

Annual Report



VIOHALCO

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# ANNUAL REPORT

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## OVERVIEW OF VIOHALCO

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### ACTIVITIES

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Viohalco SA (VIO) is a leading holding group of metal processing companies in Europe, based in Brussels. Uniquely diversified in metal sector activities and with a global presence, the Group is committed to sustainable manufacturing of quality, innovative and value-added products in the steel and steel pipes sector, in the copper and cables sector, in the aluminium sector and in the real estate development sector.

Through an extensive marketing and sales network, including commercial subsidiaries, agents and distributors, Viohalco has the global reach and expertise to support its customers worldwide, offering a full range of products and reliable services. Viohalco and its subsidiaries continually invest in research and technology, closely monitoring the latest market developments.

With active commercial presence in over 80 countries, 28 manufacturing sites in 6 countries, 7,857 employees and a solid business track record since 1937, Viohalco constitutes a top-tier metal processor with firm foundations in Europe and a global reach that extends across all continents.

On the basis of a flexible, yet solid business operation, Viohalco's subsidiary companies operate under the following organizational framework that comprises of four core sectors:

- **Steel and Steel Pipes Sector:** Through Sidenor SA. and its subsidiaries, Viohalco is active in the manufacturing of long and flat steel products, as well as downstream products. Corinth Pipeworks SA., a subsidiary of Sidenor, engages in the production of pipes for the transmission of natural gas, oil and water networks, as well as hollow sections that are used extensively in construction projects.
- **Copper and Cables Sector:** Halcor SA. and its subsidiaries are active in the production of a wide range of copper and copper alloy solutions that span from copper and brass tubes, copper strips, sheets and plates to copper bus bars and rods.

Hellenic Cables SA., a subsidiary of Halcor engages in the manufacturing of a full portfolio of cables and conductors, enamelled wires, copper and aluminium wire rods, as well as plastic and rubber compounds.

- **Aluminium Sector:** Elval and its subsidiaries operate in the aluminium products sector, delivering an extensive set of products, from aluminium coils and sheets for general applications and aluminium foil for household use, to special products, including extrusions, for shipbuilding and the automotive industry.
- **Real Estate Development and Other Services Sector:** Viohalco creates value from the development of its former industrial real estate properties. Viohalco also holds participations in smaller companies in other sectors of activity, such as ceramic sanitary ware and tiles, metals recovery, ERP application services, insurance brokerage, travel brokerage and mechanical engineering applications (Other Services Sector).

Over their long and successful business history, Viohalco and its subsidiaries have based their quest for excellence on one single strategic goal: to provide impeccable service to their clientele, as solution providers that cater for each and every need their clients have, through innovative, value adding, tailor made solutions.

It is this strategic goal that drives every effort in terms of innovation, quality control, scientific research, business optimization, operational rationalization and above all human capital development.

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## GROUP RESTRUCTURING

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On 31 May 2013, Viohalco was incorporated as a Belgian limited liability company.

As of November 16, 2013, Cofidin SA (a Belgian limited liability company with a registered office at 30 Avenue Marnix, 1000 Brussels, Belgium) and Viohalco-Hellenic Copper and Aluminium Industry SA. (a Greek limited liability company listed on the Athens Exchange and with a registered office at 2-4 Mesogeion Ave., Athens, Greece) merged into Viohalco in the framework of domestic and cross-border merger proceedings. As a result, Viohalco has become the parent company of a group of companies engaged mainly in the sectors of steel and steel pipes, copper and cables, aluminium production, processing and trade, as well as in real estate development and the services sector.

The drivers behind this group restructuring were the following:

- The listing of Viohalco on Euronext Brussels makes the Company more visible to international investors and, improves its attractiveness as an investment choice. In this context, it is important to highlight that Viohalco's sales in Europe in 2013 represented about 84% of consolidated sales (of which Greece 13%).

- In addition, the absorption of Cofidin SA by Viohalco reinforced the capital structure of the Company as Cofidin SA contributed significant assets, including cash, and increased the Company's share participation in a number of its subsidiaries in which both Viohalco-Hellenic Copper and Aluminium Industry SA. and Cofidin SA held participations.
- The group restructuring facilitates access to international financial markets which expands its opportunities to access various forms of financing, which were previously either not available or very costly. This financing is instrumental for the effective implementation of the medium to long-term investment plans of its Greek industrial subsidiaries.

The Viohalco SA shares issued in the context of the mergers were admitted to listing and started trading on Euronext Brussels on 22 November 2013.

On February 14, 2014, Viohalco proceeded with the secondary listing of its shares on the Athens Exchange.

## AT A GLANCE

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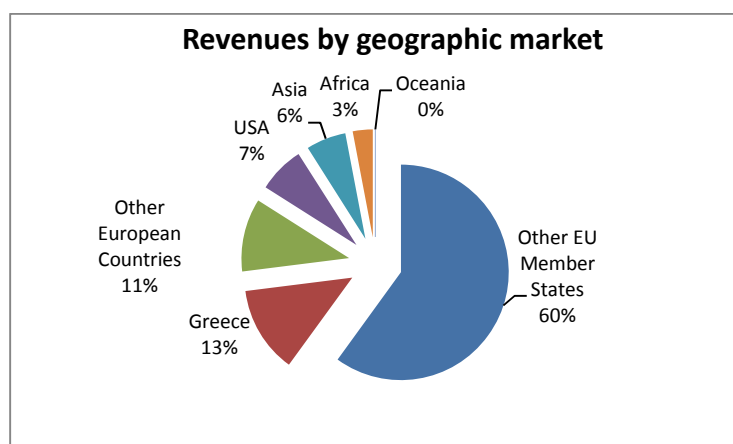
**A leading Europe-based industrial group with a global presence, active in the processing and trading of steel and steel pipes, copper and cables and aluminium products.**

### Key Data

- Listed on Euronext Brussels and on Athens Exchange
- Revenue: euro 2.9 billion in 2013
- EBITDA: euro 4 million in 2013
- EBITDA before non-recurring items: euro 95 million
- Main subsidiaries: Elval, Halcor, Hellenic Cables, Sidenor, Corinth Pipeworks, Etem
- 7,857 employees

### Global Reach

- 28 manufacturing sites in 6 countries
- Commercial network in 21 countries
- Products distributed in more than 80 countries worldwide
- 84% of the Company's sales are generated in Europe (of which 13% in Greece), 7% in the USA, 6% in Asia and 3% in the rest of the world



### Capital Expenditure

Viohalco is committed to human capital development and looks to maintain state of the art equipment, high productivity and sustainability through the following past and future investments:

- 2001-2013: euro 1.8 billion
- 2013: euro 154 million
- 2013-2015: Investment program exceeding euro 330 million<sup>1</sup>

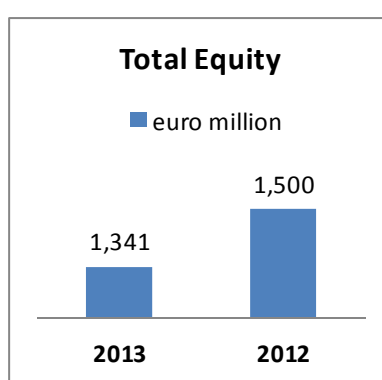
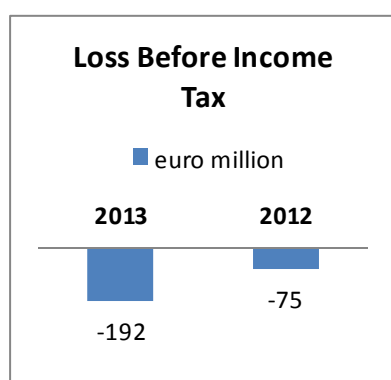
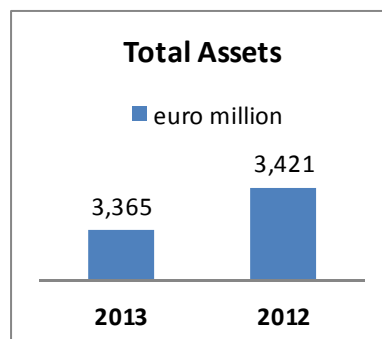
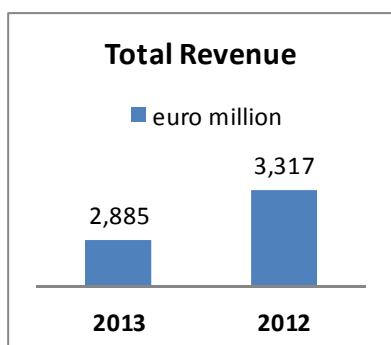
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<sup>1</sup> Including the euro 154 million investment in 2013

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## CONSOLIDATED FINANCIAL DATA

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*For comparability purposes, please note that the 2012 figures are those of Viohalco-Hellenic Copper and Aluminium Industry S.A. and the 2013 figures relate to Viohalco SA. As described in the notes to the consolidated financial statements, the corporate transformation from Viohalco-Hellenic Copper and Aluminium Industry S.A. into Viohalco SA is accounted for as a reverse acquisition with Viohalco-Hellenic Copper and Aluminium Industry S.A. as the accounting acquirer. As a result, Viohalco SA is the continuation of Viohalco-Hellenic Copper and Aluminium Industry S.A.*

## MESSAGE FROM THE PRESIDENT OF THE BOARD OF DIRECTORS

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2013 marked a significant milestone in the long and successful history of Viohalco and its subsidiary companies. Proactively addressing the challenges of a very competitive and demanding global business environment, the Company took the strategic decision to list on the regulated Euronext Brussels market. This was achieved through a cross-border merger by absorption by Viohalco SA/NV of the Greek company Viohalco Hellenic Copper and Aluminium Industry S.A., and the Belgian company Cofidin S.A.

The listing and merger with Cofidin bring a number of benefits to Viohalco, including the fortification of its capital structure and its visibility in international capital markets. In February 2014, the Company also conducted a secondary listing on the Athens Exchange.

Operationally, 2013 was characterized by a number of developments, including weak demand in most product segments, decreased metal prices, high energy costs for the Greece-based production facilities and an unfavorable EUR-USD exchange rate. Within this context, Viohalco's subsidiaries continued their efforts to further optimise their operations, implement cost efficiencies, expand their product portfolios and improve working capital and cash flow.

In terms of financial performance, our consolidated revenue declined by 13% to euro 2,885 million. Consolidated EBITDA stood at euro 4 million versus euro 155 million in 2012, while loss attributable to owners of the Company in 2013 amounted to a loss of euro 173 million versus a loss of euro 50 million in the previous year. This deterioration in performance was significantly affected by non-recurring items which for 2013 reached euro 91 million.

It is also important to note that in December 2013, Viohalco restructured 78% of its outstanding debt through a series of long-term syndicated bond loans amounting to a total of over euro 727 million.

In the **steel and steel pipes sector**, the ongoing adverse conditions in both local and global steel markets had a negative impact on our financial results. Despite our successful efforts to further streamline our operating costs, a decrease in demand, lower steel prices and the increased energy cost of our Greece-based production plants affected both turnover and profitability.

In the steel pipe business, our operations and profit margins were significantly affected by an overall volatile market and fewer investments into natural gas and oil extraction and transmission projects, both in the European Union and in other international markets. This resulted in lower sales, both in terms of volume, and in terms of value.

In the **copper and cables sector**, the global market environment was characterized by weak demand for construction and cable products, stable demand for industrial products, significantly lower metal prices and high competition. In terms of volumes, the Group managed to gain market share in copper and copper alloy products for industrial and construction applications, but our overall financial performance was negatively affected by adverse conditions in the cables market.

During the year, low demand was also a key issue for our cable business; this, combined with intense competition, lower metal prices and adverse financing conditions, significantly impacted our financial performance in this business segment. Despite this, the outlook for this segment is very positive, as 2013 marked the completion of our Fulgor investment, which fortified our position as one of the few producers of high voltage submarine cables globally.

In the **aluminium sector**, we were able to sustain our positive financial performance, despite the challenging economic and business environment. 2013 was characterized by low aluminium prices, high energy costs, an unfavorable EUR-USD trend, as well as increased financing costs.

In the **real estate development sector**, we continued our efforts to create added value and further develop our significant portfolio of commercial and industrial assets. The key objective of these actions is the utilization of every property to its full business potential.

Throughout its long and successful corporate history, Viohalco and its subsidiaries have demonstrated that sustainable development and corporate responsibility are deeply embedded into the core of their business values. All necessary steps are taken to ensure that each company acts responsibly across all segments of the business. The safety of employees, energy efficiency, environmental protection, ethical behavior and social progress are all components fully aligned with Viohalco's economic development.

Viohalco and its subsidiaries have had an active start to 2014 and have remained focused on fortifying their positions in the global markets by capitalizing on their primary competitive advantages. A euro 330 million ongoing investment program into the Group's production plants demonstrates our strong commitment to this goal. Product innovation, prudent commercial expansion, production effectiveness, strict cash flow management and flexible operations are the key strategic pillars on which the companies base their efforts, to achieve substantial, organic growth. The above, in combination with the improving conditions in Europe and the stabilization of the Greek economy, support the optimism of Viohalco's management regarding the prospects of our business in 2014.

Nikolaos M. Stassinopoulos,  
President of the Board of Directors



## MISSION STATEMENT

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Viohalco operates in a world without boundaries that constantly changes. A world that demands skills, continuous innovation, financial investment and responsible use of natural resources.

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**VIOHALCO SEEKS TO EXCEL BY OFFERING SUPERIOR QUALITY PRODUCTS, ADDITIONAL VALUE AND EXCELLENT SERVICE TO ALL CUSTOMERS IN EVERY MARKET SECTOR.**

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Rather than being suppliers, we aim to be reliable and customer-driven solution providers. We strive to deliver solutions aimed at improving cost-effectiveness and speed, maximising sustainable performance.

We constantly have this goal in sight by inspiring our people, enhancing leadership and fostering teamwork. By becoming the supplier of choice for our customers, a real business partner that delivers premium products and services. By developing cutting-edge solutions in technology, processes and products and finally, by providing a safe and healthy workplace, respecting the environment and demonstrating high ethical standards.

We are guided by the values of responsibility, integrity, transparency, effectiveness and innovation, which are reflected in our great respect for people and the environment, the desire to constantly develop our employees and promote business ethics.

## VALUE CREATION

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After 76 years of dynamic business development and constant evolution, we are heading to the future, ready for new challenges while maintaining the same values that have guided us throughout our history. Our success lies in the fact that we are dedicated and we focus on the evolving needs of our customers, offering tailor made solutions and services.

### WE SHAPE METALS FOR HUMAN NEEDS.

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OUR MISSION IS TO PROVIDE TOP QUALITY, INNOVATIVE PRODUCTS TO OUR CUSTOMERS, WHILE REMAINING COMMITTED TO OUR ETHICS AND THE CREATION OF VALUE FOR OUR SHAREHOLDERS, WITH RESPECT TOWARDS THE ENVIRONMENT, OUR PEOPLE AND THE SOCIETY.

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Driven by our strong belief that growth and success come from **people**, our operational system is based on mutual respect, integrity and responsibility across all organizational levels. That is why we always aim to create an excellent working environment and give opportunities for everyone to learn and succeed.

For us, the quest for **quality** and **reliability** is a demanding, daily process that allows for no compromise and guarantees that our products and services consistently deliver on their promise, while defining the standards for others to follow. We seek top quality not only in terms of production, but throughout our business structure.

Quality goes hand in hand with **creative innovation and advanced technology**.

We focus on taking our business to new heights. That is why we have invested continuously in Research and Development, to design and deliver high-end, yet practical, products and services, which serve our customers' needs, solve their problems, enhance their reputation and exceed their expectations.

We seek to foster profitable, **long-term business relationships** with our partners, clients and employees. We are committed to creating strong bonds based on professionalism, trust, transparency, genuine sincerity and mutual understanding aiming to provide superior value to all stakeholders. This is why we honour our relationships and always strive to create value for all parties involved.

**Safety** comes first. We do not negotiate on health and safety issues, regarding either our people or the environment. We constantly invest in health and safety measures at the workplace and safeguard responsible working conditions that comply with the strictest safety standards.

Every phase of our business procedures is designed with **environmental and carbon footprint** targets in mind, to further reduce the impact that we have on our planet. Our subsidiaries implement programs for recycling and waste management in their production facilities. This is a commitment we take very seriously towards not only the communities that host our production facilities, but their future generations as well.

# MANAGEMENT REPORT

## HIGHLIGHTS

### • Financial

- Consolidated revenue of euro 2,885 million, down 13% from 2012, mainly driven by the weak demand and decreased metal prices compared to 2012,
- Negative EBIT of euro 109 million, compared to a positive EBIT of euro 14 million in 2012, due to a combination of lower revenue as a consequence of the adverse economic environment, an unfavourable euro – USD exchange rate, write downs on inventories as a result of decreasing LME prices for aluminium, copper and zinc, and non-recurring items (euro 91 million),
- Loss before income tax of euro 192 million, compared to a loss of euro 75 million in 2012,
- Loss for the period of euro 224 million, impacted by an increase in the Greek state tax rate on corporate profits (from 20% to 26%) and the resulting recalculation of the deferred tax balance,
- Loss attributable to the owners of the Company of euro 173 million compared to a loss of euro 50 million in 2012,
- Total cash flow of euro 29 million, compared to a negative cash flow of euro 29 million in 2012, mainly as a result of the favourable evolution in the cash flow from financing activities (euro +128 million),
- As at 31 December 2013, net debt amounts to euro 1,248 million, up from euro 1,225 million as at December 2012, and
- Restructuring of euro 727 million of outstanding debt completed through the issuance of a series of long-term syndicated bond loans.

### • Debt restructuring

On December 27th 2013, Viohalco concluded the restructuring of 78% of its Greek subsidiaries' outstanding debt, through the issuance of a series of long-term syndicated bond loans. The total issuance amounts to an aggregate of around euro 727 million and consists of ten separate bond issues, one for each Greek subsidiary of the Viohalco Group. More specifically, the bond loans are as follows:

- Sidenor Steel Products Manufacturing Company S.A.'s steel subsidiaries (Sidenor Steel Industry S.A., Corinth Pipeworks S.A. and Sovel SA.) for an amount of euro 298 million;

- Halcor Metal Works S.A. and its subsidiaries for an amount of euro 270 million; and
- Elval Hellenic Aluminium Industry S.A. and its subsidiaries for an amount of euro 159 million.

The lead arranger was National Bank of Greece with Alpha Bank, Eurobank and Piraeus Bank acting as co-arrangers. The syndicated bond loans have a five year maturity and an option for the banks to approve an up to two years extension, upon request of the issuing companies, three months prior to the original maturity dates. The bond loans also feature a two-year grace period for capital repayments and a step-down yearly interest rate spread. The new bond loans are secured through pledges on fixed assets, contain customary representations, negative covenants, undertakings and events of default.

### • Group restructuring

- Incorporation of Viohalco SA/NV on 31 May 2013 as a Belgian limited liability company,
- Merger by absorption of Viohalco-Hellenic Copper And Aluminium Industry S.A. and Cofidin SA by Viohalco SA/NV concluded on 16 November 2013,
- Key drivers behind the group restructuring mainly relate to the reinforcement of the capital structure and the higher visibility among international institutional investors,
- Successful listing and admission on Euronext Brussels, on 22 November 2013, under the symbol "VIO", and
- Successful secondary listing of Viohalco SA/NV on Athens Exchange on 14 February 2014 under the symbol "VIO" ("BIO" in Greek characters).

### • Operational

- 2013-2015 ongoing capital expenditure plan exceeding euro 330 million, that will increase capacity, optimize the Group's production processes, enhance the product portfolio, reduce industrial costs and further improve the products' quality,
- Steel and Steel Pipes Sector: Signing of a technical assistance agreement with Daido Steel Co. Ltd. for further development of Special Quality Bars (SBQ) at the existing Stomana plant and announcement of investment for an induction furnace at the Sovel plant,

- Copper and Cables Sector: Successful rollout of an investment plan which has made Hellenic Cables one of the very few producers of high-voltage submarine cables worldwide and
- Aluminium Sector: Purchase of production facilities in Oinofyta in Greece, ongoing

investments in the Oinofyta's rolling plant and purchase of new machinery for the plant in the United Kingdom.

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## SUBSEQUENT EVENTS

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- On 13 January 2014, Viohalco filed a request for admission to secondary listing and trading of its shares on the Athens Exchange in Greece. The Company's shares subsequently commenced trading on the Main Market of the Athens Exchange on 14 February 2014.
- Further to the decision of the Public Power Corporation S.A of Greece to reduce the electricity tariff for industries, Sidenor S.A. announced it will undertake a new investment totalling euro 10 million at its Thessaloniki plant in order to boost its competitiveness. This new investment aims to avoid reheating billets using natural gas as it occurs in standard reheating furnaces. For this reason, an electric (induction) furnace, in series with casting lines, will be installed, which will raise the temperature of already hot billets to rolling temperature before these cool down. This investment will help save a considerable amount of energy while also reducing the total carbon footprint of the premises, given that steel rolling will now have nil direct carbon footprint (since no natural gas will be used).
- Finally, Hellenic Cables announced that it has been awarded by Admie (Independent Power Transmission Operator) the second sub-project of the Cyclades Islands Interconnection Tender amounting to euro 93 million. The project involves underground and submarine cable links of 150 kV between the islands of Syros-Tinos, Syros-Mykonos, and Syros-Paros, and a 150 kV cable termination in Tinos. Hellenic Cables will undertake, in addition to the supply of cables, the cable laying, the protection of cables in coastal parts and the necessary connections with the existing network of Admie. The contract will be signed following completion of the pre-contractual audit required by the Court of Audit.

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## 2014 OUTLOOK

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Going forward, the Viohalco Group will continue to focus on further optimising its production processes, reducing industrial costs and maintaining its competitive advantage in the international markets.

- An investment plan of euro 332 million to optimise the Group's production processes was initiated in 2013 and will continue until 2015. The aim of these planned investments is to increase capacity, reduce industrial costs and further improve the Group's product quality through research and development. Planned investments in the Steel and Steel pipes sector, Copper and Cables sector, and Aluminium sector will amount to euro 126 million, euro 80 million, and euro 126 million, respectively. (See page 14 for further details on planned investments)
- Moreover, the Viohalco Group is looking to further decrease energy costs, of mainly natural gas and electricity, at the Group's industrial plants in Greece, following the measures that have been announced and expected to be finalised during 2014. This development will not only directly improve the Group's financial performance but also enhance the Group's competitiveness in international markets.

More specifically, the outlook for the main sectors of activity is as follows:

For **the Steel and Steel Pipes Sector**, major cost savings are expected following the announced measures for the pricing of electrical energy and the commissioning of the two electric (induction) furnaces for the reheating of billets. Furthermore, we expect better operational and commercial performance from the recently implemented investments at the Stomana Industry plate mill and further growth of the Special Bar Quality products (SBQs) category. As for the pipe industry, Corinth Pipeworks, after the commissioning of the investment in a new LSAW pipe mill for high-strength and heavy-duty pipes, will target the offshore and onshore oil and gas transmission pipes markets. This investment will enable the Viohalco Group to expand its presence into new offshore and onshore markets, such as the Gulf of Mexico, West/East Africa, North Sea, and especially in South East Europe and the Middle East, which at this moment are of significant interest, since major new energy and infrastructure projects are planned in these areas.

For **the Copper and Cables sector**, plant efficiency improvements, particularly in Bulgaria, will help to further reduce industrial costs and enhance the competitiveness of our products. In the cable business, following the successful rollout of the Group's investment plan, Hellenic Cables is now one of the very few producers of high-voltage submarine cables worldwide and has been awarded, among others, part of the Cyclades Islands Interconnection Tender, a contract amounting to euro 93 million.

For **the Aluminium sector**, the full utilisation of added capacity, improved cost efficiency and the Group's shift towards value added products point to a positive market outlook.

The improvement in the economic climate and signs of growth in Europe, especially in the engineering and automotive industries, along with the rising optimism in the construction industry, as well as the stabilization of the Greek economy, improve the prospects for our companies. Viohalco will continue to closely monitor developments across international markets in order to capitalize on any opportunities that may arise.

The following table details the 2013-2015 capital expenditure plan per Viohalco subsidiary:

| COMPANY                  | DESCRIPTION  | Euro million |
|--------------------------|--|--------------|
| <b>Elval</b>             | New colour coating line  | 28           |
|                          | Heavy gauge aluminium plates Unit  | 26           |
|                          | New continuous casting unit  | 10           |
|                          | Finishing lines for slitting and surface treatment   | 12           |
|                          | Process continuous improvement and maintenance upgrades  | 26           |
|                          | <b>TOTAL</b>   | <b>102</b>   |
| <b>Symetal</b>           | Lacquering (machine)- Slitting (machine)- buildings  | 11           |
| <b>Elval Colour</b>      | Capacity Increase  | 4            |
| <b>Etem Bulgaria</b>     | New warehouse building/ New equipment/ Production improvements and maintenance upgrades/ Warehouse Automation/ Dies treatment + New Dies for automotive and architectural systems                          | 9            |
| <b>Corinth Pipeworks</b> | NewLSAW/JCOE pipe mill for the production of longitudinally welded pipes with outside diameters from 18 to 56 inches and wall thicknesses up to 40 mm for high-strength offshore and onshore energy pipes. | 65           |
|                          | New HFIW pipe mill for the production of longitudinally welded pipes with outside diameters from 2 to 8 inches for OCTG energy pipes (drilling) as well as structural hollow sections                      | 15           |
|                          | Maintenance and various upgrades   | 12           |
|                          | <b>TOTAL</b>   | <b>92</b>    |
| <b>Sidenor - Sovel</b>   | Replacement of the current reheating furnaces with electric induction furnaces in order to reduce the energy consumption.  | 12           |
|                          | Various environmental projects.  | 4            |
|                          | Maintenance capex - upgrading of equipment.  | 18           |
|                          | <b>TOTAL</b>   | <b>34</b>    |
| <b>Hellenic Cables</b>   | New production line for High Voltage submarine cables  | 55           |
|                          | Quality control equipment (for 500kV)  | 4            |
|                          | New equipment for product range increase   | 5            |
|                          | Upgrade of current equipment   | 3            |
|                          | <b>TOTAL</b>   | <b>67</b>    |
| <b>Halcor</b>            | New equipment – product range increase   | 4            |
|                          | Closed circuit degreasing unit (environment)   | 1            |
|                          | Maintenance capex – upgrading of equipment   | 8            |
|                          | <b>TOTAL</b>   | <b>13</b>    |
| <b>GRAND TOTAL</b>       |  | <b>332</b>   |

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## VIOHALCO MILESTONES

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Viohalco was incorporated on 31 May 2013 in the framework of the mergers with Viohalco-Hellenic Copper and Aluminium Industry S.A. and Cofidin SA.

Highlights of Viohalco, Viohalco-Hellenic Copper and Aluminium Industry S.A.'s and Cofidin SA's history are as follows:

- Viohalco-Hellenic Copper and Aluminium Industry S.A. was incorporated in 1937 under the name Hellenic Copper Industry.
- In 1947, Viohalco-Hellenic Copper and Aluminium Industry S.A. was listed on the Athens Stock Exchange.
- Around 1950, Viohalco-Hellenic Copper and Aluminium Industry S.A. bought new machinery and expanded its production premises and in 1953, the Company was renamed to Viohalco-Hellenic Copper and Aluminium Industry S.A.
- In the 1960s, Cofinindus S.A. took a 33% participation in the Viohalco-Hellenic Copper and Aluminium Industry S.A.'s share capital and Viohalco Sanitas S.A. was founded as the steel producing arm of the Group, in which Cofinindus took a 49% participation. Viohalco-Hellenic Copper and Aluminium Industry S.A. grew gradually through strategic alliances with international industrial corporations.
- In 1966, Viohalco-Hellenic Copper and Aluminium Industry S.A. became a holding company, stopped industrial activity itself and transferred all manufacturing activities and processes to subsidiaries and affiliated companies.
- In the 1970s, Viohalco-Hellenic Copper and Aluminium Industry S.A. and its subsidiaries founded a series of new companies and Cofidin SA was incorporated by Compagnie Bruxelles Lambert S.A. to gradually receive part of the participating interests held by CBL/GBL in Viohalco-Hellenic Copper and Aluminium Industry S.A.'s group.
- In the 1980's, the group of Viohalco-Hellenic Copper and Aluminium Industry S.A. restructured through multiple spin-offs designed to bring corporate form and culture as much as possible to its production units.
- In the 1990s, Viohalco-Hellenic Copper and Aluminium Industry S.A. listed its major subsidiaries on the Athens Stock Exchange, thereby enhancing its capital structure and financing acumen.
- In 1999, Viohalco-Hellenic Copper and Aluminium Industry S.A. raised capital on the Athens Stock Exchange and financed the swift expansion and consolidation of its subsidiaries in Greece and abroad.
- From 2001 to 2013, Viohalco-Hellenic Copper and Aluminium Industry S.A. invested euro 1.8 billion in Greece and abroad, more than doubled its revenue and consolidated its profile as a major export-oriented Greek industrial player.
- In May 2013, Viohalco was incorporated as a Belgian limited liability company in the framework of the mergers with Viohalco-Hellenic Copper and Aluminium Industry S.A. and Cofidin SA
- In November 2013, Viohalco-Hellenic Copper and Aluminium Industry S.A. and Cofidin SA merged into Viohalco and Viohalco obtained a listing on the regulated market of Euronext Brussels.
- In February 2014, Viohalco successfully proceeded with the secondary listing of its shares on the Athens Exchange.

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## BUSINESS PERFORMANCE AND ACTIVITY REPORT

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### VIOHALCO

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Viohalco SA (VIO) is a leading holding group of metal processing companies in Europe, based in Brussels. Uniquely diversified in metal sector activities and with a global presence, the Group is committed to sustainable manufacturing of quality, innovative and value-added products in the steel and steel pipes sector, in the copper and cable sector, in the aluminium sector and in the real estate development sector.

Viohalco subsidiaries are among the recognized global leaders in aluminium, cable, copper, zinc, steel and steel pipes manufacturing. Focusing on high quality, innovative and sustainable products, the Group meets the needs of clients in diverse markets, including building and construction, energy networks, oil and gas, transportation, food and pharmaceutical packaging and numerous industrial applications.

The most demanding international companies turn to Viohalco Group for reliable and innovative product solutions in architectural design and construction, water supply and sanitary systems, energy networks, telecommunication and power cables, offshore and submarine cables, automotive and shipbuilding applications, infrastructure projects, as well as a wide range of industrial and engineering applications. In addition to that, Viohalco and its companies develop a significant portfolio of commercial and industrial properties.

To meet the changing demands of its customers, the Group invests significant amounts in Research

and Development of state-of-the-art technology to continuously bring to the market innovative and added-value products, improve production processes, as well as promote materials recycling and the proper use of natural resources.

#### **Global Reach**

Viohalco subsidiaries market their products to customers in more than 80 countries worldwide. They operate production facilities in Greece, Bulgaria, United Kingdom, Romania, Russia and FYROM, and have a commercial presence in important markets such as Germany, Italy, the United Kingdom, France, Romania, the United States, Turkey, Russia, and Hong-Kong, among others. The Group's dynamic presence results in significant market shares in various geographical markets and a diverse customer base consisting of some of the largest companies worldwide. In fact, 84% of the Group's consolidated revenue (2013 data) results from sales in Europe (of which 13% in Greece) and 6% in Asia. With ongoing investments in research and development and a highly specialized workforce of 7,857 people, Viohalco's companies are credible partners to global customers in competitive and demanding markets.

The table below provides an overview of Viohalco's main participations per sector of activity. The percentages in the boxes below take into account the direct and indirect voting rights of Viohalco in such subsidiaries.



