on the website (www.viohalco.com)