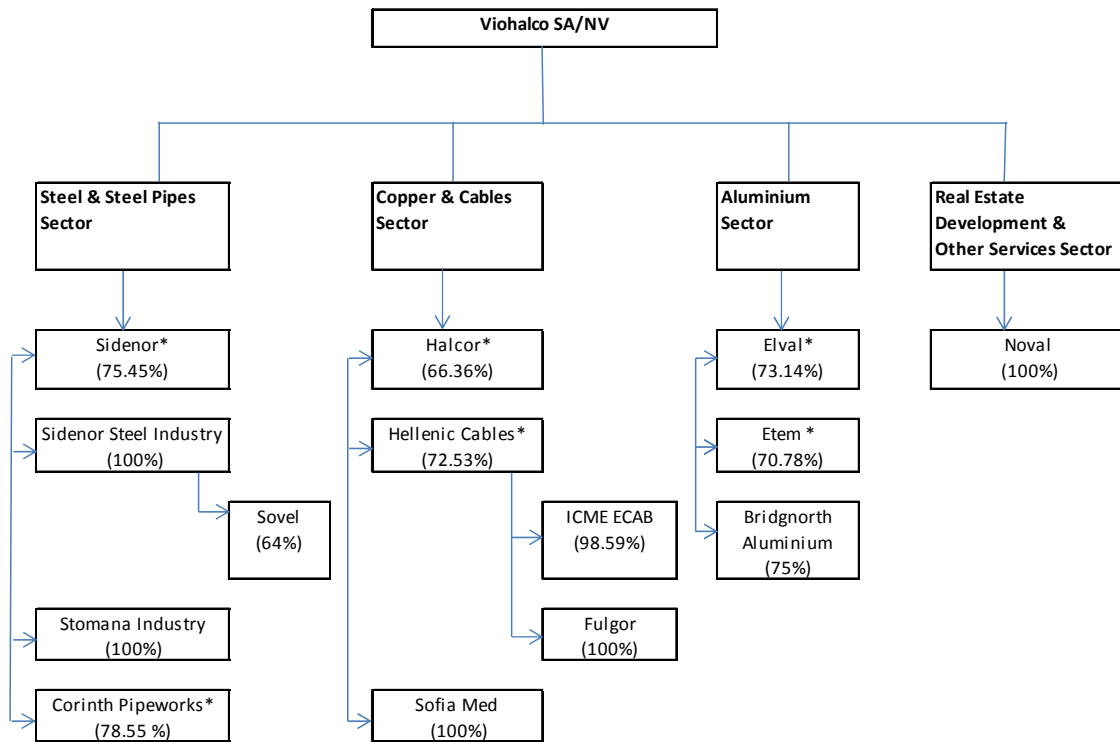
VIOHALCO

GREEK BRANCH

Viohalco SA is a Belgian company that has established a branch in Greece (“Greek branch”). The Greek branch holds the Company’s assets in Greece.

GROUP STRUCTURE

The diagram below provides an overview of the Group structure by sector in which the main subsidiaries are shown. For a complete overview of the composition of the Group, please refer to the Notes to the Financial Statements



\* Listed on the Athens Exchange

## 2013 FINANCIAL PERFORMANCE

2013 was characterized by a high level of volatility and a number of challenges in the macroeconomic environment in which Viohalco operates. The deceleration of Eurozone economies and uncertainty regarding the South Mediterranean and North African economies continued, while Greece remained in a deep recession, made 2013 a challenging year for the Viohalco Group. Weak demand across most Viohalco product segments, decreased metal prices, high energy costs for Greece-based production facilities, and an unfavourable EUR-USD exchange rate adversely affected Viohalco's financial performance in 2013.

**Summary statement of consolidated profit or loss**

| Amounts in euro thousand                   | For the year ended 31 December |           |
|--|--------------------------------|-----------|
|  | 2013                           | 2012      |
| Revenue                                    | 2,885,071                      | 3,316,763 |
| Gross profit                               | 174,982                        | 229,061   |
| EBITDA before non-recurring items (1)      | 94,932                         | 160,068   |
| EBITDA (2)                                 | 4,112                          | 155,028   |
| EBIT before non-recurring items (3)        | -17,806                        | 18,842    |
| EBIT (4)                                   | -108,626                       | 13,803    |
| Loss before income tax                     | -192,038                       | -74,761   |
| Loss of the year                           | -223,931                       | -76,184   |
| Loss attributable to owners of the Company | -173,336                       | -49,934   |

- (1) EBIT before non-recurring items plus amortisation and depreciation  
(2) EBIT plus amortisation and depreciation  
(3) Operating result before non-recurring items  
(4) Operating result

Consolidated **revenue** of Viohalco Group for 2013 amounted to euro 2,885 million, a decrease of 13%, compared to euro 3,317 million recorded in 2012. The decline in Group revenue was largely driven by decreased metal prices and lower sales volumes, particularly in the Steel and Steel pipes sector and in the Copper and Cables sector.

Metal prices fell significantly in 2013, driven mainly by the lack of liquidity in international financial markets and the adverse macroeconomic environment, especially in developed markets. The average price of copper was lower by 10.8% at euro 5,514 per ton compared to euro 6,181 per ton in 2012, while the average LME price for aluminium in 2013 was euro 1,395 per ton, compared to euro 1,569 per ton in 2012, marking a decrease of 11%. The effect of metal price fluctuations in aluminium, copper and zinc resulted in a negative impact of euro 15.1 million.

**EBIT before non-recurring items** decreased from euro 19 million in 2012 to euro -18 million in 2013. Operating profit before non-recurring items in the aluminium sector (euro 34 million) partially offset the operating loss in other sectors. Non-recurring items amounted to euro 91 million in 2013, mainly due to an impairment loss of euro 74 million with regard to Investment property and Property, plant and equipment, especially in the Real Estate and Other Services sector, euro 10.6 million of transaction costs related to the Viohalco merger and Euronext IPO, and euro 11 million costs related to the temporary shutdown of the Sovel plant, idle cost of Stomana Industry and Corinth Pipeworks plants in the Steel and Steel pipes sector. Consequently, EBIT decreased from euro 14 million last year to euro -109 million in 2013.

**Finance costs** decreased by 4% to euro 86 million in 2013 from euro 90 million in 2012. This is mainly due to the reduction in effective interest rates driven by a more efficient working capital management which has led to a reduction in the average spread of short term funding.

**Loss before income tax** of Viohalco in 2013 amounted to euro 192 million compared to a loss before income tax of euro 75 million in 2012. Loss before income tax is the sum of the operating loss of euro 109 million, the net finance costs of euro 86 million and the share of profit of equity –accounted investees of euro 2.5 million.

**Loss of the year** amounted to euro 224 million in 2013, compared to a loss of euro 76 million for 2012. Results for 2013 were further affected by an increase in the Greek state tax rate on corporate profits (from 20% to 26%) and the resulting recalculation of deferred tax balances. The total negative impact in 2013 of the changes in Greek tax legislation amounts to euro 36.3 million.

#### Summary statement of consolidated financial position

| Amounts in euro thousand              | As at 31 December |                  |
|---------------------------------------|-------------------|------------------|
|                                       | 2013              | 2012             |
| <b>ASSETS</b>                         |                   |                  |
| Non-current assets                    | 1,951,272         | 1,934,442        |
| Current assets                        | 1,414,151         | 1,486,897        |
| <b>TOTAL ASSETS</b>                   | <b>3,365,423</b>  | <b>3,421,339</b> |
| <b>EQUITY</b>                         | 1,340,692         | 1,499,891        |
| <b>LIABILITIES</b>                    |                   |                  |
| Non-current liabilities               | 1,187,893         | 603,613          |
| Current liabilities                   | 836,838           | 1,317,835        |
| <b>TOTAL LIABILITIES</b>              | <b>2,024,731</b>  | <b>1,921,448</b> |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>3,365,423</b>  | <b>3,421,339</b> |

Total assets of Viohalco decreased by 2% from euro 3,421 million in 2012 to euro 3,365 million in 2013. This decrease is mainly explained by lower Inventories (euro 61 million), lower Trade and other receivables (euro 37 million), and impairment losses on Investment property and Property, plant, equipment (euro 74 million), partially offset by the Other investments of Cofidin (euro 59 million). The lower Inventories and Trade and other receivables are the result of an efficient working capital management and the decrease in consolidated revenue compared to 2012.

Non-current liabilities increased by euro 584 million or 97%, from euro 604 million in 2012 to euro 1,188 million in 2013. This is largely due to the restructuring of debt from short term to long term. Current liabilities decreased by euro 481 million or 36%, from euro 1,318 million in 2012 to euro 837 million.

On December 27th 2013, Viohalco concluded the **restructuring of 78% of its outstanding debt**, through the issuance of a series of long-term syndicated bond loans. The total issuance amounts to an aggregate of more than euro 727 million and consists of ten separate bond issues, one for each major Greek subsidiary of the VIOHALCO Group. More specifically, the bond loans per business sector are as follows:

- Sidenor Steel Products Manufacturing Company S.A.: euro 298 million,
- Halcor Metal Works S.A.: euro 270 million, and
- Elval Hellenic Aluminium Industry S.A: euro 159 million.

The lead arranger was National Bank of Greece with Alpha Bank, Eurobank and Piraeus Bank acting as co-arrangers. The syndicated bond loans have a five year maturity and an option for the banks to approve an up to two years extension, upon request of the issuing companies, three months prior to the original maturity dates. The bond loans also feature a two-year grace period for capital repayments and a step-down yearly interest rate spread. The new bond loans are secured through pledges on fixed assets, contain customary representations, negative covenants, undertakings and events of default.

### Summary Statement of consolidated cash flows

| Amounts in euro thousand                                 | For the year ended 31 December |                |
|--|--------------------------------|----------------|
|  | 2013                           | 2012           |
| Net Cash flows from operating activities                 | 94,112                         | 105,330        |
| Cash flows from investing activities                     | -120,666                       | -62,291        |
| Cash flows from financing activities                     | 55,704                         | -72,031        |
| <b>Net increase (decrease) cash and cash equivalents</b> | <b>29,150</b>                  | <b>-28,992</b> |
| <b>Cash and cash equivalents, beginning of period</b>    | <b>144,251</b>                 | <b>173,243</b> |
| <b>Cash and cash equivalents, end of period</b>          | <b>173,401</b>                 | <b>144,251</b> |

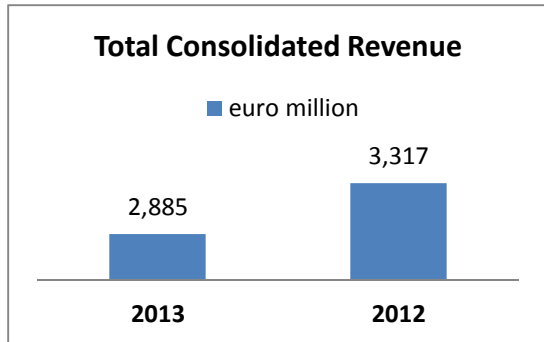
Net Cash flows from operating activities decreased from euro 105 million in 2012 to euro 94 million in 2013, mainly as a result of the lower EBIT compared to 2012 (euro 122 million) and lower depreciations (euro 29 million). This was partially offset by a decrease in working capital compared to 2012 (euro 60 million), and by higher impairment losses in 2013 (euro 74 million).

Cash flows from investing activities decreased because of higher capital expenditure in 2013 (euro 154 million in 2013 compared to euro 98 million in 2012). It is worth noting that total investments of Viohalco since 2001 have exceeded euro 1.8 billion.

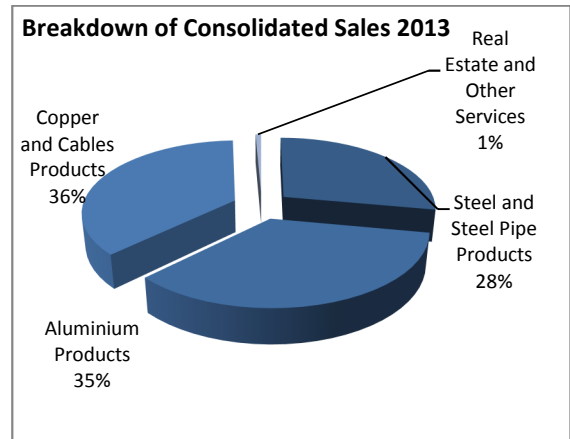
Cash flows from financing activities improved because of a net increase in borrowings.

*Please note that the financial figures for the four sectors shown in Viohalco's IFRS consolidated financial statements can differ from the financial figures shown below in the Business Performance and Activity Report section of the Annual Report 2013, to the extent that the Viohalco consolidated financial statements reflects the sectors' revenues, assets, liabilities, depreciation ect, after the intercompany eliminations have taken place during consolidation. The financial figures of the subsidiaries and sectors, as shown below in the Business Performance and Activity Report section of the Annual Report 2013, refer to the published financials statements of the listed companies of Viohalco Group (ie. Sidenor S.A., Corinth Pipeworks S.A., Halcor S.A., Hellenic Cables S.A., Elval S.A., Etem S.A.)*

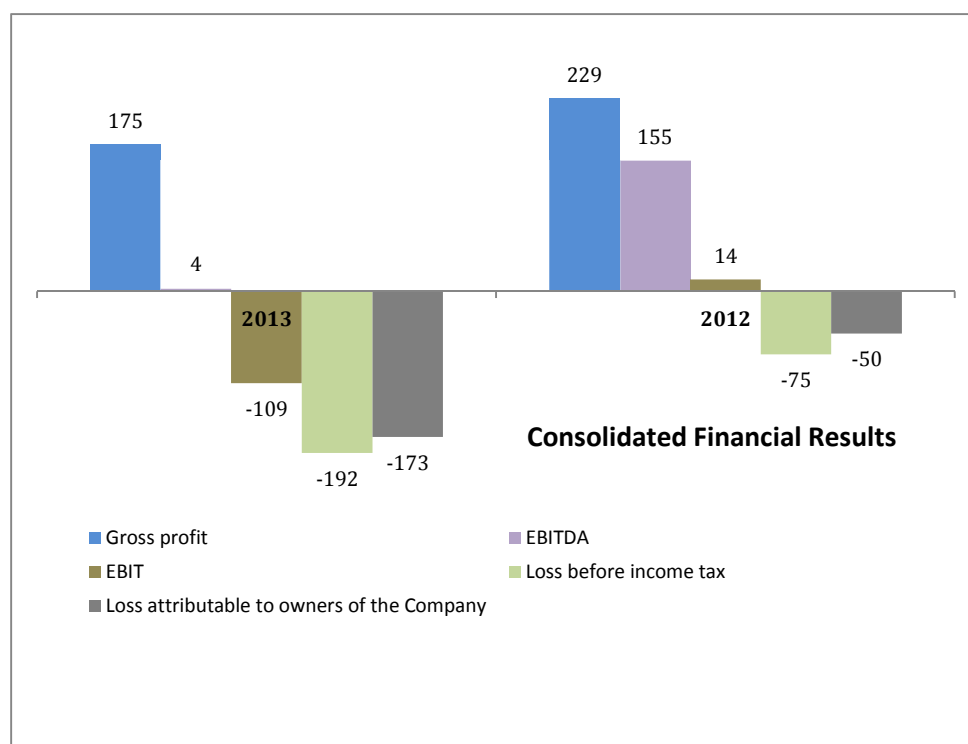
CONSOLIDATED REVENUE 2013 AND 2012



BREAKDOWN OF CONSOLIDATED REVENUE 2013



SUMMARY CONSOLIDATED FINANCIAL RESULTS

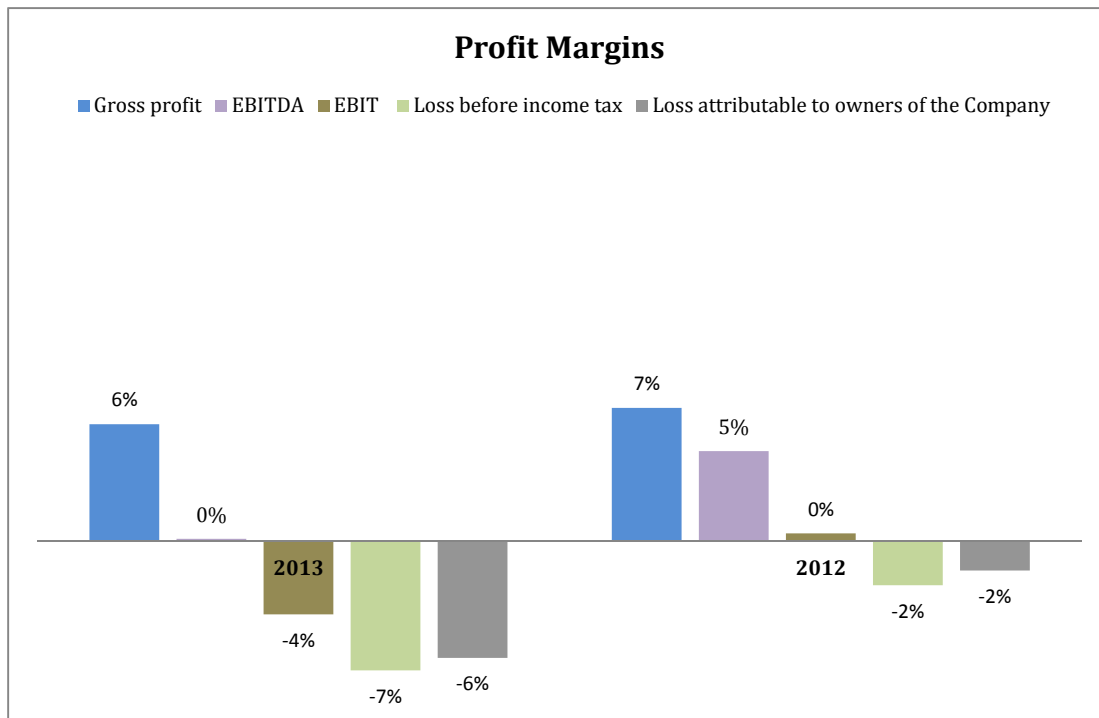


| Amounts in euro thousand                   | For the year ended 31 December |           |
|--|--------------------------------|-----------|
|  | 2013                           | 2012      |
| Revenue                                    | 2,885,071                      | 3,316,763 |
| Gross profit                               | 174,982                        | 229,061   |
| EBITDA before non-recurring items          | 94,932                         | 160,068   |
| EBITDA                                     | 4,112                          | 155,028   |
| EBIT before non-recurring items            | -17,806                        | 18,842    |
| EBIT                                       | -108,626                       | 13,803    |
| Loss before income tax                     | -192,038                       | -74,761   |
| Loss of the year                           | -223,931                       | -76,184   |
| Loss attributable to owners of the Company | -173,336                       | -49,934   |

EVOLUTION OF FIGURES (%)

|  | For the year ended 31 December |      |
|--|--------------------------------|------|
|  | 2013                           | 2012 |
| Revenue                                    | -13%                           | -6%  |
| Gross profit                               | -24%                           | -16% |
| EBITDA before non-recurring items          | -41%                           | -11% |
| EBITDA                                     | -97%                           | -12% |
| EBIT before non-recurring items            | -195%                          | -47% |
| EBIT                                       | -887%                          | -58% |
| Loss before income tax                     | -157%                          | -59% |
| Loss of the year                           | -194%                          | -34% |
| Loss attributable to owners of the Company | -247%                          | -17% |

PROFIT MARGINS (%)



PROFIT MARGINS (%)

|  | For the year ended 31 December |      |
|--|--------------------------------|------|
|  | 2013                           | 2012 |
| Gross profit                               | 6%                             | 7%   |
| EBITDA before non-recurring items          | 3%                             | 5%   |
| EBITDA                                     | 0%                             | 5%   |
| EBIT before non-recurring items            | -1%                            | 1%   |
| EBIT                                       | -4%                            | 0%   |
| Loss before income tax                     | -7%                            | -2%  |
| Loss of the year                           | -8%                            | -2%  |
| Loss attributable to owners of the Company | -6%                            | -2%  |

## SUMMARY CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| Amounts in euro thousand              | As at 31 December |                  |
|---------------------------------------|-------------------|------------------|
|                                       | 2013              | 2012             |
| <b>ASSETS</b>                         |                   |                  |
| Non-current assets                    | 1,951,272         | 1,934,442        |
| Inventories                           | 773,729           | 835,209          |
| Trade and other receivables           | 464,333           | 501,007          |
| Other current assets                  | 176,089           | 150,681          |
| <b>TOTAL ASSETS</b>                   | <b>3,365,423</b>  | <b>3,421,339</b> |
| <b>EQUITY &amp; LIABILITIES</b>       |                   |                  |
| Non-current liabilities               | 1,187,893         | 603,613          |
| Current liabilities                   | 477,060           | 973,388          |
| Other current liabilities             | 359,778           | 344,447          |
| <b>Total liabilities</b>              | <b>2,024,731</b>  | <b>1,921,448</b> |
| Equity of the Company's shareholders  | 992,944           | 1,057,702        |
| Non-controlling interest              | 347,748           | 442,189          |
| <b>Total equity</b>                   | <b>1,340,692</b>  | <b>1,499,891</b> |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>3,365,423</b>  | <b>3,421,339</b> |

## SUMMARY CONSOLIDATED CASH FLOWS FOR 2013 AND 2012

| Amounts in euro thousand                                 | For the year ended 31 December |                |
|--|--------------------------------|----------------|
|  | 2013                           | 2012           |
| Net Cash flows from operating activities                 | 94,112                         | 105,330        |
| Cash flows from investing activities                     | -120,666                       | -62,291        |
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| <b>Net increase (decrease) cash and cash equivalents</b> | <b>29,150</b>                  | <b>-28,992</b> |
| <b>Cash and cash equivalents, beginning of period</b>    | <b>144,251</b>                 | <b>173,243</b> |
| <b>Cash and cash equivalents, end of period</b>          | <b>173,401</b>                 | <b>144,251</b> |

## CONSOLIDATED FINANCIAL RATIOS

|                                    |       | 2013 | 2012 |
|------------------------------------|-------|------|------|
| <b>LIQUIDITY</b>                   |       |      |      |
| General Liquidity                  | Times | 1.69 | 1.13 |
| Special Liquidity                  | Times | 0.77 | 0.5  |
| <b>ACTIVITY</b>                    |       |      |      |
| Inventories Turnover Ratio         | Days  | 104  | 99   |
| Accounts Receivable Turnover Ratio | Days  | 59   | 55   |
| Accounts Payable Turnover Ratio    | Days  | 43   | 39   |
| <b>VIABILITY</b>                   |       |      |      |
| Coverage of Financial Expenses     | Times | 0.04 | 1.55 |
| Debt/Equity                        | Times | 1.51 | 1.28 |



SIDENOR

**Activities**

Through Sidenor, Corinth Pipeworks and their subsidiary companies, Viohalco is active in the manufacturing, processing and trading of steel products. The Group’s extensive product portfolio, which includes long and flat steel products, pipes, hollow structural sections and downstream products is manufactured across 10 primary facilities in Greece, Bulgaria, Russia and FYROM.

After over 5 decades of success and growth, Sidenor Group is firmly established in the international markets it operates in and has built solid business relationships with a high profile, global clientele.

The key pillars of the Group’s business excellence include its constant focus on innovation, its consistency in delivering top quality solutions, its high production performance and its highly efficient commercial ability.

**Product portfolio**

From buildings, road works, metro stations, bridges, shopping malls to hydroelectric dam projects, Sidenor Group and its subsidiaries cater for the complex needs of their international clients via a complete portfolio of added value products and solutions. The project locations span from Greece, Bulgaria and Cyprus to France, Croatia, Tunisia and the USA, making the Group a truly global supplier. The Sidenor Group product family is structured as follows:

|   |   |
|---|---|
| <b>SD Integrated Reinforcing System</b> | The SD Integrated Concrete Reinforcing System embodies Sidenor’s approach to addressing significant demand for high ductility steel that provides increased protection against earthquakes. The system consists of:<br>SD Concrete Reinforcing Steel, SD stirrup reinforcing mesh, SIDEFIT special mesh, SD Wire Mesh, SIDEFOR and SIDEFOR PLUS prefabricated stirrup cages, INOMIX steel fibres, lattice girders SD Concrete Reinforcing Steel, SD stirrup reinforcing mesh, SIDEFIT special mesh, SD Wire Mesh, SIDEFOR and SIDEFOR PLUS prefabricated stirrup cages, INOMIX steel fibres, lattice girders. |
| <b>Merchant Bars</b>                    | Sidenor Group is the sole producer of merchant bars in Greece. Its portfolio of merchant bars consists of:<br>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), UPN Channels.   |
| <b>Wire Rod</b>                                 | Wire rod of SAE 1006, 1008, 1010 grades, RSt37-2 and electrode quality, in cross sections from Ø 5.5 to Ø 16.0, which is suitable for a wide range of size reduction applications and meets all low-carbon wire production needs. |
| <b>Steel Pipes – Hollow Structural Sections</b> | Steel pipes of medium and large diameter for pipelines and construction purposes, steel pipes of small diameter, hollow structural sections (HSS).  |
| <b>Hot-rolled flat products</b>                 | Steel sheets and steel plates.  |
| <b>Special Steels</b>                           | Hot-rolled round bars (diameter: 20-120mm), as well as turned and polished round bars (diameter: 20-115mm) used in the automotive industry and in various industrial applications.  |
| <b>Other products</b>                           | Double-twist hexagonal mesh (serasanetti), wire products (galvanized and black), welding products, steel balls, special profiles, metallurgical by-products.  |

**Key companies**

In order to achieve the optimum balance between operational and commercial flexibility, and production effectiveness, Sidenor Group has structured its operations on the basis of the following four areas:

- Mini-mills,
- Pipes, tubes and hollow structural sections,
- Downstream operations for steel product processing, and
- Sales and distribution.

Within this framework, the key companies of the Sidenor Group are the following:

|                         |   |
|-------------------------|---|
| <b>Sidenor</b>          | The parent company of the Sidenor Group. Through the Thessaloniki plant of its subsidiary Sidenor Steel Industry, the Company is active in the production of a wide range of steel products from billets to prefabricated steel cages, including products of the SD concrete reinforcing steel and merchant bars. Sidenor’s shares are listed on the Athens Exchange. |
| <b>Sovel</b>            | In its Almyros production facility, Sovel is active in the production of the SDconcrete reinforcing steel lines of products.  |
| <b>Stomana Industry</b> | With production facilities in Pernik, Bulgaria, Stomana Industry manufactures a wide range of steel products from steel plates to SBQ’s and   |

## STEEL & STEEL PIPES SECTOR

### SIDENOR

|                          |  |
|--------------------------|--|
|                          | merchant bars.   |
| <b>Dojran Steel</b>      | With production facilities in Nikolic, FYROM, the company is active in the production of concrete reinforcing products, as well as wire mesh merchant bars and girders.  |
| <b>Corinth Pipeworks</b> | Corinth Pipeworks is the leading company of the Group in the steel pipes business segment. With state-of-the-art facilities in the area of Thisvi in Viotia, it delivers a high profile product portfolio that includes steel pipes for oil and gas transmission and hollow structural sections for the construction industry. Corinth Pipeworks shares are listed on the Athens Exchange.                                 |
| <b>ZAO TMK-CPW</b>       | ZAO TMK-CPW is a joint venture that resulted from the partnership between Corinth Pipeworks (through its 100% subsidiary Humbel LTD, which controls 49% of the joint venture) and TMK, the largest manufacturer of steel pipes in Russia and one of the top three in the world. Through its production facilities in Polevskoy, Russia Zao Tmk-Cpw is active in the manufacturing of pipes and hollow structural sections. |

- Capitalization of the high capacity of the production facilities and the extensive sales network with the aim of establishing a fortified market position in Central Europe, the Balkans and the neighboring countries of the Eastern Mediterranean.
- Further optimization of the Sidenor Group's operating performance through cost reduction, strict working capital management, updated logistics processes and ongoing investments in personnel training.
- Consolidation of the presence of Corinth Pipeworks in the energy project markets of Western Europe, Middle East, North Africa, North America and Russia.
- Constant efforts to reduce the Group's environmental footprint.

#### Production facilities

With the aim of establishing and maintaining a solid competitive advantage versus its peers, Sidenor Group has focused and invested significantly over the past two decades in the fortification of its production base, by implementing a coherent and highly effective investment program that exceeded euro 780 million.

Through these consistent, long-term efforts in modernizing and upgrading its manufacturing sites, Sidenor and its subsidiaries have managed to become a vertically integrated group, capable of delivering top quality, high added value solutions.

The steel group's manufacturing facilities include the following plants:

#### Sidenor Steel Industry Plant | Thessaloniki (Greece)

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

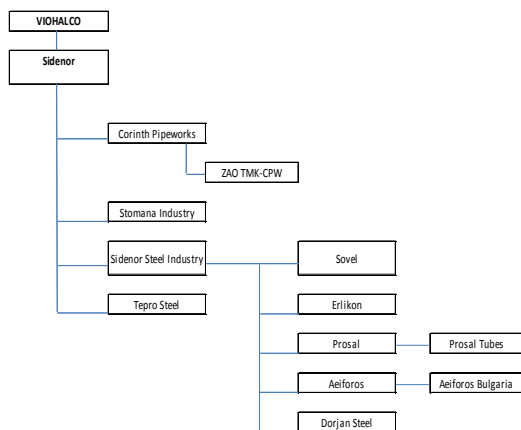
The Thessaloniki plant of Sidenor Steel Industry produces primarily billets, SD reinforcing steel, SD coils, SD wire mesh, merchant bars and wire rod products. Its facilities have been qualified under ELOT EN ISO 9001:2008, ISO 14001:2004, ELOT 1801:2008 and OHSAS 18001:2007.

#### Sovel Plant | 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 from billets and SD reinforcing steel to SIDEFIT special mesh and SIDEFOR PLUS prefabricated cages. The plant has access to

The following chart provides an overview of the main subsidiaries of Viohalco in the steel sector:



#### Corporate strategy

Sidenor Group bases its operational development initiatives on the following strategic objectives:

- Key investments to further upgrade international competitiveness

### SIDENOR

privately owned port facilities and is certified under ELOT EN ISO 9001:2008, ISO 14001:2004, ELOT 1801:2008 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 one of the Group's key investments. Its product portfolio includes SD reinforcing steel, SD mesh, SIDEFOR stirrup cages, steel sheets, merchant bars, steel balls, special profiles, beams and continuously cast semi-products (billets, blooms and slabs). The plant is certified under EN 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.

#### Aeiforos and Aeiforos Bulgaria Plants | Thessaloniki and Almyros, (Greece), Pernik, (Bulgaria)

The Thessaloniki, Almyros and Pernik facilities engage primarily in the recycling and recovery of by-products related to the production activities of other subsidiaries of the Sidenor Group in Greece and Bulgaria. The key outcome of this process includes a wide variety of products from sand for industrial floors to lime cement for mortars and adhesives. Aeiforos is certified under ISO 9001:2008 and ISO 14001:2004.

#### Erlikon Plant | Kilkis, (Greece)

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

#### Prosal/ Prosal tubes Plant | Pernik (Bulgaria)

Prosal is active in the production and trading of pipes made of cold and pre-galvanised steel.

#### Teprosteel Plant | Pernik (Bulgaria)

Teprosteel's plant in Pernik manufactures circular cross section bars (special steels), which are used for the construction of machine and vehicle parts, farm machinery and hydraulic systems.

#### 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. Dojran Steel Plant in FYROM is active in the production of concrete reinforcing products.

Apart from the aforementioned production plants, the Sidenor Group operates the following two production sites that are active primarily in the production of pipes and hollow structural sections:

- Corinth Pipeworks Plant in Thisvi, Greece
- ZAO TMK-CPW Plant in Polevskoy, Russia

#### **Investments**

Given its international commercial orientation, the Sidenor Group has included in its strategic priorities the continuous upgrade of its industrial facilities, in order to reduce the operating cost, expand their production output, enhance productivity and generally improve the quality of their product portfolio. From 1998 to 2013, the total investment expenditures of Sidenor and its subsidiaries exceeded euro 780 million, while Sidenor Group's investment expenditure for 2013 amounted to euro 28 million.

SIDENOR

2013 FINANCIAL PERFORMANCE

The Greek economy, and in particular the Greek steel market, continued their downward trend in 2013, a factor which in combination with the adverse conditions prevailing in the steel industry internationally, affected the financials of the Sidenor Group.

Specifically, the Sidenor Group's consolidated revenue amounted to euro 808 million in 2013 compared to euro 1,047 million in 2012, a decrease of 22.8%. Losses before taxes amounted to euro 75 million in 2013 compared to euro 76 million in 2012, while earnings before interest, taxes, depreciations and amortizations (EBITDA) amounted to euro 11.5 million compared to euro 27 million in 2012. Lastly, the consolidated loss attributable to owners of the Company amounted to euro 73.7 million compared to euro 66.6 million in 2012.

The steel products sector, which accounts for 78% of the Sidenor Group's revenue, was negatively affected by both the further decline of the Greek market and by the fall in international steel prices. In addition to this, the increased cost of energy in Greece, adversely affected both the competitiveness of Greek factories and the corresponding profitability offered by exports.

In order to compensate for these adverse conditions, the Group has taken measures to reduce operating costs and production costs, while pushing forward with investments that significantly reduce energy consumption. Indicatively, administrative and sales expenses in 2013 decreased by euro 19 million

(17.4%), from euro 109 million in 2012 to euro 90 million in 2013. In addition, financial expenses in 2013 decreased by euro 3 million (8%), from euro 38 million in 2012 to euro 35 million in 2013.

In the Pipe industry, the intense uncertainty and volatility in the international markets continued during the 2013. The reduction in capital spending for mining and transportation infrastructure projects for natural gas and oil in Europe and the rest of the world, as well as the fall in raw material prices, adversely affected Corinth Pipeworks' results and led to a reduction in sales, in terms of volume, in terms of value and in terms of profit margin.

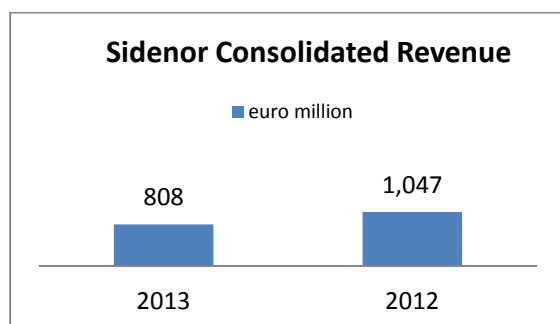
It is worth noting that the Sidenor Group continues to record significant positive cash flows from operating activities, while in 2013, unlike in 2012, it recorded positive total cash flows as well, as a result of actions being undertaken to continuously reduce operating costs and actions taken to improve the management of raw materials and stocks.

With the implementation of the Sidenor Group's capital expenditure program during 2013, investments were made totalling euro 28 million. The Sidenor Group's investment program is in accordance with the broader strategy of further improvement of production plant productivity, reduction in energy consumption and in total carbon footprint, as well as reinforcement of safety at the work place.

Total headcount increased from 2,745 as at December 31, 2012 to 2,783 as at December 31, 2013.

SIDENOR

Summary of financial data



Consolidated financial results

| Amounts in euro thousand                   | For the year ended 31 December |           |
|--|--------------------------------|-----------|
|  | 2013                           | 2012      |
| Revenue                                    | 807,668                        | 1,046,659 |
| Gross profit                               | 59,695                         | 81,277    |
| EBITDA before non-recurring items          | 24,266                         | 31,627    |
| EBITDA                                     | 11,474                         | 27,067    |
| EBIT before non-recurring items            | -28,165                        | -34,462   |
| EBIT                                       | -40,957                        | -39,022   |
| Loss before income tax                     | -75,394                        | -75,669   |
| Loss of the year                           | -86,191                        | -75,456   |
| Loss attributable to owners of the Company | -73,747                        | -66,655   |

Evolution of Figures (%)

|  | For the year ended 31 December |        |
|--|--------------------------------|--------|
|  | 2013                           | 2012   |
| Revenue                                    | -22.8%                         | -16.1% |
| Gross profit                               | -26.6%                         | -20.3% |
| EBITDA before non-recurring items          | -23.3%                         | -12.4% |
| EBITDA                                     | -57.6%                         | -22.3% |
| EBIT before non-recurring items            | +18.3%                         | -30.6% |
| EBIT                                       | -5.0%                          | -41.0% |
| Loss before income tax                     | -0.4%                          | -27.5% |
| Loss of the year                           | -14.2%                         | -35.1% |
| Loss attributable to owners of the Company | -10.6%                         | -36.3% |

Profit Margins (%)

|  | For the year ended 31 December |       |
|--|--------------------------------|-------|
|  | 2013                           | 2012  |
| Gross profit                               | 7.4%                           | 7.8%  |
| EBITDA before non-recurring items          | 3.0%                           | 3.0%  |
| EBITDA                                     | 1.4%                           | 2.6%  |
| EBIT before non-recurring items            | -3.5%                          | -3.3% |
| EBIT                                       | -5.1%                          | -3.7% |
| Loss before income tax                     | -9.3%                          | -7.2% |
| Loss of the year                           | -10.7%                         | -7.2% |
| Loss attributable to owners of the Company | -9.1%                          | -6.4% |

Summary statement of financial position

STEEL & STEEL PIPES SECTOR

SIDENOR

| Amounts in euro thousand              | As at 31 December |                  |
|---------------------------------------|-------------------|------------------|
|                                       | 2013              | 2012             |
| <b>ASSETS</b>                         |                   |                  |
| Fixed assets and investments          | 711,501           | 732,588          |
| Inventories                           | 242,416           | 285,263          |
| Trade and other receivables           | 172,053           | 180,769          |
| Other current assets                  | 1,710             | 8,524            |
| cash and cash equivalents             | 56,721            | 41,863           |
| <b>TOTAL ASSETS</b>                   | <b>1,184,401</b>  | <b>1,249,007</b> |
| <b>EQUITY &amp; LIABILITIES</b>       |                   |                  |
| Non-current liabilities               | 359,329           | 155,114          |
| Other non-current liabilities         | 77,354            | 68,493           |
| Current liabilities                   | 207,537           | 413,881          |
| Other current liabilities             | 159,371           | 142,156          |
| <b>TOTAL LIABILITIES</b>              | <b>803,591</b>    | <b>779,644</b>   |
| Total company shareholders' equity    | 303,267           | 378,904          |
| Non-controlling interest              | 77,543            | 90,459           |
| <b>TOTAL EQUITY</b>                   | <b>380,810</b>    | <b>469,363</b>   |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>1,184,401</b>  | <b>1,249,007</b> |

### CORINTH PIPEWORKS

#### Activities

Corinth Pipeworks is a subsidiary of Sidenor which is separately quoted on the Athens Exchange.

With industrial plants in Greece and Russia, Corinth Pipeworks Group is among the most reliable pipe manufacturers for energy projects worldwide. The Group mainly produces pipes for oil, gas and water transmission, oil and gas extraction and hollow structural sections for a large number of construction applications.

Corinth Pipeworks' clients include, among others, Chevron, BP, Greek Public Natural Gas Corporation (DEPA), Natural Gas National System Operator SA (DESFA), OMV, GRTGAZ, Snam, National Grid, RWE, Spectra Energy, Energy Transfer, Denbury, DCP Midstream, McJunkin, Spartan, EPCO, Spectra, Enbridge, Cheniere Energy, Talisman, STEG, Sonatrach, PDO, OGC, Aramco, Socar, ABB, EDF, TIGF, Saipem, Genesis, Allseas and Subsea 7.

The Group's high operational efficiency and wide commercial success is based primarily on its ability to manufacture technologically advanced products and remain up-to-date with the latest developments within its field. On this basis, Corinth Pipeworks has established collaborations with international research organisations such as the European Pipeline Research Group (EPRG) and the Welding Institute and it regularly participates in research projects that are linked to its core business activities.

#### Product Portfolio

Corinth Pipeworks offers top quality steel pipes for oil, gas, CO<sub>2</sub>, water and slurry pipelines, as well as casing pipes for drilling operations. The Group also offers a wide range of structural hollow sections for the construction sector. Our long history of innovation and 'One-stop-shop' integrated service offerings to our customers has helped Corinth Pipeworks to become one of the top steel pipe suppliers worldwide.

The Group's three main product categories are divided as follows:

- **Line pipes:** These pipes are manufactured either in the Group's high frequency welding unit (ERW/HFI) or the submerged arc welding—helical unit (SAWH) and are mainly

used in oil, gas and water transmission networks. The installation of the new LSAW/JCOE pipe mill has already begun and will be available at the start of 2015 to manufacture medium & large diameter and heavy gauge pipelines.

- **Casing Pipes:** These high-frequency induction welded pipes (ERW/HFI) are used in oil and gas extraction drills.
- **Hollow structural sections:** These are used in the construction sector.

#### Corinth Pipeworks services:

- Internal and external coating of pipes produced by other pipe manufacturers.
- Accredited laboratory for raw material and pipe testing, according to 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 outside the Group's product portfolio to third party authorised subcontractors, in the context of major project implementation.
- Pipe transportation.

#### Corporate Strategy

Corinth Pipeworks has extensive experience in carrying out demanding projects for the energy sector worldwide. We are qualified by major oil & gas companies and EPC contractors and have a long reference list of both offshore and onshore projects from around the globe. We offer high performance services to our customers from the initial phase of analysing and complying with the technical needs of a project through to completion and delivery to the final site. Aiming to cover the growing needs of the international energy market, Corinth Pipeworks Group operates according to the following strategic guidelines:

- Establishment of the Group's presence in Europe, Middle East, North Africa, North America and expansion in the emerging markets of West and East Africa and CIS countries.
- With the realisation of our new LSAW investment, we will be able to offer a unique

## STEEL & STEEL PIPES SECTOR

### CORINTH PIPEWORKS

product range of all welded products (ERW/HFI, HSAW, LSAW), one of the widest worldwide, covering the strictest international standards. We aim to offer our customers an integrated “One stop shop” service for energy steel pipes combined with top-quality services.

- Focus on further improvement of operating efficiency of the Group’s plants.
- Further reduction in operating costs in order to establish a more competitive cost base.
- Long-term strategic cooperation with top quality raw material steel manufacturers worldwide.
- Empowerment of our financial position.

#### Production Facilities

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 Plant | Thisvi (Greece)

Annual Production Capacity: 925,000 tons

The Thisvi plant has state-of-the-art machinery and produces pipes and hollow structural sections. Its total annual production capacity amounts to 925,000 tons. The plant’s facilities cover a total surface area of 89,000 sq.m. and are located within an area of 497,000 sq.m. in Thisvi, Viotia, Greece. The fact that the plant is approximately 1.5 km away from the Group’s own port facilities is of strategic importance. More specifically, the Thisvi port enables Corinth Pipeworks to achieve better transportation costs on raw materials, more competitive pricing on its products and faster delivery times. The port includes a fully operational set of cranes, forklifts and other machinery that are in line with the provisions of the International Ship and Port Facility Security Code.

The facilities accommodate a 26” line for high frequency welded pipes (HFIW), a 100” line for spiral submerged arc welded pipes (SAWH), a 7 5/8” line for high frequency welded pipes (HFIW), lines for pipe internal and external coating, as well as a Weld-on Connectors welding unit in cooperation with the MITE and OSI companies in order to provide integrated final products for casing pipes. A new state of the art 56” LSAW/JCOE pipe mill is now being installed and will be available at the start of 2015.

##### ZAO TMK-CPW Plant | Polevskoy (Russia)

Annual Production Capacity: 200,000 tons.

The Group’s plant in Russia manufactures high frequency welded pipes and hollow structural sections, with a total annual production capacity of 200,000 tons. The equipment used has very high technical specifications and allows for the production of pipes measuring 168-530 mm in diameter, with 4.8-12.7 mm wall thickness and up to 18 m in length, as well as hollow sections in accordance with international quality standards.

#### Investments

As a result of extensive growth efforts, the Group has built a particularly strong production base which enables the construction of top-requirement pipes that can meet the most challenging specifications of its international customers. Wishing to maintain this competitive advantage, Corinth Pipeworks focuses on the continual implementation of significant investments, so as to upgrade and expand its industrial plants with the relevant capital expenditures exceeding euro 225 million during 1998 – 2013.

In early 2013, the Group signed an agreement with the SMS Meer Company for the installation of a pipe mill that will manufacture pipes with external diameters ranging from 16" to 56", wall thicknesses of up to 40 mm, pipe lengths up to 18.3m and steel grades up to X100, using the LSAW-JCOE production technique. These pipes will enable the Group to expand its product portfolio and meet the increasing demand for high-strength and heavy-duty pipes for the construction of offshore and onshore oil and gas transmission pipes. As a result, the Group will be able to expand its presence in a number of markets in the Mediterranean, the Gulf of Mexico, Latin America, West/East Africa and the North Sea. The new production unit will start operating in early 2015.



## STEEL & STEEL PIPES SECTOR

### CORINTH PIPEWORKS

#### 2013 FINANCIAL PERFORMANCE

Uncertainty and instability in international markets continued throughout 2013. The decrease in capital spending for infrastructure projects relating to the extraction and transmission of natural gas and oil both in Europe and in other foreign markets, as well as the decrease in raw material prices, have negatively affected the annual results of Corinth Pipeworks and resulted in decreased sales, both volume and value wise and depressed profit margins.

Consolidated revenue amounted to euro 165.4 million (2012: euro 234.7 million), or a 29.5% decrease compared to 2012. Revenue in the energy sector amounted to euro 135.4 million (2012: euro 210.6 million) or a 35.7% decrease. On the other hand and despite the weakness of the European construction sector, sales of structurals amounted to euro 30 million, a 24.6% increase from 2012 (euro 24.1 million).

Consolidated gross profit decreased by 49.3% to euro 22.4 million (2012: euro 44.1 million). At the same time, gross margin amounted to 13.5% compared to 18.8% in 2012.

Administrative expenses increased by 5.9%, and amounted to euro 7.7 million versus euro 7.3 million in FY 2012.

Selling expenses amounted to euro 16.9 million, marking a 32.6% decrease compared to 2012. This is a result of lower direct selling costs (freight, fees to third parties etc.) due to correspondingly lower sales.

Financial expenses (net) amounted to euro 3.1 million marking a 1.9% decrease compared to 2012.

Regarding the Russian energy market, we saw notable changes in the financial performance of Russian ZAO TMK-CPW, 49% of which is held by Humbel Ltd. Taking advantage of the vast Russian energy market, this company generated earnings after tax of euro 9.2 million (2012 euro 10.2 million), marking a decrease of 9.6% compared to FY 2012,

largely due to the significant exchange rate difference.

Consolidated loss before income tax amounted to euro 3.4 million (euro 11.8 million profit in FY 2012). The loss attributable to the owners of the Company amounted to euro 6.1 million (euro 9.7 million profit in 2012). Results attributable to the owners of the Company have been affected by an increase in the state tax rate on corporate profits (from 20% to 26%) and the recalculation of the deferred tax balance for the Greek companies of the Group, which resulted in a one-time deferred tax loss of euro 3.6 million in 2013.

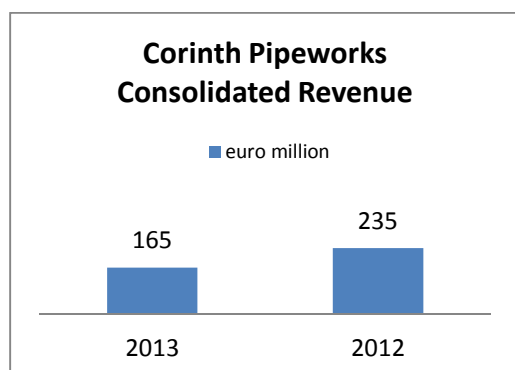
During 2013, Corinth Pipeworks continued its efforts to maintain an efficient level of working capital. Specifically, net debt in 2013 amounted to euro 32.5 million (2012: euro 22.4 million). In addition, following the issuance of a new common bond loan, long-term loans in 2013 amounted to euro 52.5 million (2012: euro 12.0 million). On the other hand short-term loans in 2013 stood at euro 1.5 million (2012: euro 26.3 million). Own equity amounted to euro 156.3 million showing a decrease against 2012 (euro 164.9 million).

During 2010, Corinth Pipeworks had an impairment of receivables (USD 24.9 million equating to euro 18.6 million) as a result of a delay in its collection. As of 31 December 2013, this amount was valued at euro 18.0 million. Collection of the amount of euro 18.3 million, which Corinth Pipeworks retained as collateral for the aforementioned receivables, was not successful. While Corinth Pipeworks' legal proceedings, both in Greece and other jurisdictions, for the collection of the aforementioned debt are ongoing and as recourse to all the anticipated legal remedies has not taken place, Corinth Pipeworks considers that for the moment there is no reason to revise the provisions amounting to euro 9.1 million (2012: euro 9.5 million) that were formed in its financial statements. Management estimates that the potential loss will not exceed the provision of euro 9.1 million as at 31 December 2013.

STEEL & STEEL PIPES SECTOR

CORINTH PIPEWORKS

Summary of financial data



Summary of financial results

| Amounts in euro thousand                            | For the year ended 31 December |         |
|---|--------------------------------|---------|
|   | 2013                           | 2012    |
| Revenue   | 165,365                        | 234,666 |
| Gross profit  | 22,386                         | 44,136  |
| EBITDA before non-recurring items                   | 10,753                         | 24,933  |
| EBITDA  | 4,637                          | 21,250  |
| EBIT before non-recurring items                     | 1,009                          | 13,292  |
| EBIT  | -5,107                         | 9,609   |
| Profit (Loss) before income tax                     | -3,420                         | 11,780  |
| Profit (loss) of the year                           | -6,138                         | 9,656   |
| Profit (loss) attributable to owners of the Company | -6,138                         | 9,656   |

Evolution of Figures (%)

|   | For the year ended 31 December |        |
|---|--------------------------------|--------|
|   | 2013                           | 2012   |
| Revenue   | -29.5%                         | -11.2% |
| Gross profit  | -49.3%                         | 6.7%   |
| EBITDA before non-recurring items                   | -56.9%                         | 21.2%  |
| EBITDA  | -78.2%                         | 17.6%  |
| EBIT before non-recurring items                     | -92.4%                         | 43.7%  |
| EBIT  | -153.1%                        | 42.2%  |
| Profit (Loss) before income tax                     | -129.0%                        | 72.9%  |
| Profit (loss) of the year                           | -163.6%                        | 71.6%  |
| Profit (loss) attributable to owners of the Company | -163.6%                        | 71.6%  |

Profit Margins (%)

|   | For the year ended 31 December |       |
|---|--------------------------------|-------|
|   | 2013                           | 2012  |
| Gross profit  | 13.5%                          | 18.8% |
| EBITDA before non-recurring items                   | 6.5%                           | 10.6% |
| EBITDA  | 2.8%                           | 9.1%  |
| EBIT before non-recurring items                     | 0.6%                           | 5.7%  |
| EBIT  | -3.1%                          | 4.1%  |
| Profit (Loss) before income tax                     | -2.1%                          | 5.0%  |
| Profit (loss) of the year                           | -3.7%                          | 4.1%  |
| Profit (loss) attributable to owners of the Company | -3.7%                          | 4.1%  |

STEEL & STEEL PIPES SECTOR

CORINTH PIPEWORKS

Summary statement of financial position

| Amounts in euro thousand              | As at 31 December |                |
|---------------------------------------|-------------------|----------------|
|                                       | 2013              | 2012           |
| <b>ASSETS</b>                         |                   |                |
| Non-current Assets                    | 140,362           | 127,896        |
| Inventories                           | 50,402            | 47,443         |
| Trade and other receivables           | 58,031            | 54,282         |
| Other current assets                  | 1,334             | 142            |
| Cash and cash equivalents             | 41,070            | 27,506         |
| <b>TOTAL ASSETS</b>                   | <b>291,199</b>    | <b>257,269</b> |
| <b>EQUITY &amp; LIABILITIES</b>       |                   |                |
| Non-current liabilities               | 52,549            | 12,000         |
| Other non-current liabilities         | 16,142            | 13,613         |
| Current liabilities                   | 1,450             | 26,250         |
| Other current liabilities             | 64,757            | 40,535         |
| <b>TOTAL LIABILITIES</b>              | <b>134,898</b>    | <b>92,398</b>  |
| Total company shareholders' equity    | 156,301           | 164,871        |
| Non-controlling interest              | -                 | -              |
| <b>TOTAL EQUITY</b>                   | <b>156,301</b>    | <b>164,871</b> |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>291,199</b>    | <b>257,269</b> |

HALCOR

**Activities**

Halcor Group constitutes the operational arm of Viohalco in the field of copper and copper alloy products’ manufacturing and trading. Through an extended product portfolio that primarily comprises of copper and brass tubes, copper and titanium-zinc rolled products, copper and brass extruded products, cables, conductors, enamelled wires and rubber and plastic compounds, the parent company Halcor SA and its subsidiaries cater to the complex needs of their international clientele across all major geographical markets. On this basis, Halcor Group follows a clear, extrovert commercial orientation with the great majority of its revenue originating from the markets outside of Greece, mainly from other countries of the European Union.

Halcor Group’s solid production base includes highly productive manufacturing facilities in Greece, Bulgaria and Romania that focus on providing versatile and flexible solutions.

Over the years, Halcor Group has built a solid track record in developing innovative products that expand its market reach and further fortify its commercial presence.

Some key product examples are the following:

- TALOS ECUTHERM®: Coated copper tube with fortified 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.
- INNER GROOVED tubes: high-technology tubes with inner grooves and minimum wall thickness of 0.25 mm. Halcor is one of the two European manufacturers that can deliver products on the basis of the MICRO GROOVE technology and produce INNER GROOVED tubes with a cross-section of 5 mm.
- Copper Plated tubes: combine excellent technical attributes with unique aesthetics.

**Product Portfolio**

From copper tubes to submarine cables, Halcor and its subsidiaries provide their clients with innovative solutions that successfully cover a wide range of consumer and industrial needs. The main product categories of the Group are the following:

|                          |  |
|--------------------------|--|
| <b>Tubes</b>             | Copper tubes, as well as copper fittings for tubes. The copper tubes category includes, among others, TALOS®, TALOS ECUTHERM®, CUSMART®, TALOS GEOTHERM®, ACR TALOS®, TALOS GAS®, TALOS MED®, TALOS SOLAR PLUS® tubes, as well as Copper plated tubes. |
| <b>Rolled products</b>   | Copper and brass strips, sheets, discs and plates, titanium-zinc sheets and strips as well as special copper alloy strips.   |
| <b>Extruded products</b> | Copper bus bars and rods, brass rods and tubes, profiles and wires.  |
| <b>Cables</b>            | Cables and conductors, enamelled wires, copper and aluminium wire rods, as well as plastic and rubber compounds.   |

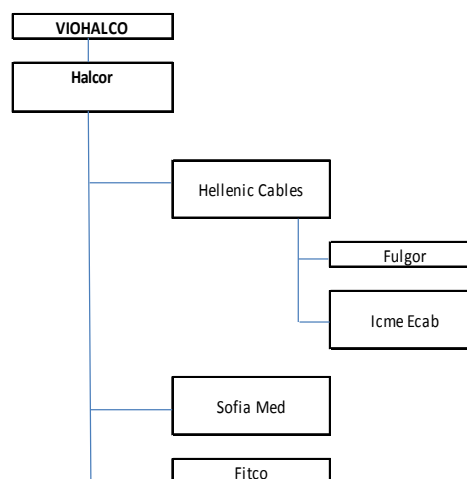
HALCOR

**Key companies**

The key companies of Halcor Group are the following:

|                        |  |
|------------------------|--|
| <b>Halcor</b>          | The Athens Exchange listed Halcor SA is the parent company of the Group. Through several production units in Oinofyta, Greece, Halcor is active in the manufacturing of copper tubes for installation and industrial applications and its products are used, among others, in water supply, heating, cooling and natural gas networks.   |
| <b>Hellenic Cables</b> | With manufacturing facilities in Greece and Romania, Hellenic Cables Group is active in the production of cables, enamelled wires, copper and aluminium wire rod and plastic and rubber compounds. Its shares are quoted on the Athens Exchange.   |
| <b>Sofia Med</b>       | Sofia Med is headquartered in Sofia, Bulgaria and actively engages in the production of copper, brass and titanium-zinc rolled products and a number of copper extruded products.  |
| <b>Icme Ecab</b>       | Icme Ecab operates a production facility in Bucharest, Romania, manufacturing an extensive product portfolio that includes cables, copper and aluminium conductors, as well as plastic and rubber compounds. With the aim of constantly improving production effectiveness and product quality, Icme Ecab has invested in the operation of an in-house research and development unit.                                  |
| <b>Fitco</b>           | Fitco production facility in Oinofyta, Greece is primarily active in the production of brass extrusions, manufacturing bars, profiles, rods, wires and tubes.  |
| <b>Fulgor</b>          | With a state – of – the – art manufacturing facility in Soussaki, Corinth, Greece Fulgor engages in the production of submarine cables, power cables, copper and aluminium wire rods, bare conductors and fibre-optic cables. One of the key competitive advantages of the company is its fully-equipped port facility within the plant area which ensures quick loading times of the products on special cable ships. |

The following chart provides an overview of the main subsidiaries of Viohalco in the copper products manufacturing and trading sector:



**Corporate Strategy**

The key strategic pillars of Halcor Group’s operational strategy are the following:

Product & Service Portfolio

- Fortification of the Group’s product portfolio with innovative, high added value products by maintaining focus on R&D activities.
- Creation of a customer oriented business mentality across all activities and processes and further enhancement of the Group’s top-quality after-sales service.

Commercial development

- Further increase in international sales through the expansion of underdeveloped product segments. This will be done through expansion in attractive geographical regions, such as those of the US, the Benelux, Canada, the Baltic countries and Poland and through the fortification of the Group’s leading position in the South-Eastern Europe region.
- Focus on the commercial utilisation of the Group’s reorganised production base and commercial synergies.
- Continued efforts in the promotion of selected high value product categories, including innovative tubes and high and extra high voltage cables.

HALCOR

Production & Operations

- Further increase the Group's efficiency and decrease its fixed production cost.
- Maintain a nurturing working environment.
- Sustain the Group's efforts for the improvement of its environmental performance.
- Increase the share of copper scrap used by the Group.
- Continue efforts aimed at maintaining top quality attributes in regards to the Group's products.

**Production Facilities**

The industrial base of the Group comprises of nine primary manufacturing facilities in Greece, Bulgaria and Romania. The key plants that engage primarily in the production of copper tubes, bars and rods are the following:

Halcor Foundry | Oinofyta (Greece)

Annual production capacity: 235,000 tons

The company's foundry in Oinofyta produces mainly semi-finished products of copper, copper alloys, brass and zinc, in billet and slab forms. The plant has a fully operational copper and copper alloy scrap sorting and recovery center 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. Its manufacturing facilities are certified under ISO 9001:2008, ISO 14001:2004 and OHSAS 18001:2007.

Fitco Extrusion Plant for Brass Bars and Tubes | Oinofyta (Greece)

Annual production capacity: 40,000 tons

Fitco's production comprises primarily of solid and hollow brass rods and profiles, brass wire and bars, seamless brass tubes of different cross-sections, welded brass tubes with a circular cross-section as well as brass wire and brass fish farm cages. The plant's facilities are certified under ISO 9001:2008, ISO 14001:2004 and ISO 18001:2007 while its products comply with various quality specifications (EN, DIN, BS, NF, ASTM).

Sofia Med Copper Processing plant | Sofia (Bulgaria)

Annual production capacity: 155,000 tons

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

Apart from the abovementioned four facilities the Group operates the following five production sites that are active in the production of cables, wires, plastic and rubber compounds:

- Hellenic Cables Power and Optical Fibres Cable Plant in Thiva, Greece
- Hellenic Cables Copper Conductors and Enamelled Wires plant in Livadia, Greece
- Hellenic Cables Plastic and Rubber Compounds Plant in Oinofyta, Greece
- Icme Ecab Cable plant in Bucharest, Romania
- Fulgor Cable Plant in Soussaki, Corinth, Greece

Having strategically focused on the competitive advantages that derive from innovation, Halcor has allocated significant resources in research and development. Within this framework, the Group, among other initiatives, supports the operations of the Elkeme Hellenic Research Centre for Metals SA. Elkeme is active in 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.

**Investments**

In 2013, the Halcor Group carried out total investments of euro 57.7 million, of which euro 49.3 million related to the Hellenic Cables Group under the continuing investment program with the main objective of producing high voltage submarine cables. Following the successful rollout of the investment plan, Hellenic Cables is now one of the very few cable manufacturers worldwide able to produce high voltage submarine cables. In total, euro 1.6 million was spent on upgrading the production facilities of the parent company and its subsidiary Oinofyta Fitco SA, focusing mainly on the tubes plant. Finally, euro 6.8 million related to the improvement of productivity, the production of added value products and the increase in capacity of its subsidiary Sofia Med SA in Bulgaria.

## 2013 FINANCIAL PERFORMANCE

In 2013 the Eurozone found itself in recession for the second consecutive year, though to a lesser extent compared to the previous year. Industrial production stabilised after the downward trend in 2012, while the U.S. showed further signs of improvement, which Halcor Group suitably took advantage of by increasing its presence. At the same time, construction activity remained weak, particularly in southern Europe, while in Greece the decline continued for the seventh consecutive year and is now at the lowest level in at least forty years.

In this challenging environment, consolidated revenue in 2013 amounted to euro 1,102 million against euro 1,259 million in 2012, a decrease of 12.5%. The decrease was due to the decline in total sales volume by 7% and reduced average metal prices compared with the previous year.

In terms of volumes in 2013, there was a significant change in the sales mix. The sales of cables and wires accounted for 36% of total sales volume compared to 44% in 2012. This is mainly due to an increase in sales of aluminium cables instead of copper. Sales of copper tubes accounted for 26%, rolling products for 21%, copper bus bars for 11% and brass rods for 6%. During the year there was a change within the product groups, with increasing industrial tubes and rolled copper products for industrial applications, as installation products were adversely affected by the contraction of the construction sector in most European markets.

Metal prices fell significantly in 2013, driven mainly by the difficult macroeconomic environment, especially in developed markets and the lack of liquidity in international financial markets. The average price of copper decreased by 10.8% to euro 5,514 per ton compared to euro 6,181 per ton, while the average price of zinc decreased by 5% to euro 1,437 per ton compared to euro 1,513 per ton.

Consolidated gross profit decreased by 62.7% and amounted to euro 16.5 million compared to euro 44.4 million in 2012. The decrease was primarily due to a loss of euro 20.4 million in 2013 compared to a loss of euro 3.2 million in 2012 from the valuation of the basic operating stock of all productive companies of Halcor Group as a result of the aforementioned drop in metal prices. Consolidated earnings before taxes, depreciation and amortisation (EBITDA) in 2013 amounted to euro 6.7 million compared to euro 34.2 million in the prior year, a decrease of 80.4%, while earnings before interest and taxes (EBIT)

amounted to a loss of euro 15.6 million compared to a profit of euro 8.6 million in the previous year. Consolidated loss before income tax amounted to euro 53.6 million in 2013 compared to euro 31.1 million in 2012. Finally, the loss attributable to owners of the Company amounted to euro 58 million or euro -0.5725 per share compared to a loss of euro 26 million or euro -0.2569 per share in 2012. The result for the period was negatively affected by an amount of euro 6.5 million due to the recalculation of deferred tax of the Group as a result of the change in tax rate in Greece from 20% to 26%.

The volatility and challenges in the macroeconomic environment continued in 2013, with Eurozone economies showing further deceleration (with the exception of Germany) and with Greece remaining in a deep recession. In particular, the demand for installation products decreased as the construction industry was affected more than any other sector. Consequently, Halcor Group sales volume decreased, albeit to a lesser extent than the market, while the conversion prices declined noticeably due to intense competition. In contrast, despite the fact that the demand for industrial products was declining in key European markets, Halcor Group increased sales volume and gained larger market share in this specific category. In the cables sector, reduced demand in key markets, intense competition and the delay in awarding major contracts eroded profitability. Moreover, the delay in the signing of the annual contract with Deddie resulted in less than half of the contract quantities being delivered within 2013, thus significantly impacting annual sales. The remaining contract quantities are scheduled for delivery within 2014.

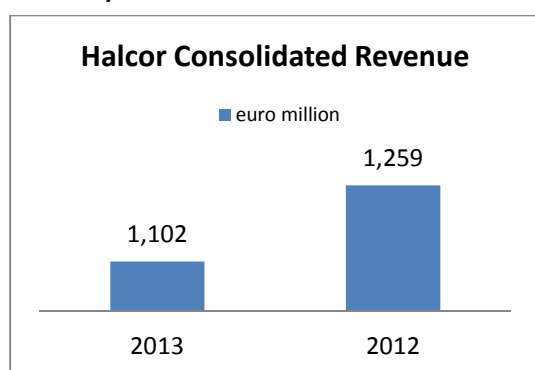
With regards to costs, particular attention was paid to the optimisation of production processes in order to further reduce industrial costs in order to remain competitive in the demanding markets we serve. However, high energy prices, especially due to the Greek tax burden, as well as high financial costs continued to affect the cost and competitiveness of Halcor Group's products.

HALCOR

The further reduction in working capital was of great importance for Halcor Group, and was achieved mainly through optimal inventory management, a moderate credit policy and the expansion of payment terms to suppliers. Halcor achieved positive cash flows from operating activities for the third consecutive year (euro 15.8 million compared to positive operating cash flow of euro 14.9 million in 2012).

At the end of 2013 the Group refinanced part of its borrowings by signing syndicated collateralised bond loans amounting to euro 270.1 million over 5 years, with the possibility of a two-year extension. The subsidiary Sofia Med S.A. secured a 5 year loan of euro 40 million, extendable by two years with the European Bank for Reconstruction and Development, while turning part of its short-term borrowing into a long-term five-year syndicated loan of euro 60 million.

Summary of financial data



Summary of financial results

| Amounts in euro thousand                   | For the year ended 31 December |           |
|--|--------------------------------|-----------|
|  | 2013                           | 2012      |
| Revenue                                    | 1,102,022                      | 1,259,306 |
| Gross profit                               | 16,541                         | 44,396    |
| EBITDA before non-recurring items          | 6,981                          | 34,380    |
| EBITDA                                     | 6,703                          | 34,200    |
| EBIT before non-recurring items            | -15,277                        | 8,808     |
| EBIT                                       | -15,554                        | 8,628     |
| Loss before income tax                     | -53,637                        | -31,117   |
| Loss of the year                           | -63,669                        | -29,507   |
| Loss attributable to owners of the Company | -57,979                        | -26,023   |

Evolution of Figures(%)

|  | For the year ended 31 December |         |
|--|--------------------------------|---------|
|  | 2013                           | 2012    |
| Revenue                                    | -12.5%                         | 0.8%    |
| Gross profit                               | -62.7%                         | -29.7%  |
| EBITDA before non-recurring items          | -79.7%                         | -32.7%  |
| EBITDA                                     | -80.4%                         | -30.4%  |
| EBIT before non-recurring items            | -273.4%                        | -64.9%  |
| EBIT                                       | -280.3%                        | -62.7%  |
| Loss before income tax                     | -72.4%                         | -174.1% |
| Loss of the year                           | -115.8%                        | -101.7% |
| Loss attributable to owners of the Company | -122.8%                        | -67.0%  |



COPPER & CABLES SECTOR

HALCOR

**Profit Margins (%)**

|  | For the year ended 31 December |       |
|--|--------------------------------|-------|
|  | 2013                           | 2012  |
| Gross profit                               | 1.5%                           | 3.5%  |
| EBITDA before non-recurring items          | 0.6%                           | 2.7%  |
| EBITDA                                     | 0.6%                           | 2.7%  |
| EBIT before non-recurring items            | -1.4%                          | 0.7%  |
| EBIT                                       | -1.4%                          | 0.7%  |
| Loss before income tax                     | -4.9%                          | -2.5% |
| Loss of the year                           | -5.8%                          | -2.3% |
| Loss attributable to owners of the Company | -5.3%                          | -2.1% |

**Summary statement of financial position**

| Amounts in euro thousand              | As at 31 December |                |
|---------------------------------------|-------------------|----------------|
|                                       | 2013              | 2012           |
| <b>ASSETS</b>                         |                   |                |
| Non-current assets                    | 422,726           | 391,397        |
| Inventories                           | 208,236           | 229,065        |
| Trade and other receivables           | 131,229           | 133,575        |
| Other current assets                  | 777               | 1,812          |
| Cash and cash equivalents             | 49,125            | 27,859         |
| <b>TOTAL ASSETS</b>                   | <b>812,093</b>    | <b>783,708</b> |
| <b>EQUITY &amp; LIABILITIES</b>       |                   |                |
| Non-current liabilities               | 404,631           | 157,547        |
| Other non-current liabilities         | 49,658            | 28,836         |
| Current liabilities                   | 167,556           | 358,473        |
| Other current liabilities             | 114,007           | 99,289         |
| <b>TOTAL LIABILITIES</b>              | <b>735,852</b>    | <b>644,145</b> |
| Total company shareholders' equity    | 51,497            | 109,042        |
| Non-controlling interest              | 24,744            | 30,521         |
| <b>TOTAL EQUITY</b>                   | <b>76,241</b>     | <b>139,563</b> |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>812,093</b>    | <b>783,708</b> |

HELLENIC CABLES

**Activities**

Hellenic Cables is a subsidiary of Halcor, separately quoted on the Athens Exchange and is active in the manufacturing of cables, conductors, enamelled wires and plastic and rubber compounds. The Group has evolved over the past decades into the largest cable manufacturer in South-eastern Europe, with exports to more than 50 countries. Its production base comprises of five plants in Greece and Romania which manufacture a wide range of products from high voltage submarine cables to copper and aluminium wires. The cable product portfolio of the Group is commercially placed in the market under the registered brand name “CABLEL”.

**Product Portfolio**

The Hellenic Cables Group’s product portfolio comprises of an extended variety of cable and wires that cater to a wide range of needs, from high profile projects to generic industrial applications. More specifically, the product solutions provided by Hellenic Cables and its subsidiaries are used in the building, telecommunication and energy sectors, as well as in specialised industrial applications among others. The key product categories are the following:

|                                     |   |
|-------------------------------------|---|
| <b>Power cables</b>                 | Internal installation cables, control cables, cables for industrial applications and external installations, fire-retardant, fire-resistant and halogen-free cables, submarine cables, medium, high and extra high voltage cables; marine cables and copper conductors (grounding), aluminium, ACSR and ACSS/TW conductors. |
| <b>Telecommunication cables</b>     | Conventional telephone cables, telephone exchange, data transmission (LAN), fibre-optic (single-mode and multi-mode), submarine cables, as well as signalling cables.   |
| <b>Enamelled wires</b>              | Enamelled copper and aluminium wires (round and rectangular) for electric motors and transformers, as well as copper wires for grounding earthing and welding applications (Can Industry).  |
| <b>Plastic and rubber compounds</b> | PVC-based plastic compounds, polyolefin-based plastic compounds and rubber compounds.   |

Hellenic Cables is the sole manufacturer of enamelled wires in Greece.

A key competitive advantage of Hellenic Cables Group is its ability to provide turnkey solutions to its customers. The capabilities of the Group include the following:

- The design and engineering of the system
- The cable route survey
- The design and manufacture of suitable underground and submarine cable types
- The loading and transportation of the cables to the project site
- The installation of the cables (with the use of specialised cable laying vessels for submarine cables)
- The protection of the cables along the cable route
- The supply and installation of repair joints, transition joints and cable terminations
- The supply and installation of the terminal equipment
- The testing and commissioning of the system
- The project management
- The training of the customer personnel in the operation of the system
- The provision of maintenance and repair solutions to the customer

**Corporate Strategy**

The key strategic objectives that guide the operational activities of Hellenic Cables and its subsidiaries are as follows:

- To capitalise commercially on the Group’s investments by focusing on added value products such as high voltage submarine cables and extra high voltage underground cables.
- To expand the Group’s presence in geographical regions outside Europe, focusing on markets that invest heavily in the development of power and telecommunication networks, as well as in renewable energy projects.
- To increase the level of direct sales to energy network operators.
- To boost the Group’s productivity by further rationalising its cost base, stricter inventory management and by further improving the operational performance of the production units.
- To further fortify the Group’s liquidity through prudent working capital management.
- To sustain focus on the Group’s human assets and on the sustainable development of its companies.

HELLENIC CABLES

**Production Facilities**

Having invested significantly in the expansion and improvement of its manufacturing facilities, the Hellenic Cables Group of companies operates a solid production base that comprises four plants in Greece and one in Romania:

Hellenic Cables Power and Optical Fibres Cable Plant | Thiva (Greece)

Annual production capacity: 60,000 tons

The Thiva plant of the Group is primarily active in the production of power, control and internal installation cables, medium, high and extra high voltage cables, fire-retardant halogen-free cables, marine and offshore cables as well as fibre-optic cables. The plant has been certified under ISO 9001:2008, ISO 14001:2004 and ISO 18001:2007.

Fulgor Cable Plant | Soussaki, Corinth (Greece)

Annual production capacity: 50,000 tons of cables and 120,000 tons of 8mm diameter copper wire rod

Fulgor's plant is active in the manufacturing of medium and high voltage submarine cables, underground power cables and overhead conductors, as well as special-purpose cables. In addition, the plant produces 8.0mm diameter copper and 9.5mm diameter aluminium wire rods. The Fulgor plant has been certified under ISO 9001:2008, ISO 14001:2004 and ISO 18001:2007 standards and one of its key competitive advantages is the fully operational port facility that enables direct loading of products onto cable ships.

Icme Ecab Cable plant | Bucharest (Romania)

Annual production capacity: 50,000 tons

Icme Ecab's product portfolio includes, among others, 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, as well as signalling, remote control and data transmission cables. In addition, Icme Ecab manufactures plastic and rubber compounds as well as copper and aluminium conductors. Its facilities have been certified under ISO 9001:2008 and ISO 14001:2004.

Hellenic Cables Copper Conductors and Enamelled Wires plant | Livadia (Greece)

Annual production capacity: 14,000 tons

The Livadia plant manufactures copper wires for grounding, earthing and welding applications, as well as enamelled copper and aluminium wires. Its production units have been certified under ISO 9001:2008, ISO 14001:2004 and ISO 18001:2007.

Hellenic Cables Plastic and Rubber Compounds Plant | Oinofyta (Greece)

Annual production capacity: 24,000 tons

The Oinofyta plant engages in the production of rubber and plastic compounds that are used for the supply of insulation, filling and sheathing production lines for finished cables. Part of its production is used by the parent company Halcor in the manufacturing of ECUTHERM<sup>®</sup> and CUSMART<sup>®</sup> products. The facilities have been certified under ISO 9001:2008, ISO 14001:2004 and ISO 18001:2007.

**Investments**

In 2012, the Hellenic Cables Group of companies commenced a significant and complex, euro 55 million investment program with the strategic aim of further fortifying its product portfolio with high voltage submarine cables. In 2012, the total investment stood at approximately euro 15 million and primarily concerned advance payments for the supply of equipment related to the high-voltage submarine cable program, as well as expenditures for various upgrades in other production units. Investment costs in 2013 reached euro 52.5 million, the majority of which concerned cutting edge equipment for the production of high voltage submarine cables at the subsidiary company Fulgor. Following the successful rollout of the investment plan, the Cable Group is now one of the very few cable manufacturers worldwide able to produce high voltage submarine cables.

2013 FINANCIAL PERFORMANCE

2013 was a challenging year for Hellenic Cables Group, where results were affected by low demand in domestic and export markets, increased competition, declining metal prices and unfavorable financing conditions. On the other hand, the future prospects of the Group are possibly the best in its history as Hellenic Cables became one of the few cable manufacturers worldwide able to produce high voltage submarine cables with the completion of the investment plan in Fulgor.

In the domestic market, Hellenic Cables Group maintained its leading position for yet another year. That said, during 2013 demand remained low with a decrease in revenue exhibited during the second half, which was mainly attributed to lower metal prices and a lack of renewable energy projects. Moreover, the delay in the signing of the annual contract with Deddie resulted in less than half of the contract quantities being delivered within 2013, thus significantly impacting annual sales. The remaining contract quantities are scheduled for delivery within 2014. The building sector has not shown signs of recovery, though infrastructure projects that were previously frozen mainly due to liquidity reasons are now proceeding. The Group continued to focus on power generation, distribution and transmission companies, major industrial plants and companies of Viohalco Group, limiting exposure to smaller companies in order to restrict credit risk.

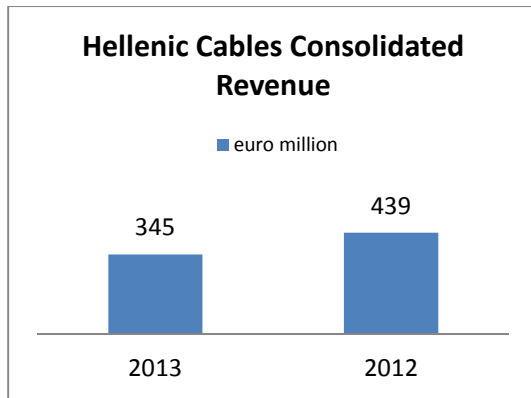
Hellenic Cables Group exports decreased by 22% to euro 254 million as a result of the reduced demand in

main European markets, which were considerably affected by the persistent economic recession. Many energy sector projects were postponed due to liquidity issues and increased uncertainty, while the demand from cable distributors and installers exhibited a slowdown. Sales outside the European Union increased by 48% despite the unfavorable Euro/USD exchange rate, resulting from the Group's continued efforts to expand its customer base.

The gross profit of Hellenic Cables Group amounted to euro 6.9 million, a decrease of 59.7% compared to 2012. Earnings before interest, taxes, depreciation and amortization (EBITDA) stood at euro 1.1 million, registering a 89.7% decrease compared to 2012, while earnings before interest and tax (EBIT) amounted to a loss of euro 7.1 million compared to a profit of euro 2.1 million in 2012.

Reduced revenue, coupled with decreased margins due to increased competition, as well as the delay in the award of major contracts, significantly Hellenic Cables Group's profitability. Moreover, the valuation of unhedged metal inventories had a considerable effect due to the drop in the price of copper in the metal stock exchange. Facing adverse conditions, Hellenic Cables Group rolled out important initiatives in order to improve competitiveness and lower production costs. Such initiatives included a decrease of personnel expenses, strengthening of the sales force and distribution channels, as well as successfully negotiating lower energy costs.

Summary of financial data



Summary of financial results

| Amounts in euro thousand                   | For the year ended 31 December |         |
|--|--------------------------------|---------|
|  | 2013                           | 2012    |
| Revenue                                    | 345,345                        | 439,343 |
| Gross profit                               | 6,914                          | 17,168  |
| EBITDA before non-recurring items          | 1,104                          | 10,712  |
| EBITDA                                     | 1,104                          | 10,712  |
| EBIT before non-recurring items            | -7,067                         | 2,125   |
| EBIT                                       | -7,067                         | 2,125   |
| Loss before income tax                     | -19,611                        | -13,289 |
| Loss of the year                           | -21,054                        | -11,188 |
| Loss attributable to owners of the Company | -21,052                        | -11,213 |

Evolution of Figures (%)

|  | For the year ended 31 December |         |
|--|--------------------------------|---------|
|  | 2013                           | 2012    |
| Revenue                                    | -21.4%                         | 6.0%    |
| Gross profit                               | -59.7%                         | -36.1%  |
| EBITDA before non-recurring items          | -89.7%                         | -48.6%  |
| EBITDA                                     | -89.7%                         | -48.6%  |
| EBIT before non-recurring items            | -432.6%                        | -82.0%  |
| EBIT                                       | -432.6%                        | -82.0%  |
| Loss before income tax                     | -47.6%                         | -468.2% |
| Loss of the year                           | -88.2%                         | -435.9% |
| Loss attributable to owners of the Company | -87.7%                         | -443.6% |

Profit Margins (%)

|  | For the year ended 31 December |       |
|--|--------------------------------|-------|
|  | 2013                           | 2012  |
| Gross profit                               | 2.0%                           | 3.9%  |
| EBITDA before non-recurring items          | 0.3%                           | 2.4%  |
| EBITDA                                     | 0.3%                           | 2.4%  |
| EBIT before non-recurring items            | -2.0%                          | 0.5%  |
| EBIT                                       | -2.0%                          | 0.5%  |
| Loss before income tax                     | -5.7%                          | -3.0% |
| Loss of the year                           | -6.1%                          | -2.5% |
| Loss attributable to owners of the Company | -6.1%                          | -2.6% |

COPPER & CABLES SECTOR

HELLENIC CABLES

Summary statement of financial position

| Amounts in euro thousand              | As at 31 December |                |
|---------------------------------------|-------------------|----------------|
|                                       | 2013              | 2012           |
| <b>ASSETS</b>                         |                   |                |
| Fixed assets                          | 201,562           | 163,504        |
| Inventories                           | 78,987            | 87,939         |
| Trade and other receivables           | 76,269            | 70,980         |
| Other current assets                  | 373               | 288            |
| Cash and cash equivalents             | 17,724            | 17,697         |
| <b>TOTAL ASSETS</b>                   | <b>374,915</b>    | <b>340,408</b> |
| <b>EQUITY &amp; LIABILITIES</b>       |                   |                |
| Non-current liabilities               | 113,897           | 59,280         |
| Other non-current liabilities         | 26,709            | 13,248         |
| Current liabilities                   | 83,169            | 108,470        |
| Other current liabilities             | 68,225            | 55,416         |
| <b>TOTAL LIABILITIES</b>              | <b>292,000</b>    | <b>236,414</b> |
| Total company shareholders' equity    | 82,107            | 103,164        |
| Non-controlling interest              | 808               | 830            |
| <b>TOTAL EQUITY</b>                   | <b>82,915</b>     | <b>103,994</b> |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>374,915</b>    | <b>340,408</b> |

## ALUMINIUM SECTOR

The aluminium sector specialises in the production of aluminium coils, strips, sheets, foil, lithographic plates, as well as architectural and industrial aluminium profiles. Elval S.A. and its subsidiary Etem S.A., which are listed on the Athens Exchange, are the main companies of Viohalco active in the aluminium sector.

### ELVAL

#### Activities

Through Elval Group, Viohalco is actively engaged in the processing, manufacturing and trading of aluminium products, addressing the complex needs of a highly demanding portfolio of multinational clients in various industrial sectors. With state – of – the – art production facilities in Greece, the United Kingdom and Bulgaria and dynamic commercial presence in all of its key geographical markets, the Group has established a solid position within the global aluminium sector.

The Group has established a successful international presence in over 80 countries through a solid commercial structure that operates on the basis of both internal sales teams and external commercial agents that are part of Viohalco’s broader commercial network. This network includes active business associates in the United Kingdom and Ireland, Austria, Germany, Belgium, the Netherlands, Luxembourg, Russia, Ukraine, France, Italy, Romania, Bulgaria and Turkey among others.

#### Product Portfolio

The aluminium sector’s product portfolio comprises of a wide range of aluminium solutions from aluminium coils, strips, sheets and foil to lithographic sheets and architectural and industrial profiles. The key categorisation of the Group’s product family is defined by the following:

| <b>Rolled products</b>     |  |
|----------------------------|--|
| <b><u>Sub-category</u></b> | <b><u>Main products</u></b>  |
| Construction applications  | Aluminium coils and sheets for general construction and industrial applications, composite aluminium panels for building facades |
| Rigid packaging            | Aluminium for beverage cans, food cans, closures and caps for packaging  |
| Flexible packaging         | Aluminium foil for household use and industrial applications, cigarette packaging, food, pharmaceutical and aseptic packaging    |
| Transportation sector      | Aluminium products for shipbuilding, rail and automotive industry  |
| Lithographic sheets        | Sheets for the production of lithographic plates for printing units  |
| Household use              | Aluminium sheets used as a semi-finished product by companies manufacturing aluminium domestic ware                              |

| <b>Extruded products</b>         |  |
|----------------------------------|--|
| <b><u>Sub-category</u></b>       | <b><u>Main products</u></b>  |
| Architectural aluminium profiles | Aluminium systems for doors and windows, building facades                            |
| Industrial aluminium profiles    | Aluminium profiles and processed hard alloy bars for various industrial applications |

## ALUMINIUM SECTOR

### ELVAL

One of the key competitive advantages of the Group is its technical excellence in delivering innovative solutions to its clients. This attribute has been established following significant investments and a strategic focus on research and development.

More specifically, the Company has allocated significant resources, both through the in-house development of R&D mechanisms and through the establishment of active working relationships with external research institutes and other parties that are in a position to provide technical and operational expertise. These relationships include among others, the Hellenic Research Centre for Metals, UMIST and the Research and Development Department of the United Aluminium Company of Japan (UACJ Corp.).

The tangible result of the above mentioned focus on product research is the development of actual, added value solutions with exceptional attributes that the Group's clientele can incorporate into its manufacturing processes; highly-resistant special products with anti-slippery properties, products subjected to deep drawing and extrusion, tensioned levelled sheets with top-quality lacquer-coatings and products made of 100% recycled aluminium.

Moreover, the Group manufactures environmentally friendly products such as:

- Elval ENF: aluminium sheets for architectural applications.
- Green Alloy: an alloy solely produced 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

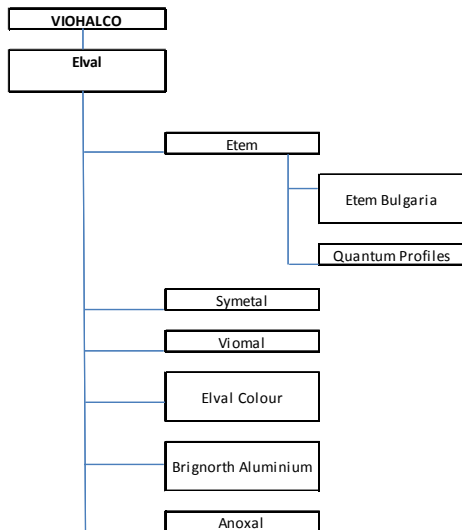
Key companies of Elval Group are as follows:

|                             |  |
|-----------------------------|--|
| <b>Elval</b>                | With headquarters and production facilities in Oinofyta, Greece, the parent company of the Group, Elval S.A., is active in the production of a wide range of rolled aluminium products. Elval's shares are listed on the Athens Exchange.  |
| <b>Etem</b>                 | A key subsidiary of Elval Group, Etem engages in the manufacturing of aluminium profiles for industrial and architectural applications. Its production base includes facilities in Greece and Bulgaria and its shares are listed on the Athens Exchange.   |
| <b>Symetal</b>              | Symetal produces an extensive line of aluminium foil products, providing a variety of added value solutions to a series of companies primarily in the food, tobacco and pharmaceutical sectors. Manufacturing takes place at two production plants located in the Oinofyta and Mandra regions of Greece. |
| <b>Viomal</b>               | Viomal is active in the processing of aluminium coils used in the production of door and window roller shutters. The plant is located in Evia, Greece.   |
| <b>Elval Colour</b>         | With three production units in Thiva, Agios Thomas and Oinofyta in Greece Elval Colour engages in aluminium coil and sheet coating and the production of composite aluminium panels, corrugated and perforated sheets.   |
| <b>Bridgnorth Aluminium</b> | Headquartered in the United Kingdom, Bridgnorth Aluminium produces lithographic sheets and semi-finished coils.  |
| <b>Afsel</b>                | Afsel is a joint venture of Elval with United Aluminium Company of Japan – UACJ Corp. It is active in the international marketing of aluminium products to manufacturers of automotive heat exchangers mainly in Europe.   |



ELVAL

The following chart provides an overview of the main subsidiaries of Viohalco in the aluminium sector:



**Corporate Strategy**

The key pillars of Elval’s corporate strategy are as follows:

Production & Quality

- To increase production capacity and further improve manufacturing effectiveness and operational competitiveness through new investments and innovations, automations, business process reengineering and advanced personnel training.
- To remain focused on maintaining top-tier quality attributes across all product categories and fully utilise the Group’s cooperation with major European research centers and United Aluminum Company of Japan – UACJ Corp.

Commercial Activity

- To strengthen the Group’s product portfolio with innovative solutions which are reinforced through pre-sales and after-sales services.
- To fortify the Group’s presence and increase its share in traditional and new international markets.
- To focus more intensely in the commercial activity of the extrusion sector.
- To expand the Group’s presence in the lithography market both through a more attractive sales portfolio and through production effectiveness and an increase in capacity.
- To strengthen sales volumes on the basis of increased production capacity and a commercial shift towards high added value products.

Sustainable Development

- To promote corporate responsibility, protect the environment and emphasise Health & Safety measures at the workplace through continuous investments.

**Production Facilities**

The manufacturing base of the Group includes twelve production facilities in Greece, Bulgaria and the United Kingdom:

Elval Plant | Oinofyta (Greece)

Annual production capacity: 250,000 tons

Elval’s plant at Oinofyta is the main production facility of the Group. It is active in aluminium rolling, manufacturing a wide range of products from coils and sheets for industrial applications to beverage and food cans. ELVAL S.A. is certified as per ISO 9001:2008, ISO TS 16949:2009, ISO 14001:2004, OSHAS 18001:2007 accredited for production and quality control, environmental management and health and safety management systems respectively. ELVAL S.A. is also certified by the major classification communities (DNV, ABS, TUV,) as an approved manufacturer for Hi-Mg transportation products.

Anoxal Plant | Agios Thomas (Greece)

Through a horizontal casting facility, three casting furnaces and three homogenisation furnaces, the Agios Thomas plant of Anoxal specialises in recycling and casting aluminium and manufacturing billets and slabs.

Elval Colour Plant | Thiva (Greece)

Elval Colour’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 industry.

Elval Colour Plant | Agios Thomas (Greece)

The Agios Thomas plant is active in the manufacturing of composite panels and corrugated sheets for the building sector.

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## ALUMINIUM SECTOR

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### ELVAL

#### Elval Colour Plant | Oinofyta (Greece)

The Elval Colour plant in Oinofyta forms aluminium sheets into various shapes for use on roofs and building façades, addressing the needs of the construction sector. Elval Colour is certified as per ISO 9001:2008, ISO14001:2004, OSHAS 18001:2007 accredited for production and quality control, environmental management and health and safety management systems respectively. Elval Colour is a member of the European Aluminium Association Building Board (EAA) and the Greek Aluminium Association (EEA) and also a member of the European Coil Coating Association (ECCA).

#### Symetal Plant | Oinofyta (Greece)

Annual production capacity: 43,000 tons

The Symetal plant is active in the production of aluminium foil in various forms and sizes, delivering a wide variety of products from household foil, yoghurt lids, candy wrapping and cigarette packs to foil for cables and insulation applications.

#### Symetal Plant | Mandra (Greece)

Annual production capacity: 15,000 tons

The Mandra plant complements the Oinofyta production facility by receiving the semi-ready foil products and continuing their processing 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: 30,000 tons

At the Nea Artaki plant, Viomal manufactures aluminium rolls for doors, windows and garage doors, screen and shading systems as well as retractable security doors.

#### Bridgnorth Aluminium Plant (Bridgnorth – United Kingdom)

Annual production capacity: 110,000 tons

Bridgnorth's plant is active in the production of lithographic sheets for the creation of litho plates for offset printing as well as in the manufacturing of semi-finished coils for the production of aluminium foil.

In addition to the above mentioned facilities, ETEM Group operates the following production sites:

- Quantum Profiles Plant in Sofia, Bulgaria
- Etem Bulgaria Plant in Sofia, Bulgaria
- Etem Plant in Magoula, Greece

#### **Investments**

In order to maintain a strong commitment to developing its product portfolio, Elval Group implements significant investments in its plants both in Greece and abroad. During the last ten years, the Group's total investment expenditures amounted to euro 463 million. In 2013, the Group's investments amounted to euro 69 million, of which euro 37 million related to ELVAL's upgrades and expansion works, euro 22 million to investments in Bridgnorth Aluminium, euro 3.7 million to ETEM, euro 2.3 million to Symetal and euro 4 million to the remaining companies.

## 2013 FINANCIAL PERFORMANCE

In 2013, the operating profitability of Elval Group stood at approximately the same levels with those of 2012 but extraordinary losses and high, mainly deferred, tax charges impacted the final results.

At the Group level, sales volumes were similar to those of 2012 however the improved product mix helped the aluminium rolling sector reach high operating profitability. In the extrusion sector, problems persisted due to the stagnation of construction activity and asset impairment. Consolidated revenue fell by 5.2% to euro 1,009 million but gross profit rose by 1.3% and amounted to euro 82.1 million. Earnings before interest, taxes, depreciation and amortisation (EBITDA) amounted to euro 74.2 million compared to euro 80.2 million in 2012 and pre-tax earnings stood at euro 15.5 million compared to euro 22.9 million. High taxes also affected consolidated results in 2013. In addition, profit attributable to owners of the Company dropped to euro 0.4 million from euro 21.9 million in 2012 (earnings per share: euro 0.003 compared to euro 0.176).

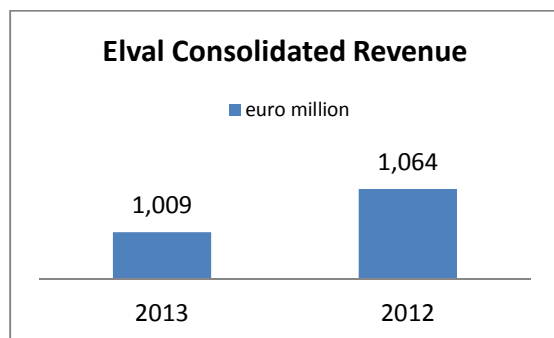
In 2013, positive operating flows were registered due to high earnings before interest, taxes, depreciation and amortisation and curbed working capital.

With regards to Elval Group's borrowing and liquidity, at the end of 2013, part of the existing loan liabilities of Elval Group were refinanced through the conclusion of syndicated collateralised ordinary bond loans totaling euro 158 million with National Bank of Greece S.A., Alpha Bank S.A., Eurobank Ergasias SA. and Piraeus Bank S.A. being the co-arrangers. The loans account for approximately 79% of the bank loan liabilities of the Group's Greek companies and have a 5-year effective term that may be extended by 2 years.

During 2013, an amount of euro 69 million was spent on capital expenditures for the Group. The most significant investments concern the purchase of production facilities in Oinofyta, the ongoing investment plan in Oinofyta's rolling plant and the purchase of new machinery for the plant in the United Kingdom.

Headcount stood at 2,159 as at 31 December 2013.

## Summary of financial data



ALUMINIUM SECTOR

ELVAL

**Summary of financial results**

| Amounts in euro thousand                     | For the year ended 31 December |           |
|--|--------------------------------|-----------|
|  | 2013                           | 2012      |
| Revenue                                      | 1,008,502                      | 1,063,780 |
| Gross profit                                 | 82,141                         | 81,061    |
| EBITDA before non-recurring items            | 81,665                         | 80,935    |
| EBITDA                                       | 74,165                         | 80,455    |
| EBIT before non-recurring items              | 35,935                         | 33,271    |
| EBIT   | 28,435                         | 32,791    |
| Profit before income tax                     | 15,545                         | 22,881    |
| Loss of the year                             | -3,166                         | 21,355    |
| Profit attributable to owners of the Company | 365                            | 21,888    |

**Evolution of Figures (%)**

|  | For the year ended 31 December |       |
|--|--------------------------------|-------|
|  | 2013                           | 2012  |
| Revenue                                      | -5.2%                          | 0.1%  |
| Gross profit                                 | 1.3%                           | -4.4% |
| EBITDA before non-recurring items            | 1.3%                           | -2.1% |
| EBITDA                                       | -7.8%                          | -2.3% |
| EBIT before non-recurring items              | 8.0%                           | -0.8% |
| EBIT   | -13.3%                         | -2.2% |
| Profit before income tax                     | -32.1%                         | -0.8% |
| Loss of the year                             | -114.8%                        | 44.3% |
| Profit attributable to owners of the Company | -98.3%                         | 25.9% |

**Profit Margins (%)**

|  | For the year ended 31 December |      |
|--|--------------------------------|------|
|  | 2013                           | 2012 |
| Gross profit                                 | 8.1%                           | 7.6% |
| EBITDA before non-recurring items            | 8.1%                           | 7.6% |
| EBITDA                                       | 7.4%                           | 7.5% |
| EBIT before non-recurring items              | 3.6%                           | 3.1% |
| EBIT   | 2.8%                           | 3.1% |
| Profit before income tax                     | 1.5%                           | 2.2% |
| Loss of the year                             | -0.3%                          | 2.0% |
| Profit attributable to owners of the Company | 0.0%                           | 2.1% |

## ALUMINIUM SECTOR

## ELVAL

## Summary statement of financial position

| Amounts in euro thousand              | As at 31 December |                  |
|---------------------------------------|-------------------|------------------|
|                                       | 2013              | 2012             |
| <b>ASSETS</b>                         |                   |                  |
| Fixed assets                          | 525,342           | 515,923          |
| Inventories                           | 283,887           | 283,926          |
| Trade and other receivables           | 175,414           | 187,021          |
| Other current assets                  | 1,626             | 4,468            |
| Cash and cash equivalents             | 40,964            | 39,900           |
| <b>TOTAL ASSETS</b>                   | <b>1,027,233</b>  | <b>1,031,238</b> |
| <b>EQUITY &amp; LIABILITIES</b>       |                   |                  |
| Non-Current liabilities               | 175,926           | 74,063           |
| Other Non-Current liabilities         | 92,546            | 80,244           |
| Current liabilities                   | 72,847            | 175,567          |
| Other Current liabilities             | 99,615            | 109,902          |
| <b>TOTAL LIABILITIES</b>              | <b>440,934</b>    | <b>439,776</b>   |
| Total company shareholders' equity    | 556,809           | 556,285          |
| Non-controlling interest              | 29,490            | 35,177           |
| <b>TOTAL EQUITY</b>                   | <b>586,299</b>    | <b>591,462</b>   |
| <b>TOTAL EQUITY &amp; LIABILITIES</b> | <b>1,027,233</b>  | <b>1,031,238</b> |

ETEM

**Activities**

Etem is a subsidiary of Elval, separately quoted on the Athens Exchange. Along with its subsidiaries, Etem engages in the manufacturing of architectural systems (aluminium and PVC), aluminium profiles and parts for the automotive industry and industrial aluminium profiles.

Etem has four decades of experience and state of the art facilities that allow it to provide credible, added value solutions to a series of high profile international clients for some of the most demanding products. Within this framework and capitalising on its key competitive advantages, the Group has focused on the development of its automotive products segment. Through significant investments in high technology equipment and controlled processes the Group has entered the premium suppliers' shortlist for a series of well-respected automotive companies including BMW, AUDI, MERCEDES and JAGUAR – LAND ROVER.

**Product Portfolio**

The product range of Etem and its subsidiaries comprises of the following key categories:

- **Architectural Systems** A full range of products to cover commercial or residential application which include:
  - Aluminium and PVC systems for doors and windows.
  - Façade, curtain wall systems.
  - Ventilated façade systems.
  - Sun shading systems.
  - Main entrances.
  - Security anti burglar systems.
- **Aluminium Profiles for industrial applications** Aluminium profiles produced under customer specifications used in various applications which include:
  - Building applications: scaffolding, customer profiles for architectural systems, sun shading systems.
  - Energy applications: photovoltaic systems, solar water heaters, heat exchangers and heat syncs.
  - General – mechanical applications: robotic applications, furniture, heating radiators,
  - Transportation: Aluminium profiles for trucks, truck bodies and truck trailers.

- **Automotive.** Etem is a certified TIER1 and TIER2 automotive supplier. With special machining and tooling capabilities, Etem provides aluminium profiles and parts to major automotive companies, such as BMW, AUDI, MERCEDES and JAGUAR – LAND ROVER. Etem is also certified to produce crash relevant profiles.

**Corporate Strategy**

Etem deploys its operational initiatives on the basis of the following strategic pillars:

- To further fortify its international presence on the basis of new projects and cooperations.
- To establish affiliations with architects and developers by offering engineering and technical services in large scale projects.
- To manufacture sustainable, energy efficient products to our customers.
- To invest in new projects that will modernise production facilities and help deliver high quality products.
- To place emphasis on high precision tooling and machining processes specific to transportation (automotive) and other markets.

**Production Facilities**

Etem Plant | Magoula (Greece)

Annual production capacity: 7,000 tons

Etem's plant focuses on aluminium extrusion, manufacturing aluminium profiles for architectural systems and industrial applications.

The Magoula plant features 1 extrusion line, 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.

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## ALUMINIUM SECTOR

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### ETEM

#### Etem Bulgaria Plant | Sofia (Bulgaria)

Annual production capacity: 27,000 tons

The industrial complex of Etem Bulgaria in Sofia includes a logistics centre which serves Etem Group's customers in Central and Eastern Europe and the Balkans and is active in aluminium extrusion, manufacturing architectural, automotive and industrial profiles.

The Etem Bulgaria plant features 4 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.

#### Quantum Profiles Plant | Sofia (Bulgaria)

Annual production capacity: 6,000 tons The Quantum Profiles' plant engages in the production of PVC Architectural Systems through five cross-section manufacturing lines for PVC, an automatic mixing unit, a lamination unit, a packaging line and a plastic recycling unit.

The plant features 5 cross-section production lines for PVC, an automatic mixing unit, a lamination unit, a packaging line and a plastics recycling unit.

#### **Investments**

In 2013, Etem Group's capital expenditure amounted to euro 3.8 million of which euro 0.6 million concerned the parent company and approximately euro 3.1 million pertained to the improvements and upgrades of the subsidiary Etem Bulgaria.

## 2013 FINANCIAL PERFORMANCE

The decline in demand and sales of extrusion products in the Greek market continued for the sixth consecutive year. Between 2007 and 2013, according to official figures from the Greek Aluminium Association of Greece, the decline is estimated at over 65% (decrease in sales from 97,600 tons in 2007 to 33,500 tons in 2013) while the decline of 2013 compared to the previous year was about 22%. Sustained fiscal measures against property contributed greatly to the further decline of construction activity and further weakened the demand of extrusion products as well as their associated materials.

As a result of the above conditions and the continuing economic crisis in Greece, the stand alone and consolidated corporate results have been affected by a Euro 7.5 million of impairment in the company's fixed assets and about Euro 2.5 million of bad and doubtful customers provisions and inventories, which contributed a further decrease in results compared to the previous year.

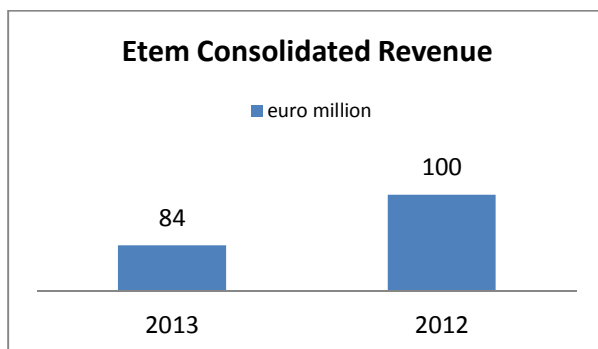
The Etem Group, in an attempt to balance the extremely adverse conditions in Greece, is dedicated

to research and development of new products and penetration into new markets and sectors which could provide long term sustainability and growth. The first positive signs have already been seen with operating profitability of foreign subsidiaries growing. Furthermore, the company is in the process of negotiating long-term contracts with strategic partners that will offer potential penetration in new markets and production expertise while strengthening the Group's cash flows. In this context, the continued capital expenditures plan for 2014 is expected to absorb financial resources of about euro 5 million.

The restructuring of the Etem Group contributed to the refinancing of euro 38.3 million of short-term debt with a long-term bond loan for the parent company Etem SA. The same financial restructuring is expected to be concluded for Etem Bulgaria SA in early 2014, alongside new financing based on the investment plan for the coming years.

The Etem Group employed 566 people as at 31 December 2013.

## Summary of financial data





## ALUMINIUM SECTOR

### ETEM

#### Summary of financial results

| Amounts in euro thousand                   | For the year ended 31 December |         |
|--|--------------------------------|---------|
|  | 2013                           | 2012    |
| Revenue                                    | 84,440                         | 99,608  |
| Gross profit                               | 7,188                          | 11,702  |
| EBITDA before non-recurring items          | -2,790                         | -75     |
| EBITDA                                     | -10,290                        | -75     |
| EBIT before non-recurring items            | -9,238                         | -6,535  |
| EBIT                                       | -16,738                        | -6,535  |
| Loss before income tax                     | -21,565                        | -11,363 |
| Loss of the year                           | -19,934                        | -9,742  |
| Loss attributable to owners of the Company | -19,933                        | -9,740  |

#### Evolution of Figures (%)

|  | For the year ended 31 December |        |
|--|--------------------------------|--------|
|  | 2013                           | 2012   |
| Revenue                                    | -15.2%                         | -0.7%  |
| Gross profit                               | -38.6%                         | 9.1%   |
| EBITDA before non-recurring items          | -3620.0%                       | +98.0% |
| EBITDA                                     | -13620.0%                      | +98.0% |
| EBIT before non-recurring items            | -41.4%                         | +39.1% |
| EBIT                                       | -156.1%                        | +39.1% |
| Loss before income tax                     | -89.8%                         | +24.5% |
| Loss of the year                           | -104.6%                        | +34.3% |
| Loss attributable to owners of the Company | -104.7%                        | +34.3% |

#### Profit Margins (%)

|  | For the year ended 31 December |        |
|--|--------------------------------|--------|
|  | 2013                           | 2012   |
| Gross profit                               | 8.5%                           | 11.7%  |
| EBITDA before non-recurring items          | -3.3%                          | -0.1%  |
| EBITDA                                     | -12.2%                         | -0.1%  |
| EBIT before non-recurring items            | -10.9%                         | -6.6%  |
| EBIT                                       | -19.8%                         | -6.6%  |
| Loss before income tax                     | -25.5%                         | -11.4% |
| Loss of the year                           | -23.6%                         | -9.8%  |
| Loss attributable to owners of the Company | -23.6%                         | -9.8%  |

## ALUMINIUM SECTOR

## ETEM

## Summary statement of financial position

| Amounts in euro thousand                  | As at 31 December |                |
|---|-------------------|----------------|
|   | 2013              | 2012           |
| <b>ASSETS</b>                             |                   |                |
| Fixed assets                              | 72,260            | 82,980         |
| Inventories                               | 28,046            | 29,761         |
| Trade and other receivables               | 23,681            | 33,190         |
| Other current assets                      | 2,599             | 3,690          |
| <b>TOTAL ASSETS</b>                       | <b>126,586</b>    | <b>149,621</b> |
| <b>EQUITY &amp; LIABILITIES</b>           |                   |                |
| Non-current liabilities                   | 42,934            | 19,924         |
| Current liabilities                       | 47,945            | 70,563         |
| Other current liabilities                 | 26,690            | 30,279         |
| <b>TOTAL LIABILITIES</b>                  | <b>117,569</b>    | <b>120,766</b> |
| Share capital                             | 9,303             | 9,303          |
| Other shareholder's equity                | -378              | 19,459         |
| <b>Total company shareholders' equity</b> | <b>8,925</b>      | <b>28,762</b>  |
| Non-controlling interest                  | 92                | 93             |
| <b>TOTAL EQUITY</b>                       | <b>9,017</b>      | <b>28,855</b>  |
| <b>TOTAL EQUITY &amp; LIABILITIES</b>     | <b>126,586</b>    | <b>149,621</b> |

## REAL ESTATE DEVELOPMENT AND OTHER SERVICES SECTOR

The real estate development sector specialises in the expansion of the former commercial and industrial properties of Viohalco and its subsidiaries. In particular, development in this sector refers to old production or office facilities of Viohalco's companies that were idle and relocated, either due to the de-industrialisation of new urban areas or for operational efficiency reasons. The main subsidiary of Viohalco is Noval SA., in which it holds 100% of the share capital.

With the better utilisation of their real estate holding being their main criterion, Viohalco and its companies develop a significant portfolio of commercial and industrial properties on a global scale. The most important properties which are or were developed by Viohalco and its subsidiaries are located in Greece and Bulgaria and include, among others, the development of office complexes, shopping malls and industrial buildings and warehouses. In addition, Viohalco and its companies hold a number of plots with a total surface area of over 50 acres in Stylida, Fthiotida and a series of office complexes and warehouses in Athens, Thessaloniki, Piraeus, Aspropyrgos, Soussaki in Corinth and Heraklion in Crete.

The real estate portfolio has a total value of euro 125 million. The table below summarises the most significant properties:

| REAL ESTATE  | LOCATION  | m <sup>2</sup> |
|--|---|----------------|
| <b>Ikea store &amp; River West shopping mall</b>         | 96, Kifissos Av., Egaleo, Greece                | 123,459        |
| <b>Hotel</b>   | Karaiskaki Square, Athens, Greece               | 23,215         |
| <b>Industrial buildings &amp; offices (ex-BIC plant)</b> | Oinofyta, Greece                                | 9,314          |
| <b>Former premises of Corinth Pipeworks</b>              | Corinth, Greece                                 | 22,404         |
| <b>Office Complex</b>                                    | 115, Kiffissias Ave., Athens, Greece            | 34,435         |
| <b>Office Complex</b>                                    | 57, Ethnikis Antistasseos St., Halandri, Greece | 4,423          |
| <b>Office Complex</b>                                    | 26, Apostolopoulou St., Halandri, Greece        | 10,006         |
| <b>Office Building</b>                                   | 53A, Nikola Vaptzarov Blvd, Sofia, Bulgaria     | 4,968          |

- m<sup>2</sup> refers to surface built

- Fair value refers to the value of land and buildings

The industrial buildings, warehouses and offices totaling 43,868 m<sup>2</sup> at 252, Pireos St., Tavros, Greece are still used by Viohalco Group and therefore do not appear in the table above. In the future, this real estate could be repurposed as investment property.

The investment property was impacted by impairment losses in 2013 by euro 45 million.

## REAL ESTATE DEVELOPMENT AND OTHER SERVICES SECTOR

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Viohalco also holds a stake in smaller companies which cover a range of sectors including ceramic sanitary ware and tiles, metals recovery, ERP application services, insurance brokerage, travel brokerage and mechanical engineering applications (**Other Services Sector**).

Subsequent to its merger with Cofidin, as at 16 November 2013, Viohalco Group also holds a portfolio of high quality equity instruments and bonds. The fair value of this portfolio as at 31 December 2013 amounts to euro 59 million and its contents are presented in the table below.

| Participations in other investments* ( in euro thousands) | As at 31 December 2013 |
|---|------------------------|
| International equity instruments.                         | 21,520                 |
| Corporate bonds   | 26,555                 |
| Sovereign bonds   | 10,551                 |
| <b>Total</b>  | <b>58,626</b>          |

This investment portfolio consists of a limited number of high quality equity instruments and a diversified portfolio of debt instruments.

The choice of portfolio investments is made in the context of creating value for the shareholders. The Group seeks to attenuate risk by diversifying its portfolio and monitoring its different investments on a continuous basis. Every investment or disinvestment is analysed in depth and external specialists in financial markets are consulted when planning a transaction.

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## RISKS AND UNCERTAINTIES

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This section describes in general terms, the risks associated with Viohalco as an international investment proposition, and the operational and financial risks associated with the different segments in which it is active.

Viohalco's Executive Management team is responsible for the preparation of a framework for internal control and risk management. 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. The audit committee evaluates internal controls to ascertain that key risks have been properly identified, reported, and managed. The results of such audits are communicated to the Board of Directors of the Company. The Board of Directors is responsible for evaluating the implementation of the internal control and risk management framework, taking into consideration the evaluation carried out by the audit committee.

### Risks at the Viohalco level

- **Strategic Risks.** Shareholder value is created by undertaking strategic investments. These investments may be affected by external factors, including the economic environment, market dynamics or competition, or inadequate senior management processes leading to a failure of the effectiveness of the Viohalco's strategy, or the strategies of its subsidiaries. Viohalco addresses these risk areas through strategic and budgetary planning, analysis and oversight by the Board and Executive Management, continuous business development and process improvement, provision of value added services, open relationships with counterparties and product and business analysis.
- **Risk related to the stock market listings.** As a result of its listings on NYSE Euronext Brussels and the Athens Exchange, Viohalco is subject to regulation regarding disclosure requirements, transparent reporting, takeover bids, corporate governance and insider trading. Viohalco complies with the law and regulations in this area on an ongoing basis and is, occasionally, assisted by third party experts. The volatility of financial markets has an impact on the value of Viohalco's shares (and of some of its listed group companies).

- **Liquidity risk.** In order to avoid liquidity risk that could restrict operations or limit its ability to grow the business, Viohalco provides estimates of future cash flow to ensure sufficient cash is available to meet its operating needs and financial obligations.

### Risks at the segmental level

#### **Financial risk:**

- **Credit risk.** Viohalco's exposure to credit risk is mainly related to the risk of default by individual customers. This risk is mitigated by no one customer accounting for 10% of total revenue. In addition, Viohalco mitigates credit risk through robust creditworthiness checks via banks and other credit ratings and also by setting payment terms and credit limits. Viohalco demands real or other security (e.g. letters of guarantee) in order to secure its receivables, where possible. Viohalco records 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.
- **Liquidity risk.** Most of Viohalco's outstanding debt at the beginning of December 2013 was classified as short term. Liquidity risks could restrict the ability to grow the business and may adversely affect the business, financial condition, results of operations or prospects. On 27 December 2013, Viohalco refinanced the debt of its Greek subsidiaries. Approximately 78% of the outstanding debt was refinanced through the issuance of new long term bond loans for the amount of euro 728 million. The loans have a 5-year maturity with a 2-year extension option.
- **Market risk.** Viohalco is exposed to market risk relating to changes in the prices of raw materials and interest rates. Viohalco controls this risk exposure within acceptable parameters while optimising returns. Viohalco invests in derivative financial instruments to hedge part of the risk arising from market conditions.
- **Foreign exchange risk.** Viohalco is exposed to foreign exchange risk relating to sales and purchases carried out, and loans issued, in

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## RISKS AND UNCERTAINTIES

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currencies other than the functional currency of the Group companies, i.e. mainly the Euro. The currencies in which these transactions are made are mainly Euro, USD and GBP. Over time, Viohalco hedges the greatest part of its estimated exposure to foreign currencies through anticipated sales and purchases, as well as receivables and liabilities in foreign currency.

### Operational risk:

- **Cyclical demand where operating cost structure cannot be rapidly adjusted.** The financial condition and results of Viohalco's operations are affected by a number of macroeconomic factors, including fluctuations in worldwide and regional economic activity, related market demand, global production capacity, tariffs, cyclicalities in the industries that purchase its products and other factors beyond the Company's control.
- **The industries Viohalco engages with are highly competitive.** The availability of lower-cost substitute imported products and the existence of international competitors which have greater financial resources and a more extensive global reach make it challenging for Viohalco to compete. In order to maintain its competitive advantage in production and market presence, Viohalco subsidiaries remain focused on continuously upgrading and expanding their plants and their distribution network.
- **Shortages and price fluctuations in the supply of raw materials and energy.** Some of Viohalco's operations require a substantial amount of raw materials and energy from domestic and foreign suppliers. Occasionally sufficient raw materials or energy are not available to the Company at acceptable prices. The risk of metal price fluctuations is generally mitigated by hedging instruments. However, any drop in metal prices may have a negative effect on the Company's results through inventory impairment.
- **Cost and availability of funding to finance capital intensive investments.** In order to remain competitive, Viohalco's subsidiaries expect to continue to incur significant capital expenditure to maintain, modernise and expand production. Sufficient cash flow is needed for this. As previously mentioned, Viohalco refinanced 78 % of its short-term debt to 5-year debt with a possible 2-year extension.
- **Product defects.** Actual or claimed defects in the Company's products could result in claims for losses against its relevant subsidiaries, expose them to claims for damages, as well as fines and criminal sanctions. The subsidiaries maintain appropriate insurance to mitigate this risk.
- **Land and property.** The strategic location of the Company's plants ensures favourable conditions for the import of raw materials and product sales due to low transport costs from eastern Europe. However, an uncertain legal framework relating to ownership and use of land in Bulgaria, FYROM and Romania exists.
- **International presence.** Viohalco derives a portion of its revenues from countries that have functional currencies other than their reporting currency, the Euro. As a result, fluctuations in the value of these currencies against the Euro impact the Company's income statement and balance sheet, where results are translated into Euros. This risk is partially offset by hedging practices. The strength of the Euro makes USD denominated products more attractive to buyers.
- **Greek economy.** The Greek debt crisis and its impact on the economic and fiscal prospects of Greece and other EU countries have caused an increase in taxation, affected disposable income and spending and precipitated a dramatic shrinkage of the construction industry.
- **Interruptions** in production at the Group's subsidiaries may cause productivity and the results of operations to decline significantly during the affected period.
- In the event any of the Group's subsidiaries **plants' licenses** are not issued or renewed, this may have a significant impact on the business, financial condition, results of operations or prospects.
- Production installations at the Group's subsidiaries are subject to **environment-related issues** that may affect their usability or value.

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## RESEARCH AND DEVELOPMENT

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Viohalco Group companies continuously promote research and technology and expand their product portfolios with innovative solutions. To maintain their competitive advantage, the companies invest significantly in improving the effectiveness and enhancing the capacity of production facilities, as well as supporting the introduction of new products into their portfolios.

To gain new expertise in high profile and competitive areas and keep up to date with best practices, Group companies maintain long-term partnerships with global leaders, such as:

- the United Aluminium Company of Japan (UACJ)
- Daido Steel
- Viscas Corporation
- Automatic Wire Machines spa
- GMH Gruppe Georgsmarienhütte

The Group companies also cooperate with scientific bodies and prominent international research centres, such as Manchester University's School of Materials.

This strong focus on technology and innovation is demonstrated through dedicated R&D departments at a number of Viohalco companies, including:

- Elkeme Hellenic Research Centre for Metals
- Elval Research & Technology Department
- Halcor R&D.
- Elval Research & Technology Department
- Corinth Pipeworks R & D Department
- Cablel Hellenic Cables Group: Cable Engineering Department, Polymer R & D Centre
- Praksys R & D Centre

### **Elkeme, Hellenic Research Centre for Metals S.A.**

Elkeme was founded in 1999 to support the Hellenic Metallurgical Industry. Through a variety of state-of-the-art laboratories Elkeme focuses on industrial research and technological development/analysis in four major metal sectors: Aluminium, Copper, Steel and Zinc.

The centre's main activities focus on applied technological research towards:

- improvement in the quality of existing products, as well as the development of new, innovative and high added value products,
- optimization of industrial processes to support energy and cost efficient operations mindful of health and safety and environmental impact. In parallel, continuous research is being conducted on the plant's environmental performance and impact, looking at issues such as recycling, stabilization and utilization of by-products towards sustainable growth.

Elkeme encompasses the following departments/laboratories: Analytical Chemistry, Environment and Corrosion, Foundry, Steel and Thermal Processing, Metallography and Electron Microscopy, Materials Characterization, Mechanical Testing, Surface Science and Coatings and Mathematical Modeling.

The technological research is carried out by 25 competent and accomplished scientists, researchers and engineers - mainly metallurgists, chemists and chemical engineers - using cutting-edge analytical equipment.

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## RESEARCH AND DEVELOPMENT

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Elkeme carries out more than 800 projects annually, of which approximately 100 are medium and large scale projects focusing on new product development and production processes, as well as quality and productivity improvements. The other projects deal mainly with the analysis, characterization and evaluation of materials, products and processes to resolve industrial challenges, and a significant number are dedicated to environmental analysis and the provision of consulting services. Many of the R&D efforts concentrate on solutions for a wide variety of metallurgical, chemical, surface coating and environmental problems, such as interpretation of as-cast and thermal-mechanically processed microstructures, alloy design and production development, steel, aluminium, copper, brass and zinc products and production processes, metal-faced composite panels, electrical and telecommunication cables.

Furthermore, the Elkeme Centre has established and maintains long term relationships with academic institutes, research centres and other industrial organizations both in Greece and in Europe in order to strengthen and improve the position of the metals fabrication industry and also actively participates in metallurgy and materials science research programs involving international collaborations.

Elkeme team members participate in international scientific/engineering associations and regularly contribute, across a variety of research fields, to scientific journals and participate in conferences.

Since its foundation, the Elkeme Centre has been particularly successful in resolving metallurgical problems within the production process to improve quality and/or achieve lower cost and has scientifically supported the development of metal products and environmentally-friendly techniques.

### **Halcor R & D**

Halcor R & D. conducts research on copper applications with the aim of optimizing existing production techniques and supporting the development of new and innovative products. It employs qualified executives with extensive metal works experience who focus on the development of solutions which guarantee high quality and added value for the Group's customers.

### **Elval Technology Centre**

The Elval Technology Centre is a dedicated department within Elval that focuses on research to do with upgrading manufacturing facilities and the development of innovative and high added-value products. Demonstrating Elval's commitment to innovation, the Centre has a strong track record of successes and innovations that allow the company to manufacture and market specialized and competitive products, such as highly-resistant special products with non-skid properties, products subject to deep drawing and extrusion, flat sheets with top-quality lacquer-coatings and products made of 100% recycled aluminium.



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## OUR PEOPLE

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The driving force of Viohalco Group's development and growth is its people. To this end, the subsidiaries provide equal opportunities and a rewarding work environment, with significant prospects for personal and professional development. Moreover, they place primary importance on maintaining a healthy and safe working environment, through ongoing investments and infrastructure and training. The Group companies ensure that their employees are appropriately rewarded for their contributions and provide equal opportunities for advancement, while respecting diversity and internationally recognised human rights. They also seek to ensure that their business operations generate a positive relationship with the local communities in which they operate, and contribute to economic growth by creating jobs and offering business opportunities.

Safeguarding employee occupational health and safety is a top priority for the Group and its subsidiaries. The companies' commitment focuses on maintaining a working environment free of risks, safety incidents and occupational diseases.

The Group places a particular emphasis on the continuous improvement of occupational health and safety through regular training courses involving both its own and contracted employees. Group companies continuously improve health and safety by investing in the latest technologies, accident prevention methods and protective equipment and measures, as well as by promoting awareness, providing training and other special programmes that ensure high levels of engagement on behalf of all employees. Safety audits are regularly conducted to ensure that safe techniques are being correctly implemented in the workplace. Viohalco's people maintain a strong sense of responsibility in relation to these matters and continuously support the companies' efforts for improvement.

## SHAREHOLDER INFORMATION AND MARKET DATA

### MERGER INFORMATION AND LISTINGS

Viohalco is a Belgian limited liability company incorporated on 31 May 2013. On 16 November 2013, the corporate transformation (merger) by absorption of the Greek company Viohalco- Hellenic Copper and Aluminium Industry S.A. and Belgian company Cofidin SA by the Belgian company Viohalco SA, took effect.

Listing and trading of the shares of Viohalco issued in the context of the mergers took place on 22 November 2013.

### SHARE INFORMATION AND EVOLUTION OF THE SHARES

Viohalco's share capital is set at euro 104,996,194.19 divided into 219,611,308 shares without nominal value. 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 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 Exchange with the same ISIN code and with the symbol VIO (in latin characters) and BIO (in Greek characters).

The share price on Euronext Brussels started on 22 November 2013 at euro 4.40 and ended 31 December 2013 at euro 3.710 registering a decrease of 15.68%. The shares reached a high of euro 4.40 (22 November 2013) and fell to a low of euro 3.70 (20 December 2013)

The table below sets forth, for the periods indicated, the maximum and minimum month-end closing prices, of Viohalco Hellenic on the Athens Exchange in 2011, 2012 and 2013. And the end of the year closing prices of Viohalco Hellenic on the Athens Exchange in 2011 and 2012 and the end of the year closing prices of Viohalco SA. on Euronext Brussels in 2013.

### MARKET DATA

| Share price<br>in euro          | 2013        | 2012         | 2011         |
|---------------------------------|-------------|--------------|--------------|
| <b>At the end of the year</b>   | 3.71        | 3.47         | 3.02         |
| <b>Maximum</b>                  | 5.68        | 4.12         | 4.88         |
| <b>Minimum</b>                  | 3.08        | 1.54         | 2.81         |
| <b>Dividends</b>                | 0           | 0            | 0            |
| <b>Gross annual return in %</b> | <b>+6.9</b> | <b>+14.9</b> | <b>-25.4</b> |

### INVESTOR RELATIONS

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Email: ir@viohalco.com

|                  |                        |
|------------------|------------------------|
| <b>Market</b>    | NYSE Euronext Brussels |
| <b>Ticker</b>    | VIO                    |
| <b>ISIN code</b> | BE0974271034           |

|                  |   |
|------------------|---|
| <b>Market</b>    | Athens Exchange   |
| <b>Ticker</b>    | VIO (in latin characters) and BIO (in Greek characters) |
| <b>ISIN code</b> | 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 INFORMATION AND MARKET DATA

### SHAREHOLDER'S STRUCTURE

In accordance with the Belgian law of 2 May 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions, implementing in Belgian law Directive 2004/109/EC, shareholders whose stake in Viohalco's capital crosses the threshold of 5 % and each multiple of 5 %, in either direction, are required to notify the Belgian Financial Services and Markets Authority (FSMA).

The following transparency notifications were filed by these shareholders on 28 November 2013:

- Evangelos Stassinopoulos filed a transparency notification for a percentage representing 42.81% of the voting rights of the Company, which are held indirectly;
- Nikolaos Stassinopoulos filed a transparency notification for a percentage representing 32.27% of the voting rights of the Company, which are held directly and indirectly;

In addition, the Company has also been informed that:

- Michail Stassinopoulos directly and indirectly held a percentage representing 3.93% of the voting rights of the Company; and
- Ioannis Stassinopoulos held directly and indirectly a percentage representing 3.92% of the voting rights of the Company.

Following the latest information received by the Company and the above transparency notifications, Viohalco's major shareholders are:

| Name Shareholders        | Number of shares | % shareholding |
|--------------------------|------------------|----------------|
| Evangelos Stassinopoulos | 94,010,302       | 42.81%         |
| Nikolaos Stassinopoulos  | 70,863,807       | 32.27%         |
| Michail Stassinopoulos   | 8,624,275        | 3.93%          |
| Ioannis Stassinopoulos   | 8,618,155        | 3.92%          |

### DISTRIBUTION AND DIVIDEND POLICY

Having been incorporated on 31 May 2013, Viohalco does not have any history of dividend distribution. For the last three financial years, no dividends were distributed to the shareholders of Viohalco-Hellenic Copper and Aluminium Industry SA. and Cofidin SA, with which Viohalco has merged.

It is the present intention of the Board of Directors that in the short term any of the Company's profits be reinvested into the Company's businesses. This policy will be reviewed by the Board of Directors 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 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.

Pursuant to Belgian law, the calculation of amounts available for distribution to shareholders, as dividends or otherwise, must be determined on the basis of the Company's non-consolidated financial statements. In accordance with Belgian company law, the Company's articles of association also require that the Company allocates at least 5% of its annual net profits to its legal reserve each year until the legal reserve equals at least 10% of the Company's share capital.

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## SHAREHOLDER INFORMATION AND MARKET DATA

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### FINANCIAL CALENDAR

| Meeting                       | Date              |
|-------------------------------|-------------------|
| First Quarter 2014 results    | May 19, 2014      |
| Ordinary General Meeting 2014 | June 3, 2014      |
| Half-year 2014 results        | August 29, 2014   |
| Third quarter 2014 results    | November 19, 2014 |
| 2014 annual results           | End of March 2015 |

### OTHER INFORMATION

The Management Report for the accounting period ending on 31 December 2013, consisting of pages 11 to 68, and 72 to 88 (Corporate Governance Statement), has been prepared in accordance with article 119 of the Belgian Companies' Code and was approved by the Board of Directors on 31 March 2014. It covers the consolidated financial statements of Viohalco.

## CORPORATE SOCIAL RESPONSIBILITY – SUSTAINABLE DEVELOPMENT

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**Viohalco adheres to a strict corporate governance framework that ensures transparency, business responsibility and integrity. It has also integrated the principles of sustainability and corporate responsibility into its business strategy, focusing on the reduction of its environmental footprint and a positive contribution to social, cultural and economic development.**

Viohalco sets targets of Sustainable Development and Corporate Social Responsibility which are incorporated into its business operations, recognising that long-term business growth and social prosperity can be only achieved through Sustainable Development. Strategic priorities for the Group include the provision of a safe and healthy workplace, the reduction of its environmental footprint and comprehensive coverage of customer needs. The Group aims to create social value in the communities in which it operates, by promoting a harmonious coexistence, supporting programs and activities for socially excluded groups or communities in need, and promoting education, research, sports, culture and environmental protection. Viohalco is a founding member of the Hellenic Federation of Enterprises (SEV) Sustainable Development Council.

In line with Viohalco's values of responsibility, integrity, transparency, effectiveness and innovation, the Group has undertaken the following commitments:

- Implementation of the CSR Policy at all levels and in all operating entities of the Group.
- Strict compliance to the legislation and full implementation of standards, policies, internal guidelines and procedures applied by the Group, as well as other commitments, arising from voluntary agreements, signed and accepted by Viohalco
- Two-way and on-going communication with all stakeholders in order to identify and record their needs and expectations. Development of mutual trust relationships with stakeholders as key in successfully meeting our objectives for sustainable development.
- Providing a safe and healthy working environment for our people, partners and any third party involved.
- Protection of human rights and provision of a work environment of equal opportunities, free from any discrimination.
- Open communication, based on transparency, with all Group's stakeholders.
- Continuing efforts to reduce its environmental footprint, though implementing responsible actions and preventive measures in accordance with Best Available Techniques, in order to reduce and minimize the impact of the Group's operations on the environment.
- Continuous effort to create added value for the stakeholders.

## ***Sustainable Development is a firm commitment***

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*Showing respect for the environment in which they operate, Viohalco companies operate by fully embracing practices that make a substantial contribution to Sustainable Development.*

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Across the Group, sustainability is integrated into decision making processes to promote the early adoption of environmentally friendly methods and focus on manufacturing products without having a negative environmental impact.

The Group also promotes manufacturing methods that use secondary raw materials and invests in the sustainable use of natural resources. These efforts are complemented by the Group's solid commitment to operational health and safety through continuous training and development of employees, and its dedication to an ongoing positive contribution to the social, cultural and economic development of the communities in which its subsidiaries operate.

Best Available Techniques, where applicable, are applied to reduce the Company's environmental and carbon footprint and promote the sustainable use of natural resources, through materials recycling across all manufacturing operations.

Viohalco is committed to environmentally responsible operations and product development and as such, continuously invests in modern technologies and employee training. This commitment is realised in its day-to-day operations through the application of procedures and technologies that are consistent with international standards of sound environmental management. The Group companies invest in new infrastructure, performance monitoring and the implementation of environmental management programmes to achieve their target of a continuous reduction of their environmental footprint.

Emphasis is placed on the sustainable use of natural resources and material recycling, and the companies also undertake education and awareness efforts for waste management and the extension of the life of materials in everyday life.

Respect for the environment is a priority for Viohalco companies and ongoing efforts are made to reduce their environmental footprint. This commitment is put into practice in their day to day functioning, through the application of systems and policies that are consistent with international standards of environmental management. In this context, most plants have been certified according to ISO 14001 or EMAS.

### ***Recycling in the Steel Sector***

Approximately 70-75% of the energy and 40% of the water required for primary steel production is saved through steel scrap recycling and as such this activity falls under the wider environmental policy of Sidenor Group. Sidenor is one of the largest steel scrap recyclers in the Balkans. At the same time, the recycling of by-products of the Group's production units is of major importance. Such recycled by-products are used in the manufacture of other products. This type of recycling is the primary activity of the Aeiforos subsidiary.

### ***Recycling in the Copper Sector***

Halcor Group dedicates significant effort to ensuring that all aspects of its operations comply with its environmentally responsible policy on an ongoing basis. Every year, copper recycling helps conserve 85% of the energy required for primary copper production and reduces greenhouse air emissions by more than 75%. The Group implements an extensive plan for recycling considerable quantities of copper through the application of environmentally sound procedures.

In addition, proper pollution abatement equipment has been installed in the production units of Halcor and monitoring equipment is used to monitor all environment-related parameters.

### ***Protecting the Natural Environment – Recycling***

### ***Recycling in the Aluminium sector***

An ongoing commitment to operating in an environmentally respectful manner is a fundamental value for Elval. In this context, the Group has set up the Aluminium Can Recycling Centre (Canal) which is located in Maroussi, near Athens. Canal receives, sorts and processes used aluminium cans, which are then forwarded to Elval's plant in Oinofyta, where they are recycled and used in the manufacture of new products. Operating for ten years, Canal has a total annual capacity of 2,800 tons of aluminium cans, and also acts as an information centre on the importance of recycling and the promotion of environmentally responsible behaviour in everyday life through programs addressed to schools, enterprises, organizations, social groups and citizens.

Elval Group's environmental consciousness governs the production process of its units, as well as all other aspects of its operations. The Group is the largest aluminium recycler in Greece. Aluminium recycling is very important as it conserves approximately 95% of the energy required for the production of primary

aluminium. In addition, Elval implements proper environmental management policies and constantly invests in new environmentally friendly infrastructure and measures, such as an industrial water treatment and recycling unit to ensure that the Group's environmental footprint is minimized without having a negative effect on the environment or natural resources.

### ***Reduction of Environmental footprint – Waste management***

All Viohalco subsidiaries understand that human activities have a significant impact on the natural environment. For this reason, their main concern is the reduction of their environmental and carbon footprint. Their commitment to this is put into practice during their day-to-day operations, through procedures, systems and policies that meet international standards of waste management and sustainable production. Within this framework, most plants have been certified under ISO 14001 or EMAS.

# CORPORATE GOVERNANCE STATEMENT

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## INTRODUCTION

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### REFERENCE CODE

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Viohalco is committed to high standards of corporate governance and relies on the Belgian Code on Corporate Governance of 12 March 2009 (the **2009 Code**) as a reference code for corporate governance practices and policies. The 2009 Code is available at the Corporate Governance Committee's website ([www.corporategovernancecommittee.be](http://www.corporategovernancecommittee.be)). The corporate governance charter adopted by Viohalco (the **Charter**) is available on the Company's website ([www.Viohalco.com](http://www.Viohalco.com)).

The 2009 Code is based on a "comply or explain" approach. Belgian listed companies should follow the 2009 Code, but may deviate from its provisions provided that they disclose the justification for any such deviation. As a company incorporated under Belgian law and listed on Euronext Brussels, Viohalco adheres to the principles and provisions of the 2009 Code. However, in view of the recent incorporation of Viohalco and its new structure, the Company is not yet in compliance with the following rules:

#### Governance structure

- **Principle 1.4** "The board should decide on the executive management structure and determine the powers and duties entrusted to the executive management. These should be included in the terms of reference of the board and in those of the executive management."

*Explanation.* Given the fact that it is newly listed, the Company is examining proposals to adjust the current structure and distribution of powers and responsibilities (see section on Executive Management of this report) to the Company's new environment in light of the Viohalco group needs and of the applicable Corporate Governance rules. It shall adopt corresponding terms of reference of the board and of the executive management in the course of 2014.

- **Principles 1.5 and 1.6**

"There should be a clear division of responsibilities at the head of the company between the running of the board and the executive responsibility for the running of

the company's business. The chairman of the board and the chief executive officer (hereinafter «CEO») should not be the same individual. The division of responsibilities between the chairman and the CEO should be clearly established, set out in writing and agreed by the board."

"The chairman should establish a close relationship with the CEO, providing support and advice, while fully respecting the executive responsibilities of the CEO."

*Explanation.* Given the fact that it is newly listed, the Company is examining proposals for improving the current situation and adjusting to the Company's new environment in light of the Viohalco group needs and the applicable Corporate Governance rules. The Company shall take necessary decisions where appropriate in the course of 2014.

#### Appointment and evaluation procedures

- **Principle 4.1** "There should be a rigorous and transparent procedure for an efficient appointment and re-appointment of directors. The board should draw up nomination procedures and selection criteria for board members, including specific rules for executive and non-executive directors where appropriate."

*Explanation.* Given the fact that it is newly listed, the Company has not adopted any appointment procedure yet.

- **Principles 4.11, 4.12, 4.13, 4.14 and 4.15**

"Under the lead of its chairman, the board should regularly (e.g. at least every two to three years) assess its size, composition, performance and those of its committees, as well as its interaction with the executive management."

"The non-executive directors should regularly (preferably once a year) assess their interaction with the executive management. In this respect, non-executive directors should meet at least once a year in the absence of the CEO and the other executive directors."



“There should be a periodic evaluation of the contribution of each director aimed at adapting the composition of the board to take account of changing circumstances. When dealing with re-election, the director’s commitment and effectiveness should be evaluated in accordance with a pre-established and transparent procedure.”

“The board should act on the results of the performance evaluation by recognising its strengths and addressing its weaknesses. Where appropriate, this will involve proposing new members for appointment, proposing not to re-electing existing members or taking any measure deemed appropriate for the effective operation of the board.”

“Information on the main features of the evaluation process of the board, its committees and its individual directors should be disclosed in the CG Statement.”

*Explanation.* Given the fact that it is newly listed, the Company is considering proposals for adjusting the current evaluation process to the Company’s new environment in light of the applicable Corporate Governance rules and shall take all necessary decisions, where appropriate, in the course of 2014.

#### **Executive management structure**

- **Principle 6.2** “The executive management should include, at least, all executive directors.”

*Explanation.* Some of the directors are categorized as executive as a result of their management functions with one of the companies of the Viohalco group, without being part of the executive management of the Company.

- **Principles 6.4, 6.5 and 6.6**

“The Board should empower the executive management to enable it to perform its responsibilities and duties. Taking into account the company’s values its risk appetite and key policies, the executive management should have sufficient latitude to propose and implement corporate strategy.”

“The executive management should at least : (i) be entrusted with the running of the company ; (ii) put internal controls in place (i.e. systems to identify , assess, manage and monitor financial and other

risks) without prejudice to the board’s monitoring role, based on the framework approved by the board ; (iii) present to the board a complete, timely, reliable and accurate preparation of the company’s financial statements, in accordance with the applicable accounting standards and policies of the company ; (iv) prepare the company’s required disclosure of the financial statements and other material financial and non-financial situation ; (v) present the board with a balanced and understandable assessment of the company’s financial situation ; (vi) provide the board in due time with all information necessary for the board to carry out its duties ; (vii) be responsible and accountable to the board for the discharge of its responsibilities.”

“Clear procedures should exist for:(i) proposals from the executive management for decisions to be taken by the board; (ii) the decision-making the executive management; (iii) the reporting to the board of key decisions taken by the executive management; (iv) the evaluation of the CEO and the other members of the executive management.”

*Explanation.* The powers to represent the Company are clearly set out in the delegation of powers decided by the Board on 31 March 2014. Given the fact that it is newly listed, the Company is will examine proposals for reviewing the current internal decision making process and the distribution of decision making responsibilities in order to better adjust these to the Company’s new environment in light of the Viohalco group needs and of the applicable Corporate Governance rules. the Company shall take necessary decisions, where appropriate, in the course of 2014.

#### **Remuneration**

- **Principle 7.11** “An appropriate proportion of an executive manager’s remuneration package should be structured so as to link rewards to corporate and individual performance, thereby aligning the executive managers’ interests with the interests of the company and its shareholders.”

*Explanation.* The Company’s remuneration policy is set out in the remuneration report. Such policy does not include performance-related criteria. The Board shall consider proposals by the Nomination and

Remuneration Committee in order to decide whether and to what extent a change of this policy is justified in light of the Company's specific nature and strategy.

- **Principle 7.17** "The board should approve the contracts for the appointment of the CEO and other executive managers further to the advice of the remuneration committee."

*Explanation.* The Board has not formally approved such contracts yet, and is planning to formalize the contractual relationship between the Company and its executives in the course of 2014.

Viohalco's Board of Directors has updated the Charter on 31 March 2014. It will review the Company's

corporate governance at regular intervals and adopt any changes deemed necessary and appropriate. The Charter includes the rules and policies of Viohalco, and must be read in conjunction with the Company's articles of association, the corporate governance statement in the annual report as well as the corporate governance provisions laid down in the Belgian Companies Code (the **BCC**).

#### ATHENS EXCHANGE LISTING

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Further to the secondary listing of Viohalco's shares on the Athens Exchange (the **Athex**), the Greek law 3340/2005, that has transposed into Greek law Directive 2003/6/EC on market abuse, as currently applicable, and the Regulation of Operation of the Athex are applicable to the Company in addition to Belgian laws and regulations.

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## BOARD OF DIRECTORS

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### ROLE

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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 and to delegate special and limited powers to the Chief Executive Officer (the **CEO**). Viohalco has not opted to set up a management committee (*Comité de direction / directiecomité*) as defined by Belgian law.

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### FUNCTIONING

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The Board has elected a president among its members (the **President**). The President is responsible for the leadership of the Board. The President is responsible for ensuring that all Directors receive accurate, timely and clear information.

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

The Board meets as frequently as the interests of the Company so require and in any case at least five times a year. The majority of the meetings of the Board in any year takes place in Belgium.

The Board can only validly deliberate provided at least five-sixth of its members are present or represented. Decisions of the Board are validly adopted by a majority of five-sixth of the members whether such members are present or represented at the meeting or not.

Since its listing on Euronext Brussels on 11 November 2013 until 31 December 2013, the Board held one regular meeting.

Prior to their absorption by the Company, the Boards of Viohalco Hellenic and Cofidin held respectively 29 and 7 meetings in 2013

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### COMPOSITION OF THE BOARD

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In accordance with article 9 of the articles of association of Viohalco, the Board of Directors is composed of minimum five members and maximum fifteen members. As at 31 December 2013, the Board of Directors comprises twelve members. It is composed of five executive members and seven non-executive members (including the President), six of which are independent.

The composition of Viohalco's Board of Directors is currently as follows:

| Name                           | Position                               | Term started | Term expires |
|--------------------------------|--|--------------|--------------|
| <b>Nikolaos Stassinopoulos</b> | Non-executive director, President      | 2013         | 2014         |
| <b>Jacques Moulaert</b>        | Executive director, Vice-President     | 2013         | 2014         |
| <b>Evangelos Moustakas</b>     | Executive director, CEO                | 2013         | 2014         |
| <b>Michail Stassinopoulos</b>  | Executive director                     | 2013         | 2014         |
| <b>Ioannis Stassinopoulos</b>  | Executive director                     | 2013         | 2014         |
| <b>Jean-Charles Faulx</b>      | Executive director                     | 2013         | 2014         |
| <b>Xavier Bedoret</b>          | Non-executive and independent director | 2013         | 2014         |
| <b>Efthimios Christodoulou</b> | Non-executive and independent director | 2013         | 2014         |
| <b>Jean-Jacques de Launoit</b> | Non-executive and independent director | 2013         | 2014         |
| <b>Jean-Pierre de Launoit</b>  | Non-executive and independent director | 2013         | 2014         |
| <b>Francis Mer</b>             | Non-executive and independent director | 2013         | 2014         |
| <b>Rudolf Wiedenmann</b>       | Non-executive and independent director | 2013         | 2014         |

#### INFORMATION ON THE DIRECTORS

Over the past five years, the Directors have held the following directorships (apart from their directorship of the Company) and memberships of administrative, management or supervisory bodies and/or partnerships.

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

*Jacques Moulaert*, executive director, 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 president 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 director, CEO. Mr. Moustakas joined Viohalco Hellenic group in 1957 and has held various technical and managerial positions at the company, including president of the board of several subsidiaries, such as Hellenic Cables SA and Etem SA, of Viohalco Hellenic. He serves as president of the board of the Hellenic Copper Development Institute and is a member of a considerable number of metals-related

institutes abroad, such as ICA, IWCC and ECI, and is active in the development and promotion of copper and cable products around the world.

*Michail Stassinopoulos*, executive director. Mr. Stassinopoulos holds a master's degree from the London School of Economics, a degree in management sciences 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 is a member of the board of Elval Hellenic Aluminium Industry SA. In the past, Mr. Stassinopoulos served as a member of the board of the Federation of Greek Industries and the Greek-Japanese Chamber of Commerce.

*Ioannis Stassinopoulos*, executive director. Mr. Stassinopoulos 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 Endeavor Greece. Mr. Stassinopoulos has held a managerial position at the Viohalco Hellenic group since 1995.

*Jean-Charles Faulx*, executive director. 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 Cofidin, Genecos SA (Paris), Terra Middle East (Dusseldorf), Base Metals (Istanbul), and Metal Agencies (London). Mr. Faulx also serves as CEO of Tepro Metall AG, a subsidiary of the Group, Studio58 SA, and Promark SPRL. In the past, Mr. Faulx held various positions at Techno Trade SA, JCT Invest and Elval Automotive SA. He was also member of the board of International Trade SA and Cofidin Treasury Center SA prior to their absorption by Cofidin in August 2013.

*Xavier Bedoret*, non-executive and independent director. 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 Committee at Group GDF Suez. Prior to joining GDF Suez, he worked as a certified public accountant, senior bank and financial risk manager, and senior manager at KPMG (Brussels).

*Efthimios Christodoulou*, non-executive and independent director. Mr. Christodoulou holds a BA in economics from Halmiton 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 Greek 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.

*Jean-Jacques de Launoit*, non-executive and independent director. Mr. de Launoit holds a master's degree in political and social sciences from the Catholic University of Louvain (UCL). He serves as honorary managing director of Groupe Bruxelles Lambert SA and honorary director of Cockeril Sambre. He has been president of the board of directors of Cofidin since its incorporation and honorary president of Chapelle Musicale Reine Elisabeth de Belgique.

*Jean-Pierre de Launoit*, non-executive and independent director. Mr. de Launoit holds a Ph.D in law from the Catholic University of Louvain (UCL). He serves as honorary vice-president and managing director of Groupe Bruxelles Lambert SA and honorary vice-president at ING Belgium SA./NV. He is also President of the Board of AXA Belgium SA. He is also president of the Queen Elisabeth Music International Competition and of Alliance Française Internationale.

*Francis Mer*, non-executive and independent director. 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 and CEO and served as president of Cockerille Sambre, Eurofer, the European steelmakers association and the International Iron and Steel Institute. He has been president of the French Steel Federation, the National Technical Research Association, the EPE (Entreprise pour l'Environnement) and the Cercle de l'Industrie, and co-president of the Board of Arcelor. Mr. Mer has been French Minister of economy, finance and industry from 2002 to 2004.

*Rudolf Wiedenmann*, non-executive and independent director. 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 Fulgor SA, Icme Ecab SA and Hellenic Cables SA. In the past, he worked in the research and development department, and served as a director in various departments of Siemens in Germany. He served as president in the energy cable department of Siemens and the European Association of Cable Manufacturers.

#### ***Appointments to be proposed to the 2014 ordinary general meeting***

The terms of office of all Directors will expire at the ordinary general meeting of shareholders of 3 June 2014.

The ordinary general meeting will therefore be asked to re-appoint such Directors, except for Mr. Jean-Jacques de Launoit who asked not to be renewed, for a period of one year.

In addition, the ordinary general meeting of 3 June 2014 will be asked to appoint Mr. Athanassios Molokotos as new director for a period of one year. Mr. Molokotos holds a master degree in mechanical engineering and a master degree in marine engineering and naval architecture from the Massachusetts Institute of Technology (Cambridge, MA) and a master 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.

### NOMINATION OF DIRECTORS

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#### TERM OF OFFICE AND APPOINTMENT PROCESS

The members of the Board are appointed by the shareholders' meeting under the quorum and majority conditions applicable to an amendment to the articles of association of Viohalco, upon proposal from the Board or, as the case may be from shareholders. Should a directorship fall vacant, the remaining directors may co-opt a Director to fill such office on a temporary basis. In the case, it is up to the next shareholders' meeting to proceed with the definitive appointment. In 2013, no Directors have been co-opted.

The Directors are appointed for a term of one year. Their term of office is renewable. If a Director does not participate to any board meeting for a period of six months without valid reason, he or she will be deemed to have resigned from the Board.

The Remuneration and Nomination Committee examines candidacies and seeks to ensure that a satisfactory balance of expertise, knowledge, experience is maintained among members of the Board. The Board acts on the proposal for appointment to be submitted to the shareholders'

meeting after having examined recommendations made by the Remuneration and Nomination Committee.

Any proposal for the appointment of a Director by the shareholders' meeting is accompanied by a recommendation from the Board based on the advice of the Remuneration and Nomination Committee.

#### CRITERIA FOR INDEPENDENCE

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

In October 2013, Viohalco considered all criteria applicable to the assessment of independence of directors under the BCC, the 2009 Code. Based on the information provided by all Directors as regards their relationships with Viohalco Group, the Company determined that all Directors, with the exception of the President, Vice-President, CEO, Michael Stassinopoulos, Ioannis Stassinopoulos and Jean-Charles Faulx, are independent under the criteria of the BCC, the 2009 Code.

### COMMITTEES OF THE BOARD

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In 2013, the Board of Directors has been assisted by two Board committees, which are responsible for assisting the Board of Directors and making recommendations in specific fields: the Audit Committee and the Remuneration and Nomination Committee. The terms of reference of these Board committees are primarily set out in the Corporate Governance Charter.

#### AUDIT COMMITTEE

In 2013, the Audit Committee was composed of Mr. Efthimios Christodoulou (President), Mr. Xavier Bedoret, and Mr. Jean-Pierre de Launoit. These are independent non-executive Directors. The Directors belonging to the Audit Committee fulfil the criterion of competence by their training and by the experience gathered during their previous functions (see section 2.3 on the composition of the Board).

According to the Charter, the Audit Committee meets at least four times a year and, at least twice a year, it should meet with the internal and external auditor(s). In addition, the Audit Committee meets at least every two to three years to review its terms of reference and its effectiveness. From Viohalco's listing on Euronext Brussels on 11 November 2013 until 31 December 2013, no meetings of the Audit Committee were held. The Audit Committee was established in October 2013, in order for Viohalco to meet its legal requirements as a newly listed company. The Company will therefore comply with the four-meeting requirement as from 2014.

The Audit Committee advises the Board on accounting, audit and internal control matters, and shall 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 (*contrôle legal/wettelijke controle*) of the annual and consolidated accounts, including any follow-up on any questions and recommendations made by the external auditor; and
- review and monitor the independence of the external auditor, in particular regarding the provision of additional services to the Company.

#### REMUNERATION AND NOMINATION COMMITTEE

In 2013, the Remuneration and Nomination Committee was composed of Mr. Nikolaos Stassinopoulos (President), Mr. Jean-Pierre de Launoit and Mr. Francis Mer. A majority of the members of the Remuneration and Nomination Committee are independent non-executive Directors. The President of the Board chairs the Committee as recommended by the 2009 Code. The Directors belonging to the Remuneration and Nomination Committee fulfil the criterion of competence by their

training and by the experience gathered during their previous functions (see section 2.3 on the composition of the Board).

According to the Charter, the Remuneration and Nomination Committee meets at least twice a year and whenever necessary in order to carry out its duties. It also meets at least every two to three years to review its terms of reference and its own effectiveness and recommend any necessary changes to the Board. From Viohalco's listing on Euronext Brussels on 11 November 2013 until 31 December 2013, no meetings of the Remuneration and Nomination Committee were held. The Remuneration and Nomination Committee was established in October 2013, in order for Viohalco to meet its legal requirements as a newly listed company. The Company will therefore comply with the two-meeting requirement as from 2014.

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

- submit proposals to the Board for the remuneration of Directors and executive management;
- submit a remuneration report to the Board;
- make recommendation to the Board with regard to the appointment of the Directors, the CEO and the Vice-President;
- draft appointment procedures for board members and members of the executive management;
- periodically assess the composition and size of the Board and make recommendations to the Board with regard to any change;
- 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.

#### EFFECTIVENESS AND ASSESSMENT OF THE BOARD AND ITS COMMITTEES

The Board is planning to develop an evaluation process for the Board, its committees and its

individual directors in the course of 2014, with a view for such process to be applicable as of January 2015.

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## GENDER DIVERSITY WITHIN THE BOARD OF DIRECTORS

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The Law of 28 July 2011 modifying the Belgian Companies Code requires that at least one third of the members of the Board of Directors has another gender than the other members of the Board as of the financial year starting on 1 January 2019 for small listed companies and listed companies having a free-float of less than 50%.

The Board has discussed the objective set out in the legislation. The Company intends to improve the diversity at the Board membership's level, while at the same time keeping its focus on the need to select candidates for Board membership primarily on the basis of their professional credentials and qualities.

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## EXECUTIVE MANAGEMENT

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In 2013, the executive management of the Company was entrusted with the CEO and the executive vice-president. The CEO was appointed for a term of maximum one year by the Board of Directors of the Company. On 24 October 2013, the CEO, Evangelos Moustakas, was appointed for a term expiring on the date of the annual shareholders meeting of the Company deciding on the annual accounts for the year ending on 31 December 2013, ie on 3 June 2014.

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 of Directors and he represents the Company within the framework of its day-to-day management.

The Board of Directors, the committees of the Board and the CEO were assisted by Mr. Jacques Moolaert

as executive vice-president, and Mr. Panteleimon Mavrakis as financial director of the Greek Branch.

The Company is currently conducting an internal review in order to assess whether the current structure of the executive management is sufficient to support the Company in its new environment. Specific proposals for better adjusting the executive management function to the Viohalco group's needs in light of the applicable Corporate Governance principles shall be considered and appropriate decisions shall be taken in the course of 2014.

The business address for all members of the executive management of the Company is 30, Avenue Marnix, B-1000, Brussels, Belgium.

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## REMUNERATION REPORT

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This report was approved by the Remuneration and Nomination Committee during its meeting of 30 March 2014.



## PROCEDURE FOR ESTABLISHING REMUNERATION POLICY AND SETTING REMUNERATION FOR MEMBERS OF THE BOARD OF DIRECTORS

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The procedure for establishing the remuneration policy and setting remuneration level of the executive and non-executive Directors is determined by the Board of Directors on the basis of proposals from the Remuneration and Nomination Committee. These proposals must be approved by the shareholders at the annual general meeting. The Remuneration and Nomination Committee will make its proposals on the basis of a review of prevailing market conditions for comparable companies.

The decisions of the Board of Directors in this respect are based on the proposals from the Remuneration and Nomination Committee. The rate of remuneration is determined by the presence of the directors at the meetings of the board of directors.

### NON-EXECUTIVE DIRECTORS

The remuneration of the Board was decided at the extraordinary shareholders' meetings of 24 October 2013. Non-executive Directors are not entitled to performance-related remuneration such as bonuses, stock related long-term incentive schemes, fringe benefits or pension benefits, remuneration based on attendance, nor to any other type of variable remuneration

The remuneration of the President of the Board of Directors is determined at the beginning of his term

of office, and is set for the duration of such term. Upon proposal of the Remuneration and Nomination Committee, it is determined by the Board subject to approval by the ordinary general meeting.

Viohalco does not expect its present remuneration policy for the President and for the other non-executive Directors to undergo significant changes in 2014.

### EXECUTIVE MANAGEMENT

Viohalco's executive remuneration policy follows a fixed remuneration approach. The Remuneration and Nomination Committee makes its proposals on a review of prevailing market conditions for comparable companies.

The remuneration package of the Chief Executive Officer and the other Executive members consists of a base remuneration. The actual amount of their remuneration is determined by the Board of Directors acting on a reasoned recommendation from the Remuneration and Nomination Committee.

Viohalco does not expect its present remuneration policy for the Chief Executive Officer and for the other members of the Executive Management to undergo significant changes in 2014.

## REMUNERATION OF DIRECTORS

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The remuneration of the members of the Board of Directors was decided by the extraordinary shareholders' meetings of 24 October 2013. At this meeting, the shareholders decided to grant for the period between 24 October 2013 and the annual shareholders' meeting of 2014:

- a gross fixed compensation of euro 25,000 per Director;
- Euro 25,000 gross for members of the Audit Committee; and
- Euro 25,000 gross for members of the Remuneration and Nomination Committee.

Directors do not receive any variable compensation linked to results or other performance criteria. They are not entitled to stock options, nor to any supplemental pension scheme.

A number of members of the Board of Directors hold executive functions within subsidiaries or affiliated companies of the Company and will be paid compensation for such executive functions by such subsidiaries or affiliated companies.

No contingent or deferred compensation has been paid by the Company to the members of the Board of Directors. No members of the Board of Directors have any service contracts with the Company that provide for benefits upon termination of employment.

The table below provides an overview of the remuneration to be paid to Board members for the execution of their mandate in 2013

| Name<br>(Amounts in euro) | Set amount for Board members | Set amount for Audit Committee members | Set amount for Remuneration and Nomination Committee members | Total          |
|---------------------------|------------------------------|--|--|----------------|
| Nikolaos Stassinopoulos   | 25,000                       | -                                      | 25,000   | 50,000         |
| Jacques Moulaert          | 25,000                       | -                                      | -  | 25,000         |
| Evangelos Moustakas       | 25,000                       | -                                      | -  | 25,000         |
| Michail Stassinopoulos    | 25,000                       | -                                      | -  | 25,000         |
| Ioannis Stassinopoulos    | 25,000                       | -                                      | -  | 25,000         |
| Jean-Charles Faulx        | 25,000                       | -                                      | -  | 25,000         |
| Xavier Bedoret            | 25,000                       | 25,000                                 | -  | 50,000         |
| Efthimios Christodoulou   | 25,000                       | 25,000                                 | -  | 50,000         |
| Jean-Jacques de Launoit   | 25,000                       | -                                      | -  | 25,000         |
| Jean-Pierre de Launoit    | 25,000                       | 25,000                                 | 25,000   | 75,000         |
| Francis Mer               | 25,000                       | -                                      | 25,000   | 50,000         |
| Rudolf Wiedenmann         | 25,000                       | -                                      | -  | 25,000         |
| <b>Total remuneration</b> | <b>300,000</b>               | <b>75,000</b>                          | <b>75,000</b>  | <b>450,000</b> |

The total remuneration to be paid to non-executive directors is as set out in the table above, except that Mr. Wiedenmann also received an additional amount of euro 38,058.32.

## REMUNERATION OF THE EXECUTIVE MANAGEMENT

### CHIEF EXECUTIVE OFFICER

In his capacity as a Director, the Chief Executive Officer is entitled to the same remuneration as the non-executive Directors. In 2013, the remuneration of the Chief Executive Officer has been set by the Board of Directors at euro 1,012,145.75 (in addition to his remuneration as board member).

### EXECUTIVE MANAGEMENT

In 2013, the amount of the remuneration and other benefits granted directly and indirectly to Viohalco's Executive Management (incl. the Chief Executive Officer) was euro 1,795,722.45. This amount does not include any remuneration paid to the members of the

executive management in their capacity as board members or committee members.

Members of the Executive Management do not receive any variable compensation linked to results or other performance criteria. They are not entitled to stock options, nor to any supplemental pension scheme. No contingent or deferred compensation has been paid by the Company to the members of the Executive Management. No members of the Executive Management have any service contracts with the Company that provide for benefits upon termination of employment.

No member of the Executive Management left Viohalco in 2013.

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## SHAREHOLDINGS OF MEMBERS OF THE BOARD OF DIRECTORS OR OF THE EXECUTIVE MANAGEMENT

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As of 31 December 2013, only the following Directors owns shares in the Company: (i) Count Jean-Jacques de Launoit who holds 18 Shares in the Company, (ii) Mr. Nicholaos Stassinopoulos who holds 32.27% of the Company's share capital, (iii) Mr. Michel Stassinopoulos who holds 3.93% of the Company's share capital, and (iv) Mr. Ioannis Stassinopoulos who holds 3.92% of the Company's share capital.

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## EXTERNAL AUDIT

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The audit of the Company's financial statements is entrusted to one or more auditors, individuals or legal entities appointed by the general meeting of shareholders from among the members, either physical or legal persons, of the Belgian Institute of Company Auditors.

The mission and powers of the auditors are those set by the law. The general meeting of shareholders sets the number of auditors and determines their emoluments in accordance with the law. Auditors are appointed for three-year renewable terms, which may not be revoked by the shareholders' meeting other than for good reason.

On 24 October 2013, the Company appointed KPMG Bedrijfsrevisoren/Réviseurs d'Entreprises burg. CVBA/SCRL civile, represented by Benoit Van Roost, and Renaud de Borman Réviseurs d'Entreprises-Bedrijfsrevisoren SPRL, represented by Renaud de Borman, as its statutory auditors for a period of 3 years. KPMG Réviseurs d'Entreprises burg. CVBA/SCRL civile, represented by Benoit Van Roost, is in charge of the audit of the consolidated financial statements. The statutory financial statements are audited by KPMG Réviseurs d'Entreprises brug. CVBA/SCRL civile, represented by Benoit Van Roost and, Renaud de Borman Réviseurs d'Entreprises-Bedrijfsrevisoren SPRL, represented by Renaud de Borman.

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## RISK MANAGEMENT AND INTERNAL CONTROL

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Viohalco Group has implemented a risk management and internal control system aimed at providing a reasonable assurance that (i) current laws and regulations are complied with, (ii) policies and strategies determined by the Company are brought into play, and (iii) financial and non-financial information is reliable. The system is designed, among others, to secure the thoroughness and reliability of the data and information required for the accurate and timely determination of the Company's financial situation and the production of reliable financial statements.

Such risk management and internal control functions are provided to the Company by virtue of a sub-contracting arrangement with Steelmet SA.

On an annual basis, the Board of Directors reviews the corporate strategy, main business risks and internal control systems.

### INTERNAL AUDIT

The internal audit function of Viohalco is carried out under the leadership of Mr. Karonis for Greece and Mr. Dertimanis for Belgium. Both exercise their functions by virtue of a sub-contracting arrangement with Steelmet SA. The audit function at the level of the subsidiaries of the Company is carried out by

independent individuals who report directly to the Board of Directors of such subsidiaries.

Mr. Karonis and all internal auditors will report to the Audit Committee on a quarterly basis.

The internal audit function controls the proper implementation of each procedure and internal control system regardless of their accounting or non-accounting content and the compliance of the Company with the requirements of supervisory authorities, risk management and preparation of financial reports. It assesses the Company by reviewing its activities, acting as an independent service to the management of Viohalco.

Among others, the internal audit aims to secure the thoroughness and reliability of the data and information required for the timely determination of the Company's financial situation and the generation of reliable financial statements.

The Audit Committee reviews internal audit's risk assessment and annual audit plan. Deficiencies in the internal control are communicated to the management in a timely manner and periodic follow-up is performed to control the implementation of the corrective measures.

Viohalco operates in several countries, and as such operates in a decentralised way. The management of

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the Group is organised around strong banner and regional management teams with assignment of responsibility to the members of the Executive Management as appropriate. Viohalco provides support and coordination functions to all members of the Group and monitors selected activities group-wide. The Company has established separate procedures for the collecting of the necessary data from its subsidiaries, and ensure reconciliation of separate transactions and the implementation of the same accounting principles by the subsidiaries.

#### FINANCIAL REPORTING

Viohalco Group publishes quarterly results. Publication of these results is subject to various reviews and validations carried out in advance. Publication is carried out under the supervision and control of the Executive Management. The Audit Committee validates it and ensures, in particular, that the International Financial Reporting Standards are observed and that it provides a fair and relevant picture of the business of the Group. The Executive Management finalises the preparation of the financial results and submits them to the Board of Directors for approval.

The members of the Executive Management are responsible for establishing and maintaining adequate internal control over financial reporting. The Company reviews that the financial reporting system of Viohalco is based on an accounting system that is adequate for reporting to the management and external users. The financial statements and other analyses reported to the management on a quarterly basis are prepared on an individual and consolidated basis in compliance with the International Financial Reporting Standards, as adopted by the European Union for reporting purposes.

Both administrative information and financial reports to be published include all necessary details about an updated internal control system including analysis of sales, cost/expenses, and operating profits as well as other data and indexes. All reports communicated to the Executive Management include the data of the current period compared to the respective data of

the business plan as approved by the Board of Directors, and the data of the respective period in the previous year.

All published interim and annual financial statements include all necessary information and disclosures about the financial statements, in compliance with the International Financial Reporting Standards, reviewed by the Audit Committee and approved in their entirety by the Board of Directors.

Controls are implemented with respect to:

- risk identification and evaluation as to the reliability of the financial statements;
- administrative planning and monitoring of financial figures;
- fraud prevention and disclosure;
- roles and powers of executives;
- year closing procedure including consolidation; and
- safeguard of the data provided by information systems.

Financial reporting is prepared by the Financial Services Division of Viohalco, which is staffed with adequate and experienced executives to this effect.

#### COMPLIANCE

Viohalco aims at promoting and implementing good professional practices and ethical norms. It seeks to ensure compliance with all applicable laws and regulations. A set of internal controls has been implemented and it is the intention of the Company to have it periodically assessed by the Audit Committee within the framework of the internal audit.

The Audit Committee reviews the significant legal, compliance and regulatory matters that may have a material impact on the financial statements or the activities of the Company. Management takes steps to ensure that these executives are adequately updated about any changes in accounting and tax issues concerning both the Company and the Group.

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#### POLICY ON CONFLICTS OF INTERESTS

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Article 10 of the Charter describes Viohalco's policy on transactions or other contractual relationships between the Company, including affiliated companies, and Directors when such transactions are not covered by legal provisions on conflicts of interests.

In the event there should arise a conflict of interest with a director, a shareholder or another company of

the Viohalco Group, the Board shall implement the specific procedures set forth in articles 523 and 524 of the BCC.

In general, each Director and member of the Executive Management acts without conflict of interest and always puts the interest of Viohalco before his or her individual interest. Each Director and member of the Executive Management arranges

his or her personal business so as to avoid direct and indirect conflict of interest with Viohalco.

All Directors inform the Board of conflicts of interest as they arise. If the conflict of interest 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 minutes 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 Director or member of the Executive Management (or a company or entity with which such Director or member of the Executive Management has a close

relationship) on the other hand, such Director shall inform the Board of the conflict and the Board will 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, it shall be incumbent upon the conflicted Director to judge whether he or she should abstain from participating in the discussions of the Board and the vote.

Since the listing of the Company, there were no transactions or other contractual relationships to be reported to the Board between Viohalco and its Board members that gave rise to a conflict of interests within the meaning of articles 523 and 524 of the BCC.

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## SHAREHOLDERS

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### INFORMATION ON SHAREHOLDING STRUCTURE

Pursuant to the Belgian Law of 2 May 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market and containing various provisions (the **Transparency Law**), implementing in Belgian law Directive 2004/109/EC, a notification to the Company and to the FSMA is required by all natural and legal persons in the following instances:

- an acquisition or disposal of voting securities, voting rights or financial instruments that are treated as voting securities;
- the holding of voting securities upon first admission of them to trading on a regulated market;
- 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;
- where a previous notification concerning the voting securities is updated;
- the acquisition or disposal of the control of an entity that holds the voting securities; and
- where the Company introduces additional notification thresholds in its articles of association, in each case where the percentage of voting rights attached to the securities held by such persons reaches, exceeds or falls below the legal threshold, set at 5% of the total voting rights, and 10%, 15%, 20% and so on at intervals of 5% or, as the case may be, the additional

thresholds provided in the Company's 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 threshold. Where the Company receives a notification of information regarding the reaching of a threshold, it has to publish such information within three trading days following receipt of the notification. No shareholder may cast a greater number of votes at a shareholders' meeting of the Company than those attached to the rights or securities it has notified in accordance with the Transparency Law at least 20 days before the date of the shareholders' meeting, subject to certain exceptions. The form on which such notifications must be made, as well as further explanations, can be found on the website of the FSMA ([www.fsma.be](http://www.fsma.be)).

Based on the transparency declarations notified to the Company received on 28 November 2013, the voting rights held by major shareholders of the Company as at 31 December 2013 are as follows:

- (i) 42.81% held by Evangelos Stassinopoulos directly or through companies or entities controlled by him; and
- (ii) 32.27% held by Nikolaos Stassinopoulos directly or through companies or entities controlled by him.

The latest transparency declarations are available on the website of Viohalco ([www.Viohalco.com](http://www.Viohalco.com)).

In addition, the Company has been informed on 28 November 2013, that Michail Stassinopoulos and Ioannis Stassinopoulos hold respectively 3.93% and 3.92% of the Company's voting rights.

## RELATIONS WITH CONTROLLING SHAREHOLDERS

Viohalco Group is not aware of the existence of any shareholders' agreement with respect to the transfer or exercise of the voting rights pertaining to the shares of the Company.

## OTHER INFORMATION RELATING TO THE COMPANY

### CAPITAL STRUCTURE AND AUTHORISED CAPITAL

As at 31 December 2013, the Company's share capital amounted to euro 104,996,194.19 represented by 219,611,308 shares without nominal value.

The Board of Directors may increase the share capital of the Company, in one or several times, by issuing shares, or financial instruments giving the right to shares, for an amount not exceeding the amount of the share capital, under the conditions it deems appropriate. Such authorisation has been granted to the Board of Directors for a period of five years as from the date of publication of the modification of the articles of association of the Company resolved upon by the extraordinary general meeting of 24 October 2013 for an amount equal to the amount of the share capital at such date (i.e., euro 61,500). It will be proposed to the shareholders' meeting of 3 June 2014 to remove such authorisation from the articles of association of the Company.

### TRANSFER OF SHARES AND SPECIAL RIGHTS

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

There are no share transfer restrictions in the articles of association of the Company. Therefore, all shares are freely transferable. Each share entitles to one vote. There are no special rights attached to the shares of the Company.

### RESTRICTIONS ON VOTING RIGHTS

The Company's articles of association do not contain any restriction on the exercise of voting rights by the shareholders, provided that the relevant shareholders are admitted to the general meeting of shareholders and their rights are not suspended. The relevant provisions governing the admission of shareholders to the general meeting are set out in article 20 of the articles of association of Viohalco. Article 8.3 of the articles of association provides that the shares of the Company are indivisible and that it recognises only one holder per share. The Board of Directors 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. In case of usufruct, the rights

incorporated to the shares must be exercised by the bare owner, unless otherwise provided in the usufruct establishment deed.

### SHAREHOLDERS' MEETINGS

#### GENERAL INFORMATION

The annual shareholders' meeting of the Company is held on the first Tuesday of June of each year at 12 p.m. (noon), or if the day is a public holiday in Belgium, on the first business day thereafter at the same time. It takes place in Brussels at the registered office of the Company or at the place designated in the notice convening the shareholders' meeting.

The other shareholders' meetings of the Company shall be held on the day, at the hour and in the place designated by the convening notice. They may be held 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 must be convened at the request of shareholders representing one-fifth of the Company's share capital.

#### ADMISSION OF SHAREHOLDERS

The right of a shareholder to participate to a general meeting and to exercise its voting right is subject to (a) the registration of ownership of the shares recorded in its name, at midnight, on the fourteenth calendar day preceding the date of the general meeting (the **Record Date**); (b) the notification by the shareholder to the Company (or the person designated by the Company) the latest on the sixth calendar day preceding the day of the general meeting, by returning a signed original paper form or, if permitted by the Company in the convening notice to such general meeting, by sending a form electronically (in which case the form shall be signed by means of an electronic signature in accordance with applicable Belgian law) of its intention to participate in the general meeting, indicating the number of shares in respect of which it intends to do so. In addition, holders of dematerialised shares must, at the latest on the same day, provide the Company (or the person designated by the Company) with an original certificate issued by an authorised account holder or a clearing institution certifying the

number of shares owned on the Record Date by the relevant shareholder and for which it has notified its intention to participate in the general meeting.

Any shareholder with a voting right may either attend the general meeting in person or appoint another person, either shareholder or not, as his proxyholder. The appointment of the proxyholder is recorded on a paper or electronic form (in which case the form shall be signed by means of an electronic signature in accordance with applicable Belgian law) made available by the Company. The signed original in paper or the electronic form must be received by the Company at the latest on the 6th calendar day preceding the day of the general meeting.

#### VOTING BY PROXY

Any shareholder of the Company with the right to vote may either personally participate in the meeting or give a proxy to another person, who need not be a shareholder, to represent him or her at the meeting. A shareholder may designate, for a given meeting, only one person as proxy holder, except in circumstances where Belgian law allows the designation of multiple proxy holders. The appointment of a proxy holder may take place in paper form or electronically (in which case the form shall be signed by means of an electronic signature in accordance with applicable Belgian law), through a form which shall be made available by the Company. The signed original paper or electronic form must be received by the Company at the latest on the sixth calendar day preceding the meeting. Any appointment of a proxy holder shall comply with relevant requirements of applicable Belgian law in terms of conflicting interests, record keeping and any other applicable requirements.

#### REMOTE VOTING IN RELATION TO THE SHAREHOLDERS' MEETING

Any shareholder may vote remotely in relation to the shareholders' meeting of the Company, by sending a paper form or, if permitted by the Company in the notice convening the meeting, by sending a form electronically (in which case the form shall be signed by means of an electronic signature in accordance with applicable Belgian law). These forms shall be made available by the Company. Only forms received by the Company at the latest on the sixth calendar day preceding the date of the meeting will be taken into account.

Shareholders voting remotely must, in order for their vote to be taken into account for the calculation of the quorum and voting majority, comply with the admission formalities.

#### RIGHT TO REQUEST ITEMS TO BE ADDED TO THE AGENDA AND ASK QUESTIONS AT THE SHAREHOLDERS' MEETING

One or more shareholders that together hold at least 3% of the Company's share capital may request for items to be added to the agenda of any convened meeting and submit proposals for resolutions with regard to existing agenda items or new items to be added to the agenda, provided that (i) they prove ownership of such shareholding as at the date of their request and record their Shares representing such shareholding on the record date; and (ii) the additional items on the agenda and/or proposed resolutions have been addressed in writing (by registered mail or e-mail) by these shareholders to the registered office of the Company at the latest on the twenty-second day preceding the date of the relevant shareholders' meeting. The shareholding must be proven by a certificate evidencing the registration of the relevant Shares in the share register of the Company or by a certificate issued by the authorized account holder or the clearing institution certifying the book-entry of the relevant number of dematerialised Shares in the name of the relevant shareholder(s).

The Company shall acknowledge receipt of the shareholders' requests within 48 hours and, if required, publish a revised agenda of the shareholders' meeting, at the latest on the fifteenth day preceding the shareholders' meeting. The right to request that items be added to the agenda or that proposed resolutions in relation to existing agenda items be submitted does not apply in case of a second shareholders' meeting that must be convened because the quorum was not obtained during the first shareholders' meeting.

Within the limits of Article 540 of the Belgian Companies Code, the directors and the auditor of the Company answer, during the shareholders' meeting, the questions raised by shareholders. Shareholders can ask questions either during the meeting or in writing, provided that the Company receives the written question at the latest on the sixth day preceding the shareholders' meeting.

## QUORUM AND MAJORITIES

The general shareholders' meeting requires as an attendance quorum that at least 57% of the share capital of the Company be present or represented. If the quorum is not reached, a second meeting may be convened with the same agenda at which no quorum shall apply. Decisions are taken by 65% of the votes cast, except where the law or the articles of association provide for a special majority.

As an exception, important matters require at least two-thirds of the share capital to be present or represented and the affirmative vote of the holders of at least 75% of the votes cast. If the quorum is not reached, a second meeting may be convened at which at least 60% of the share capital shall be present or represented. If such quorum is not reached, a third meeting may be convened at which at least 58% of the share capital shall be present or represented. The special majority requirements, however, remain applicable. Important matters requiring such special legal quorum and majority requirements include, among others, amendments to the articles of association, issues of new Shares, convertible bonds or warrants, decisions regarding

mergers, transformation, liquidation or winding-up of the Company and the authorised capital, the appointment of directors, the transfer of the corporate seat outside from Belgium, and any conversion of a category of Shares into another category or the creation of a new category of Shares.

### MATERIAL AGREEMENTS THAT MAY BE IMPACTED BY A CHANGE OF CONTROL ON THE COMPANY

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There are no agreements which becomes effective, are amended or expire in the event of a change of control of the Company.

### AGREEMENTS WITH THE BOARD MEMBERS OR PERSONNEL

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There are no agreements between the Company and members of the Board of Directors or personnel which provide for the payment of a remuneration specifically in the case of resignation or dismissal without just cause of termination of service or employment.



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# CONSOLIDATED FINANCIAL STATEMENTS

## 31 DECEMBER 2013

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# CONSOLIDATED FINANCIAL STATEMENTS

## 31 DECEMBER 2013

### 1. Consolidated Statement of Financial Position

|   |             | <u>As at 31 December</u> |                  |
|---|-------------|--------------------------|------------------|
|   |             | <u>2013</u>              | <u>2012 *</u>    |
| <i>Amounts in euro thousand</i>                     |             |                          |                  |
| <b>ASSETS</b>                                       | <b>Note</b> |                          |                  |
| <b>Non-current assets</b>                           |             |                          |                  |
| Property, plant and equipment                       | 8           | 1,692,668                | 1,759,601        |
| Goodwill and intangible assets                      | 9           | 19,701                   | 16,978           |
| Investment property                                 | 10          | 125,395                  | 101,539          |
| Investments in equity accounted investees           | 11          | 23,416                   | 25,477           |
| Other investments                                   | 12          | 65,765                   | 9,180            |
| Derivatives   | 16          | 295                      | 328              |
| Other receivables                                   | 15          | 7,448                    | 7,218            |
| Deferred tax assets                                 | 13          | 16,583                   | 14,122           |
|   |             | <u>1,951,272</u>         | <u>1,934,442</u> |
| <b>Current assets</b>                               |             |                          |                  |
| Inventories   | 14          | 773,729                  | 835,209          |
| Trade and other receivables                         | 15          | 464,333                  | 501,008          |
| Derivatives   | 16          | 2,407                    | 6,414            |
| Other investments                                   |             | 282                      | 16               |
| Cash and cash equivalents                           | 17          | 173,401                  | 144,251          |
|   |             | <u>1,414,151</u>         | <u>1,486,897</u> |
| <b>Total assets</b>                                 |             | <u>3,365,423</u>         | <u>3,421,339</u> |
| <b>EQUITY</b>                                       |             |                          |                  |
| <b>Equity</b>                                       |             |                          |                  |
| Share capital                                       | 18          | 104,996                  | 59,842           |
| Share premium                                       | 18          | 432,201                  | 411,618          |
| Translation reserve                                 | 19          | -11,524                  | -9,176           |
| Other reserves                                      | 19          | 439,411                  | 397,276          |
| Retained earnings                                   |             | 27,858                   | 198,141          |
| <b>Equity attributable to owners of the Company</b> |             | <u>992,944</u>           | <u>1,057,702</u> |
| Non controlling interest                            |             | 347,748                  | 442,189          |
| <b>Total equity</b>                                 |             | <u>1,340,692</u>         | <u>1,499,891</u> |
| <b>LIABILITIES</b>                                  |             |                          |                  |
| <b>Non-current liabilities</b>                      |             |                          |                  |
| Loans and borrowings                                | 20          | 944,135                  | 396,332          |
| Derivatives   | 16          | 285                      | 561              |
| Employee Benefits                                   | 21          | 20,018                   | 25,451           |
| Grants  | 22          | 45,305                   | 36,939           |
| Provisions  | 24          | 4,063                    | 4,127            |
| Other amounts payable                               |             | 11,476                   | 43               |
| Deferred tax liabilities                            | 13          | 162,610                  | 140,159          |
|   |             | <u>1,187,893</u>         | <u>603,613</u>   |
| <b>Current liabilities</b>                          |             |                          |                  |
| Loans and borrowings                                | 20          | 477,060                  | 973,388          |
| Trade and other payables                            | 23          | 319,841                  | 326,823          |
| Current tax liabilities                             |             | 9,923                    | 7,165            |
| Derivatives   | 16          | 3,094                    | 3,956            |
| Other financial liabilities                         |             | 26,245                   | 6,012            |
| Provisions  | 24          | 675                      | 492              |
|   |             | <u>836,839</u>           | <u>1,317,835</u> |
| <b>Total liabilities</b>                            |             | <u>2,024,731</u>         | <u>1,921,448</u> |
| <b>Total equity and liabilities</b>                 |             | <u>3,365,423</u>         | <u>3,421,339</u> |

\* Restated (see Note 3)

The notes on pages 97 to 168 are an integral part of these Consolidated Financial Statements.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

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**2. Consolidated Statement of Profit or Loss**

| <i>Amounts in euro thousand</i>  | Note | <u>For the year ended 31 December</u> |                          |
|--|------|---------------------------------------|--------------------------|
|  |      | <u>2013</u>                           | <u>2012 *</u>            |
| <b>Revenue</b>   |      | <b>2,885,071</b>                      | <b>3,316,763</b>         |
| Cost of sales  | 25   | <u>-2,710,089</u>                     | <u>-3,087,702</u>        |
| <b>Gross profit</b>  |      | <b>174,982</b>                        | <b>229,061</b>           |
| Other income   | 29   | 32,359                                | 41,629                   |
| Distribution expenses  | 25   | -118,533                              | -135,534                 |
| Administrative expenses  | 25   | -81,407                               | -86,451                  |
| Other expenses   | 29   | <u>-25,206</u>                        | <u>-29,863</u>           |
| <b>Operating result before non-recurring items</b>   |      | <b>-17,806</b>                        | <b>18,842</b>            |
| Non-recurring items  | 30   | <u>-90,820</u>                        | <u>-5,039</u>            |
| <b>Operating result</b>  |      | <b>-108,626</b>                       | <b>13,803</b>            |
| Finance income   | 27   | 8,736                                 | 10,336                   |
| Finance expense  | 27   | -94,896                               | -100,130                 |
| Income from dividends  | 27   | 223                                   | 60                       |
| <b>Net finance costs</b>   | 27   | <u>-85,936</u>                        | <u>-89,734</u>           |
| Share of profit of equity-accounted investees,<br>net of tax                                   |      | 2,525                                 | 1,170                    |
| <b>Loss before income tax</b>  |      | <b>-192,038</b>                       | <b>-74,761</b>           |
| Income tax   | 28   | -31,893                               | -1,423                   |
| <b>Loss of the period</b>  |      | <u><b>-223,931</b></u>                | <u><b>-76,184</b></u>    |
| <br><b>Profit (Loss) attributable to:</b>  |      |                                       |                          |
| Owners of the Company  |      | -173,336                              | -49,934                  |
| Non-controlling interest   |      | <u>-50,595</u>                        | <u>-26,250</u>           |
|  |      | <u><b>-223,931</b></u>                | <u><b>-76,184</b></u>    |
| <br><b>(Loss) / Earnings attributable to the owners of<br/>the Company (in euro per share)</b> |      | <b><u>31/12/2013</u></b>              | <b><u>31/12/2012</u></b> |
| Basic and diluted  | 35   | <u>-0.8583</u>                        | <u>-0.2503</u>           |

\* Restated (see Note 3)

The notes on pages 97 to 168 are an integral part of these Consolidated Financial Statements.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

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**3. Consolidated Statement of Comprehensive Income**

| <i>Amounts in euro thousand</i>  | <b>Note</b> | <u>For the year ended 31 December</u> |                       |
|--|-------------|---------------------------------------|-----------------------|
|  |             | <u>2013</u>                           | <u>2012 *</u>         |
| <b>Loss of the period</b>  |             | <b>-223,931</b>                       | <b>-76,184</b>        |
| <b>Items that are or may be reclassified subsequently to profit or loss:</b> |             |                                       |                       |
| Foreign currency translation differences                                     |             | -4,359                                | 675                   |
| Available for sale financial assets - Net change in fair value               |             | 201                                   | 434                   |
| Cash flow hedges - Effective portion of changes in fair value                |             | -1,254                                | 3,100                 |
| <b>Items that will never be reclassified subsequently to profit or loss:</b> |             |                                       |                       |
| Remeasurement of defined benefit liability                                   | 21          | 4,827                                 | -4,084                |
| Income tax on other comprehensive income                                     |             | -1,021                                | 1,868                 |
| <b>Other comprehensive income, net of taxes</b>                              |             | <u><b>-1,606</b></u>                  | <u><b>1,993</b></u>   |
| <b>Total comprehensive income</b>  |             | <u><b>-225,537</b></u>                | <u><b>-74,190</b></u> |
| <b>Attributable to:</b>  |             |                                       |                       |
| Owners of the Company  |             | -173,642                              | -48,076               |
| Non controlling interest   |             | -51,895                               | -26,115               |
|  |             | <u><b>-225,537</b></u>                | <u><b>-74,190</b></u> |

\* Restated (see Note 3)

The notes on pages 97 to 168 are an integral part of these Consolidated Financial Statements.

# CONSOLIDATED FINANCIAL STATEMENTS

## 31 DECEMBER 2013

### 4. Consolidated Statement of Changes in Equity

| <i>Amounts in euro thousand</i>                       | Share capital  | Treasury shares | Share premium  | Other reserves | Retained earnings | Translation reserve | Total            | Non-controlling interest | Total Equity     |
|---|----------------|-----------------|----------------|----------------|-------------------|---------------------|------------------|--------------------------|------------------|
| <b>Balance as at 1 January 2013</b>                   | <b>59,842</b>  | <b>0</b>        | <b>411,618</b> | <b>397,276</b> | <b>198,141</b>    | <b>-9,176</b>       | <b>1,057,702</b> | <b>442,189</b>           | <b>1,499,891</b> |
| Other comprehensive income for the year, net of taxes | 0              | 0               | 0              | -692           | 2,801             | -2,415              | -306             | -1,300                   | -1,606           |
| Net result of the year                                | 0              | 0               | 0              | 0              | -173,336          | 0                   | -173,336         | -50,595                  | -223,931         |
| <b>Total comprehensive income for the year</b>        | <b>0</b>       | <b>0</b>        | <b>0</b>       | <b>-692</b>    | <b>-170,535</b>   | <b>-2,415</b>       | <b>-173,642</b>  | <b>-51,895</b>           | <b>-225,537</b>  |
| Changes in ownership interests                        | 195,594        | -111,189        | 0              | 5,368          | 19,051            | 67                  | 108,891          | -42,039                  | 66,852           |
| IFRS 3, B21 reclassification                          | -150,440       |                 | 20,583         | 129,856        | 0                 | 0                   | 0                | 0                        | 0                |
| Cancellation of treasury shares                       | 0              | 111,189         | 0              | -111,189       | 0                 | 0                   | 0                | 0                        | 0                |
| Transfer of reserves                                  | 0              | 0               | 0              | 18,792         | -18,799           | 0                   | -7               | 22                       | 15               |
| Dividend  | 0              | 0               | 0              | 0              | 0                 | 0                   | 0                | -529                     | -529             |
| Total   | 45,154         | 0               | 20,583         | 42,827         | 252               | 67                  | 108,883          | -42,546                  | 66,337           |
| <b>Balance as at 31 December 2013</b>                 | <b>104,996</b> | <b>0</b>        | <b>432,201</b> | <b>439,411</b> | <b>27,858</b>     | <b>-11,524</b>      | <b>992,944</b>   | <b>347,748</b>           | <b>1,340,692</b> |

| <i>Amounts in euro thousand</i>                                     | Share capital | Treasury shares | Share premium  | Other reserves | Retained earnings | Translation reserve | Total            | Non-controlling interest | Total Equity     |
|---|---------------|-----------------|----------------|----------------|-------------------|---------------------|------------------|--------------------------|------------------|
| <b>Balance as at 1 January 2012 (as previously reported)</b>        | <b>59,842</b> | <b>0</b>        | <b>411,618</b> | <b>387,121</b> | <b>254,498</b>    | <b>-9,225</b>       | <b>1,103,854</b> | <b>464,132</b>           | <b>1,567,985</b> |
| Impact of changes to accounting policies (adjustment due to IAS 19) |               |                 |                |                | 491               |                     | 491              | 325                      | 817              |
| <b>Restated as at 1 January 2012</b>                                | <b>59,842</b> | <b>0</b>        | <b>411,618</b> | <b>387,121</b> | <b>254,989</b>    | <b>-9,225</b>       | <b>1,104,345</b> | <b>464,457</b>           | <b>1,568,802</b> |
| Other comprehensive income for the year, net of taxes               | 0             | 0               | 0              | 3,620          | -2,207            | 445                 | 1,858            | 136                      | 1,993            |
| Net result of the year  | 0             | 0               | 0              | 0              | -49,934           | 0                   | -49,934          | -26,250                  | -76,184          |
| <b>Total comprehensive income for the year</b>                      | <b>0</b>      | <b>0</b>        | <b>0</b>       | <b>3,620</b>   | <b>-52,141</b>    | <b>445</b>          | <b>-48,076</b>   | <b>-26,115</b>           | <b>-74,190</b>   |
| Changes in ownership interests                                      | 0             | 0               | 0              | 1,544          | 275               | -396                | 1,422            | 4,442                    | 5,864            |
| Transfer of reserves  | 0             | 0               | 0              | 4,992          | -4,982            | 0                   | 10               | -10                      | 0                |
| Dividends   | 0             | 0               | 0              | 0              | 0                 | 0                   | 0                | -584                     | -584             |
| Total   | 0             | 0               | 0              | 6,536          | -4,707            | -396                | 1,432            | 3,847                    | 5,280            |
| <b>Balance as at 31 December 2012</b>                               | <b>59,842</b> | <b>0</b>        | <b>411,618</b> | <b>397,276</b> | <b>198,141</b>    | <b>-9,176</b>       | <b>1,057,702</b> | <b>442,189</b>           | <b>1,499,891</b> |

The notes on pages 97 to 168 are an integral part of these Consolidated Financial Statements.

**CONSOLIDATED FINANCIAL STATEMENTS**  
**31 DECEMBER 2013**

**5. Consolidated Statement of Cash Flows**

| <i>Amounts in euro thousand</i>  | Note   | <b>For the year ended 31 December</b> |                       |
|--|--------|---------------------------------------|-----------------------|
|  |        | <b><u>2013</u></b>                    | <b><u>2012 *</u></b>  |
| Profits/ (loss) of the period  |        | -223,931                              | -76,184               |
| <i>Adjustments for:</i>  |        |                                       |                       |
| Income Tax   |        | 31,893                                | 1,423                 |
| Depreciation of tangible and intangible assets and investment property                   | 8,9,10 | 117,106                               | 145,843               |
| Bargain purchase   |        | -5,532                                | 0                     |
| Impairment, consumption, destruction of PP&E, intangible assets and investment property  | 8,10   | 76,089                                | 2,434                 |
| (Gain)/loss from the sale of fixed assets  |        | -754                                  | 776                   |
| Impairment loss on inventories and receivables   |        | 2,808                                 | 2,556                 |
| (Gain)/ loss on sale of financial assets   |        | -1,096                                | -4,150                |
| (Gain)/ loss of investments and derivatives fair value                                   |        | 950                                   | 63                    |
| Fair value profits/(loss) of other financial assets at fair value through profit or loss |        | 2,829                                 | -148                  |
| Interest income  | 27     | -8,736                                | -10,336               |
| Interest expenses  | 27     | 94,896                                | 100,109               |
| Income from dividends  |        | -223                                  | -60                   |
| Depreciation of grants   | 22     | -4,368                                | -4,617                |
| Share of profit of equity-accounted investees, net of tax                                |        | -2,525                                | -1,170                |
| Foreign exchange differences   |        | 747                                   | 722                   |
| Employee benefits due to retirement  | 21     | 3,197                                 | -4,512                |
|  |        | <b><u>83,348</u></b>                  | <b><u>152,748</u></b> |
| <b>Changes in working capital</b>  |        |                                       |                       |
| (Increase) / decrease in inventories   |        | 56,878                                | 29,567                |
| (Increase) / decrease in receivables   |        | 37,319                                | 81,557                |
| Increase/(decrease) in liabilities   |        | 27,097                                | -46,097               |
| Increase/(decrease) in provisions  |        | 3,721                                 | -2,843                |
| Increase/(decrease) in employee benefits   |        | -4,378                                | -1,959                |
|  |        | <b><u>120,637</u></b>                 | <b><u>60,223</u></b>  |
| <b>Cash flows from operating activities</b>  |        | <b><u>203,986</u></b>                 | <b><u>212,971</u></b> |
| <b>Cash flows from operating activities</b>  |        |                                       |                       |
| Cash flows from operating activities   |        | 203,986                               | 212,971               |
| Interest paid  |        | -99,175                               | -96,990               |
| Income tax paid  |        | -10,699                               | -10,651               |
| <b>Net cash flows from/(used in) operating activities</b>                                |        | <b><u>94,112</u></b>                  | <b><u>105,330</u></b> |

\* Restated (see Note 3)

The notes on pages 97 to 168 are an integral part of these Consolidated Financial Statements.

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**5. Consolidated Statement of Cash Flows (continued)**

| <i>Amounts in euro thousand</i>   | <b>Note</b> | <b>For the year ended 31 December</b> |                       |
|---|-------------|---------------------------------------|-----------------------|
|   |             | <b><u>2013</u></b>                    | <b><u>2012 *</u></b>  |
| <b>Cash flows from investing activities</b>                                 |             |                                       |                       |
| Acquisition of PP&E, investment property and intangible assets              | 8,9,10      | -154,374                              | -97,879               |
| Proceeds from sale of PP&E, investment property and intangible assets       | 8,9,10      | 4,579                                 | 2,416                 |
| Acquisition of subsidiary, net of cash acquired                             |             | -103                                  | 0                     |
| Dividends received  |             | 2,786                                 | 1,626                 |
| Acquisition of available-for-sale financial assets                          |             | -10,215                               | -1,002                |
| Proceeds from Sale of available-for-sale financial assets                   |             | 12,514                                | 2,691                 |
| Purchase of financial assets at fair value through profit or loss           |             | -25,002                               | -4,500                |
| Proceeds from Sale of financial assets at fair value through profit or loss |             | 23,100                                | 12,910                |
| Interest received   |             | 8,421                                 | 9,862                 |
| Proceeds from Collection of grants  |             | 12,403                                | 5,727                 |
| Acquisition of non-controlling interests                                    |             | -2,138                                | 5,857                 |
| Acquisition of subsidiary net of cash acquired - Cofidin                    |             | 7,198                                 | 0                     |
| Acquisition of subsidiary net of cash acquired - Viohalco SA                |             | 163                                   | 0                     |
| <b>Net cash (from)/used in investing activities</b>                         |             | <b><u>-120,667</u></b>                | <b><u>-62,291</u></b> |
| <b>Cash flows from financing activities</b>                                 |             |                                       |                       |
| Proceeds from new borrowings  |             | 1,028,531                             | 463,131               |
| Repayment of Borrowings   |             | -971,457                              | -534,957              |
| Payment of finance lease liabilities  |             | -784                                  | 368                   |
| Dividends paid  |             | -547                                  | -579                  |
| Other   |             | -40                                   | 6                     |
| <b>Net cash flows from financing activities</b>                             |             | <b><u>55,704</u></b>                  | <b><u>-72,031</u></b> |
| <b>Net (decrease)/ increase in cash and cash equivalents</b>                |             | <b><u>29,149</u></b>                  | <b><u>-28,992</u></b> |
| Cash and cash equivalents at beginning of period                            |             | <u>144,251</u>                        | <u>173,243</u>        |
| <b>Cash and cash equivalents at end of period</b>                           |             | <b><u>173,401</u></b>                 | <b><u>144,251</u></b> |

\* Restated (see Note 3)

The notes on pages 97 to 168 are an integral part of these Consolidated Financial Statements.



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### 6. Notes to the Consolidated Financial Statements

#### 1. General information

Viohalco SA (hereafter referred to as “the Company” or “Viohalco”) 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 “the Group” or “Viohalco”), and the Group’s interest in associates accounted for using the equity method.

The present Consolidated Financial Statements were approved by the Company’s Board of Directors on 31 March 2014. A number of notes were finalized subsequently by Management. Those Consolidated Financial Statements are subject to the approval of the Company’s Ordinary General Meeting, on 3 June 2014.

Viohalco SA/NV is the parent company of the Viohalco Group and holds participations in approximately 90 companies, seven of which are listed on the Athens stock exchange. With production facilities in Greece, Bulgaria, Romania, FYROM and the United Kingdom, the Group’s subsidiaries specialise in the manufacture of steel, copper and aluminium products. In addition, the Group 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](http://www.viohalco.com), where the Consolidated Financial Statements have been posted.

#### 2. Basis of preparation

##### Compliance note

The Consolidated Financial Statements have been prepared by Management in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union.

##### 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 presented at fair value according to the requirements of IFRS.

- Financial assets at fair value through profit or loss
- Derivative financial instruments
- Available-for-sale financial assets
- Net defined benefit liability

##### Important note in relation to the presentation of financial information

The Company merged on 16 November 2013 with, respectively, Cofidin SA, (hereafter the *Domestic Merger*) and Viohalco Hellenic Copper and Aluminium Industry SA (hereafter *Viohalco Hellenic*), a Greek limited liability company listed on the Athens Stock Exchange and with registered office at 2-4 Megoseion ave., 11527

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Athens, Greece (hereafter the *Cross-Border Merger*, and together with the Domestic Merger, the *Mergers*).

Based on the provisions of IFRS 3 Business Combinations, the corporate transformation referred to above was accounted for as a reverse acquisition.

For accounting purposes, Viohalco SA is considered to be the continuation of Viohalco-Hellenic Copper and Aluminium Industry SA. Therefore, the Fiscal Year 2012 financial data reflects the financial position and the activities of Viohalco-Hellenic Copper and Aluminium Industry SA, whereas the Fiscal Year 2013 financial data reflects the financial position and the activities of Viohalco-Hellenic Copper and Aluminium Industry SA from 1 January 2013 to 31 December 2013, including Viohalco SA/NV and Cofidin SA from 17 November 2013 to 31 December 2013.

Please refer to Note 6 Business Combinations for further information with regard to the Business Combinations.

#### **Functional currency and presentation currency (the currency in which the Consolidated Financial Statements are expressed)**

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

#### **Use of estimates and judgements**

Preparing Financial Statements in line with IFRS requires that Management takes decisions, makes assessments and assumptions which affect the implementation of accounting principles and the book amounts of assets, liabilities, income and expenses. The actual results may finally differ from such estimates.

Management's estimates and judgements are re-examined on a continuous basis and are based on historical figures and expectations of future events, which are deemed reasonable pursuant to that which is in force.

Estimates and assumptions that entail a considerable risk of causing substantial effect on the carrying amounts of assets and liabilities in the following 12 months are as follows:

#### **(a) Inventories**

The Group estimates inventories at the lesser value between their acquisition cost and net realizable value.

#### **(b) Assets not recognized at fair value**

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

#### **(c) Provisions**

Provisions are calculated at the fair value of expenses, which based on the Management's best estimation, are required to cover the present liability as at the reporting date. The discount interest

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rate used for the determination of current value reflects current market assessments of the time value of money and the increases specific to the obligation.

#### **(d) Impairment test**

Information about the assumptions made in measuring recoverable amounts is included in the following notes:

Note 7 – Property, plant & equipment;

Note 8 – Goodwill and intangible assets; and

Note 9 – Investment property.

#### **(e) Measurement of defined benefit obligations**

Key actuarial assumptions are disclosed in Note 21 – Employee benefits.

#### **(f) Recognition of deferred tax assets**

The availability of future taxable profit against which carry forward tax losses can be used is reviewed on an ongoing basis by management.

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### 3. Change in accounting principles

In addition to the changes listed below, the Group consistently applies the accounting principles shown in Note 2 for all periods presented in these Consolidated Financial Statements.

The Group has adopted the following new standards and amendments to standards with the initial application date 1 January 2013.

**(a) IFRS 10 “Consolidated Financial Statements”**

As a result of IFRS 10, the Group has changed its accounting policy in relation to the decision to control an entity and therefore whether the entity should be consolidated.

**(b) IFRS 12 “Disclosure about investments in other entities”**

As a result of IFRS 12, the Group has increased the disclosures about investments in subsidiaries and investments accounted for by the equity method.

**(c) IFRS 13 “Fair value measurement”**

This standard provides new guidance on fair value measurement and disclosure requirements. The Group presents the disclosures in fair values of the new Standard.

**(d) IAS 1 (Amendment) “Presentation of Financial Statements”**

As a result of the amended IAS 1, the Group has classified the items presented in other comprehensive income into two groups, based on whether those in the future is likely to be transferred to the Statement of Profit or Loss or not.

**(e) IAS 19 (Amendment) “Employees benefits”**

This amendment makes significant changes to the recognition and measurement of the cost of defined benefits and retirement benefits from the service and the disclosures for all employee benefits.

Due to the amendment to IAS 19 regarding the direct recognition of past service cost, the Group adjusted Results, Equity and the Liability for employee benefits of previous years as follows:

### I. Consolidated Statement of Financial Position

|                                 | <u>As at 31 December 2012</u> |               |           |
|---------------------------------|-------------------------------|---------------|-----------|
|                                 | Published                     | Adjustments - | Revised   |
| <i>Amounts in euro thousand</i> | Financial                     | IAS 19 &      | Financial |
| <b>EQUITY</b>                   | Position                      | transfer of   | Position  |
|                                 |                               | reserves      |           |
| Other reserves                  | 396,411                       | 865           | 397,276   |
| Retained earnings               | 200,562                       | -2,420        | 198,141   |
| Non-controlling interests       | 442,941                       | -752          | 442,189   |
| <b>LIABILITIES</b>              |                               |               |           |
| Employee benefits               | 22,561                        | 2,890         | 25,451    |
| Deferred tax liabilities        | 140,742                       | -583          | 140,159   |

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### II. Consolidated Statement of Financial Position

| <i>Amounts in euro thousand</i> | <u>As at 1 January 2012</u>        |                         |                                  |
|---------------------------------|------------------------------------|-------------------------|----------------------------------|
|                                 | Published<br>Financial<br>Position | Adjustments -<br>IAS 19 | Revised<br>Financial<br>Position |
| <b>EQUITY</b>                   |                                    |                         |                                  |
| Retained earnings               | 254,498                            | 491                     | 254,989                          |
| Non-controlling interests       | 464,132                            | 325                     | 464,457                          |
| <b>LIABILITIES</b>              |                                    |                         |                                  |
| Employee benefits               | 24,520                             | -999                    | 23,522                           |
| Deferred tax liabilities        | 156,898                            | 182                     | 157,081                          |

### III. Consolidated Statement of Profit or Loss

| <i>Amounts in euro thousand</i>         | <u>For the year ended 31 December 2012</u> |                         |                             |
|---|--|-------------------------|-----------------------------|
|   | Published<br>Income<br>Statement           | Adjustments -<br>IAS 19 | Revised Income<br>Statement |
| Cost of sales                           | -3,088,007                                 | 305                     | -3,087,702                  |
| Administrative expenses                 | -86,439                                    | -12                     | -86,451                     |
| Other expenses                          | -34,826                                    | -76                     | -34,902                     |
| Finance expense                         | -100,109                                   | -21                     | -100,130                    |
| Income tax                              | -1,384                                     | -39                     | -1,423                      |
| <b>Profit (Loss) attributable to:</b>   |  |                         |                             |
| Owners of the Company                   | -50,105                                    | 171                     | -49,934                     |
| Non-controlling interests               | -26,235                                    | -15                     | -26,250                     |
|   | <u><b>-76,340</b></u>                      |                         | <u><b>-76,184</b></u>       |
| <b>Earnings per share</b>               |  |                         |                             |
| Basic/Diluted earnings per share (euro) | <u>-0.2512</u>                             |                         | <u>-0.2503</u>              |

### IV. Consolidated Statement of Profit or Loss and Other Comprehensive Income

| <i>Amounts in euro thousand</i>            | <u>For the year ended 31 December 2012</u> |                         |  |
|--|--|-------------------------|--|
|  | Published Other<br>Comprehensive<br>Income | Adjustments - IAS<br>19 | Revised Other<br>Comprehensive<br>Income |
| <b>Loss for the period</b>                 | <b>-76,340</b>                             | 156                     | <b>-76,184</b>                           |
| Remeasurement of defined benefit liability | 0  | -4,084                  | -4,084                                   |
| Income tax on other comprehensive income   | 1,064                                      | 804                     | 1,868                                    |
| <b>Attributable to</b>                     |  |                         |  |
| Owners of the Company                      | -46,029                                    | -2,047                  | -48,076                                  |
| Non-controlling interests                  | -25,038                                    | -1,077                  | -26,115                                  |
|  | <u><b>-71,067</b></u>                      | <u>-3,124</u>           | <u><b>-74,190</b></u>                    |

In the Consolidated Statement of Financial Position for the year 2012, an amount of euro 1,986 thousand was transferred from the account "Retained Earnings" to the account "Reserves".

Moreover, the amount of Income tax advance payment in current assets (euro 3,452 thousand) was offset to current tax liabilities.

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### 4. Significant accounting policies

#### 4.1. Consolidation Basis

(a) Business combinations

Acquisition of subsidiaries is accounted for using the acquisition method on the acquisition date, i.e. the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. To assess control, the Group takes into account eventual voting rights that may be currently exercised.

The Group measures 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.

In the case of negative goodwill, profit is directly recorded 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.

On a acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

(b) Accounting of the acquisition of non-controlling interests

Acquisitions of non-controlling interests are accounted for as transactions of shareholders and their stakes and, therefore, no goodwill is recognized in such transactions.

(c) Subsidiary Companies

Subsidiary companies are companies in which the Group controls, directly or indirectly, their financial and operational policy. Subsidiaries are fully consolidated (total consolidation) from the date control over them is acquired and cease being consolidated from the date this control no longer exists.

(d) Loss of control

If control over a subsidiary is lost, the Group ceases recognising the subsidiary's assets and liabilities and the respective stakes of non-controlling interests related to the subsidiary. Any difference from the loss of control is recognised through profit or loss. If the Group keeps a stake in the former subsidiary, then such stake is presented at fair value on the date control is lost. Subsequently, it is presented using the equity method of accounting as an associate company or as an asset available for sale pro rata to our stake therein.

(e) Associate companies

Associate companies are companies over which the Group exercises significant influence, but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associate companies are accounted for by the equity method and are initially recognised at acquisition cost. The account in which investments in associate companies are recognised includes the goodwill that arises on acquisition (net of any impairment losses). If the Group's share in the losses in an associate company is greater than the value of its investment therein,

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no additional losses are recognised, unless payments have been made or further commitments have been assumed on behalf of the associate company.

(f) Transactions eliminated upon consolidation

Transactions, balances and non-realised profits from transactions between Group companies are eliminated at the time of consolidation. The same applies to unrealised losses, unless the transaction gives indications that the value of the asset that was transferred is impaired.

#### 4.2. Foreign exchange differences

(a) Transactions and balances

Transactions that are carried out in foreign currencies are converted into the Group's functional currency based on the exchange rates that are applicable on the date each transaction is carried out. Profits and losses from foreign exchange differences that arise from the settlement of such transactions and from the conversion of monetary asset and liability items that are expressed in a foreign currency at the foreign exchange rates that apply on the reporting date are recorded in the Consolidated Statement of Profit or Loss.

(b) The Group's Companies

The Financial Statements of the Group's companies (none of which operate in a hyperinflation economy) that are expressed in a different functional currency from the Group's presentation currency are converted as follows:

- Assets and liabilities including goodwill and fair value adjustments arising during consolidation are converted using the official exchange rate for the foreign currency that is in effect on the reporting date.
- Income and expenses are converted using the average rate of the foreign currency during the period.
- Any foreign exchange difference that may arise is recorded in Equity, in the item "Translation reserve" and is transferred to the results when these companies are sold.

#### 4.3. 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.

Expenses that are incurred after the purchase of an asset are recorded as an increase in the asset's carrying amount or as a separate asset only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repair and maintenance costs are recorded in the Consolidated Statement of Profit or Loss when these are incurred.

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On the sale of tangible fixed assets, 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)".

Financial expenses related to the construction of assets are capitalised during the period required for the construction to be completed.

(b) Depreciation and amortization

Land is not depreciated. Other assets are depreciated on the straight line method with equal burdens during their expected useful lives, so that their cost may be deleted at their residual value. The expected useful lives of fixed assets are presented below.

|                      |       |       |
|----------------------|-------|-------|
| Buildings            | 10-33 | years |
| Factories            | 50    | years |
| Mechanical equipment | 1-25  | years |
| Motor vehicles       | 4-15  | years |
| Other equipment      | 1-8   | years |

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

The residual values and useful lives of these assets may be reviewed and adjusted if appropriate, at each reporting date.

#### 4.4. Intangible assets

(a) 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 as expenses in the year in which they are incurred.

(b) Other intangible assets

Other intangible assets acquired separately are recognized at acquisition cost while other intangible assets acquired through business acquisition are recognized at their fair value on the acquisition date. Thereafter, they are measured at such amount less any accumulated depreciation and any accumulated impairment losses. The useful life of intangible assets may be finite or indefinite. The depreciable cost of intangible assets with a finite useful life shall be allocated over their estimated useful life by applying the straight line method. Amortization of intangible assets shall begin on the date they are available for use.

Intangible assets with an indefinite useful life are not amortized but are subject to periodic (at least annual) review to determine whether their value has been impaired as per the provisions of IAS 36 "Impairment of Assets". No residual value is recognized. The useful life of intangible assets is evaluated annually. Intangible assets are tested for impairment at least annually on a customized basis or in



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terms of the cash generating unit under which they fall.

#### 4.5. Investment property

Investment property, which mainly includes land and buildings, is owned by the Group 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 as an expense in the results. The expected useful life of investment property is 18-33 years.

#### 4.6. Impairment

##### (a) Non-derivative financial assets

Financial assets that are not recognized at fair value through profit or loss are tested for impairment when there are indications that their carrying amounts are not recoverable. A financial asset is considered impaired if there is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset and where that evidence has an impact on the future cash flows that can be reliably estimated. The objective evidence of impairment includes the bankruptcy of a debtor or its qualification as not liable to collection, changes in the mode of payment, changes in economic circumstances and a major drop in its financial particulars. In this case, the recoverable amount of assets or cash generating units are determined and if carrying amounts exceed the estimated recoverable amount an impairment loss is recognized that is posted directly in the Consolidated Statement of Profit or Loss. The recoverable amount is the higher amount between an asset's fair value (where it can be reliably estimated) less the cost that is required for the sale thereof, and the value in use.

Assets that have an indefinite useful life are not subject to amortisation but are tested annually for impairment and whenever certain events indicate that the carrying amount may not be recoverable. Assets that are subject to amortisation are tested for impairment whenever certain events indicate that the carrying amount may not be recoverable.

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

##### (b) Non-financial assets

At each reporting date, the Group reviews 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.

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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 “Non-recurring items” caption on the face of consolidated income statement. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

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

#### **4.7. Leases**

The Group leases certain tangible fixed assets. Leases of fixed assets, in which the Group substantially maintains all the risks and rewards of ownership, are classified as financial leases. Financial leases are capitalised at the lease’s inception at the lower of the asset’s fair value and the present value of the minimum lease payments. The corresponding obligations that arise from the leases, net of finance charges, are recorded as liabilities. The interest element of the finance cost that concerns the finance lease is charged to the results over the period of the lease. Fixed assets that were acquired through leasing are depreciated at the shorter period between the useful lives of the fixed assets and the term of their lease.

Leases, in which the lessor retains substantially all the risks and rewards of ownership, are classified as operating leases. Payments made under operating leases are charged to the results on a straight-line basis over the period of the lease.

#### **4.8. Non-derivative financial instruments**

Investments in equities and other securities, trade and other receivables, cash and cash equivalents, loans, trade and other payables are non-derivative financial instruments. Classification of such items in the following categories depends on the purpose for which they were acquired. The Group’s Management decides on the investment’s classification at the time the investment was initially recognised and re-examines its designation at every publication date.

(a) Financial assets recorded at fair value with changes through profit or loss

This category includes financial assets that were acquired in order to be resold in the short-term. It also includes derivative financial instruments unless they are defined as risk hedging instruments. Financial assets in this category are recorded as current assets if they are held for commercial purposes or if they are expected to be sold within 12 months of the reporting date.

Financial assets at fair value through profit or loss are initially recognised at fair value and transaction expenses are recorded as an expense in the results of the year. Investments are derecognised when the right to collect the cash flows arising therefrom expires or has been transferred and the Group has substantially transferred all the risks and rewards of ownership.

Realised and unrealised gains or losses that arise from changes in the fair value of financial assets through profit or loss are recognised in the results in the year in which they arise.

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(b) Trade and other receivables

Trade and other receivables are initially recorded at their fair value and are subsequently estimated in integral cost using the effective interest method, less any impairment loss. Impairment losses are recognised when there is an objective indication that the Group is not in a position to collect all or part of the amounts that are due pursuant to the contractual terms. The amount of the impairment is equal to the difference between the carrying amount of the receivables and the present value of the estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is recorded as an expense in the Consolidated Statement of Profit or Loss.

(c) Available-for-sale financial assets

This category includes non-derivative financial assets that are either designated in this sub-category or cannot be classified as held until maturity or as fair value item through profit or loss. The purchase and sale of an investment is recognised on the trade-date, which is also the date on which the Group commits to purchase or sell the asset. Available-for-sale investments are initially recognised at their fair value plus transaction costs. Available-for-sale financial assets are subsequently carried at fair value and unrealised gains or losses are recognised in shareholders' equity reserve until they are sold or impaired. The fair value of those items traded on a regulated market corresponds to the closing price. As for the other items for which fair value cannot be reliably determined, fair value corresponds to acquisition cost.

Impairment loss is recognized through transfer of accumulated loss from reserves to operating results. The accumulated loss that is transferred is the difference between the acquisition cost after depreciation through the effective interest rate and the current fair value less the impairment already posted to results during prior periods. When these assets are sold or impaired, the profit or loss is transferred to the Consolidated Statement of Profit or Loss. Impairment losses that have been recognised in the results may not be reversed through profit or loss for such equity instruments.

At each reporting date, the Group assess whether there is any objective evidence that leads to the conclusion that the values of its financial assets have decreased. With regard to shares that have been classified as "available-for-sale financial assets", such an indication would be a significant or prolonged decrease (significant is 30% and prolonged in 12 months) in their fair value in relation to their acquisition cost. If impairment is established, the loss accumulated in Equity is transferred to results.

(d) Cash and equivalents

Cash and cash equivalents include cash on hand, current accounts, short-term (up to 3 months) highly-liquid and low-risk investments.

(e) Financial liabilities

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

Recognition stops when contractual obligations are repaid or expire or are cancelled.

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#### **4.9. Derivatives and hedge accounting**

(a) Fair value hedge

Changes in the fair value of derivatives that are designated as fair value hedges are recognized through profit or loss as are changes in the fair value of hedged items that are attributed to the risk that is being hedged.

(b) Cash flow hedge

The effective proportion of the change in the fair value of derivatives that are designated as means for hedging changes in cash flows is recorded in an Equity reserve account (fair value reserve). The gain or loss of the non-effective proportion is recognised directly through profit or loss. The amounts posted as a fair value reserve in Equity are carried forward to the results of the periods where the hedged assets affect profits or losses.

When a hedging instrument expires or is sold, or when a hedging relation does not currently fulfil the criteria of hedge accounting, the profits or losses accumulated in Equity remain as a reserve and are recognised through profit or loss when the hedged item affects profit or loss. When a forecasted future transaction that is no longer expected to be carried out is hedged, the profits or losses accumulated in Equity are transferred to the results.

#### **4.10. Inventories**

Inventories are stated at the lower cost and net realisable value. The cost is determined by applying the method of weighted average annual cost and includes the production and conversion cost and all direct expenses required to bring inventories at their current condition. Financial expenses are not included in the acquisition cost. The cost includes any transfers from equity to cash flow hedging. The net realisable value is estimated based on the inventory's current sales price, in the ordinary course of business activities, less any possible selling expenses, whenever such a case occurs.

#### **4.11. 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.

#### **4.12. Income tax**

The income tax of the year consists of the current and deferred tax and is calculated according to the tax legislation and tax rates applying in the countries in which the Group operates. Income tax is recognized in profit or loss save any cases concerning items directly recognized in Equity.

Current tax is the tax expected to be paid on the taxable income for the year, based on enacted tax rates on the reporting date, and any adjustment to prior-period payable tax.

Deferred tax is recognized on temporary differences that arise between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred income tax is not accounted for if it arises from an asset's or liability's initial

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recognition in a transaction, with the exception of a business combination, which, when the transaction was effected, did not affect the accounting or tax profit or loss. Deferred income tax is determined with the tax rates that are expected to apply during the fiscal year the asset will be realised or the liability will be settled and is based on the tax rates (and tax laws) that are in force or have been substantially enacted on the reporting date.

Deferred tax assets are recognised to the extent that it is probable that a future taxable profit will arise from the use of the temporary difference that created the deferred tax asset.

Deferred income tax is recognised for the temporary differences that arise from investments in subsidiary and affiliated companies, with the exception of the case in which reversals of temporary differences are controlled by the Group and it is possible that the temporary differences will not reverse in the foreseeable future.

#### **4.13. Employee benefits**

(a) Short-term benefits

Short-term benefits to employees in cash or in kind are recorded as an expense when these accrue.

(b) Defined-contribution plan

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

(c) Defined-benefit plans

The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The 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. The Group determines 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. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The defined benefit obligation is calculated annually by an independent actuarial using the projected unit credit method. The discount rate is based on I Boxx AA-rated Euro corporate bond 10+ year Index.

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(d) Employment termination benefits

Employment termination benefits are paid when employees retire without wishing so prior to the date of retirement. The Group records these benefits when it is bound, or when it terminates the employment of existing employees based on a detailed schedule for which there is no possibility of withdrawal or when it offers these benefits as an incentive for voluntary retirement. Employment termination benefits that are due in 12 months after the reporting date are discounted. In the case of employment termination in which the Group is not able to determine the number of employees who will take advantage of this incentive, these benefits are not accounted for but are recorded as a contingent liability.

(e) Profit-sharing plans

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

#### **4.14. Grants**

Government grants are recognised at their fair value when it is certain that the subsidy will be received and that the Group will comply with all stipulated terms.

Government grants that relate to expenses are recognized through profit or loss so that these will match the expenses they intend to cover.

#### **4.15. Construction contracts**

Contract revenue 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.

If the outcome of a construction contract can be estimated reliably, then contract revenue is recognized in 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.

#### **4.16. 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 calculated at the fair value of expenses, which based on the management's best estimation, are required to cover the present liability as at the reporting date. The discount interest rate used for the determination of present value reflects current market assessments of the time value of money and the increases specific to the obligation. Contingent assets and contingent liabilities are not recognized in the Consolidated Financial Statements.

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#### 4.17. Income

(a) Sale of goods

Sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the purchaser, the collection of the price is reasonably secured, and the relevant expenses and eventual returns of goods can be reliably measured. In the case in which cash refunds regarding sales of goods are guaranteed, refunds are accounted for on each reporting date as a reduction to income.

(b) Provision of services

Income from the provision of services is accounted for in the period in which the services are rendered, based on their stage of completion in relation to all the services that shall be rendered.

(c) 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.

(d) Income from dividends

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

(e) Rental income

Rental income from investment property is recognised as other income on a straight-line basis over the term of the lease.

#### 4.18. Operating segments

The operating segment to be presented is a part of the Group participating in business activities and generating income and expenses including income and expenses related to transactions with the Group's other departments. The results of all segments are reviewed by the chief decision-making officer who is the Board of Directors and is responsible for measuring the business performance of operating segments.

#### 4.19. Earnings per Share

The Group presents basic and diluted earnings per share. Basic earnings per share are calculated by dividing the net profits/ (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.

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### 4.20. New standards of IFRS's

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2014 and have not been applied in preparing these Consolidated Financial Statements. The Group does not intend to early adopt these standards. Management is of the opinion that the application of these amendments will not have a material impact on the consolidated financial statements. The new standards that may affect the Financial Statements of the Group and reviewed by the Group are as follows:

**(a) IFRS 9 "Financial assets"- and subsequent amendments in IFRS 9, IFRS 7 and IAS 39**

It introduces a new way of classification and measurement of financial instruments. Subsequent amendments are relating to the review of hedge accounting, the accounting for liabilities due to changes in credit risk of the entity and the abolition of the compulsory application of the standard on January 1, 2015. This standard is not yet endorsed by the European Union.

**(b) IAS 32 «Financial assets - Presentation» (amendment)**

This amendment provides clarification on the application of criteria offsetting financial assets and financial liabilities. The amendment has been approved by the European Union and has mandatory application from 1 January 2014.

**(c) IAS 36 «Impairment of financial assets value» (amendment)**

The amendment relates to changes in disclosures regarding the recoverable amount of non-financial assets. This amendment applies after January 1, 2014 as approved by the European Union.

**(d) IAS 39 «Financial assets» (amendment)**

Based on this amendment may continue hedge accounting if a derivative hedging renewed, subject to certain conditions. This amendment applies after January 1, 2014 as approved by the European Union.

**(e) IAS 19 «Employee benefits» (amendment)**

This amendment applies to contributions by employees or third parties in defined benefit plans. This amendment aims to simplify the accounting for contributions that are independent of the number of years of service of employees. This amendment applies after July 1, 2014 as approved by the European Union.

**(f) Interpretation 21 «Contributions»**

This interpretation relates to how to finalize the obligations levies imposed by governments. This amendment applies after January 1, 2014 as approved by the European Union.

**(g) IFRS 11 Joint Arrangements**

This standard is effective for annual periods beginning on or after January 1, 2014 with retrospective application. The standard defines the accounting for joint arrangements whereby control is shared with a third party. Joint arrangements are classified as either joint operations or joint ventures. Interests in joint venture should be accounted for using the equity method. IFRS 11 supersedes IAS 31 Interests in Joint Ventures and SIC 13 Jointly Controlled Entities.



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- (h) Amendments to IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures in the light of the new standards IFRS 10 and IFRS 12, the IASB reissued IAS 27 and IAS 28 effective for annual periods beginning on or after January 1, 2014 with retrospective application.**

The new standard IAS 27 focuses entirely on accounting for investments in subsidiaries, jointly controlled entities and associates in separate financial statements when the entity elects or is required by local regulations, to present separate (non-consolidated) financial statements. The revised standard 28 prescribes the accounting for investments in associates and joint ventures and sets out the requirements for the use of the equity method.

- (i) Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle**

The IASB issued a next set of Annual Improvements to IFRSs effective for annual periods beginning on or after July 1, 2014. They mainly consist of editorial changes to existing standards to clarify guidance and wording. These amendments address the definition of vesting and other conditions (IFRS 2), clarify the accounting for contingent consideration in business combinations (IFRS 3) and define scope exceptions for joint ventures. They also clarify the requirement to disclose the judgments used in applying the aggregation criteria to operating segments and clarify when reconciliations of segment assets are required (IFRS 8), clarify the fair value measurement of short-term receivables and payables (IFRS 13), clarify the revaluation method for property, plant and equipment and intangible assets, clarify that an entity providing key management personnel services is a related party to the reporting entity (IAS 24) and clarify the interrelationship between Business Combinations and Investment Property.

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### 5. Management of financial risk

The Group is exposed to credit, liquidity and market risk due to the use of its financial instruments. This note sets forth information on the exposure of the Group to each one of the above risks, the Group's objectives, the policies and procedures applied to risk measurement and management and the Group's capital management. More quantitative particulars on these disclosures are included in the entire range of the Consolidated Financial Statements.

The Group's risk management policies are applied in order to identify and analyze the risks facing the Group, 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 Group's activities.

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

#### 5.1. Credit risk

Credit risk is the risk of the Group's loss in case where a customer or third party in a financial transaction does not fulfil his contractual obligations and is mainly related to trade receivables and investments in securities.

##### (a) Trade and other receivables

The Group's exposure to credit risk is mainly affected by the characteristics of each customer. The demographic attributes of the Group's customer base, including the risk for default on payments that characterizes the specific market and the country where customers are based, affect credit risk to a lesser extent as there is no geographical concentration of credit risk. No client exceeds 10% of consolidated sales and, consequently, commercial risk is spread over a large number of clients.

The Group has established a credit policy on the basis of which each new customer is examined on an individual basis in terms of creditworthiness before the standard payment terms are proposed to such customer. The creditworthiness control carried out by the Group includes the examination of bank sources and other third sources of credit rating, if any. 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.

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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 include mainly wholesale customers of the Group. Any customers characterized as being of "high risk" are included in a special list of customers and future sales must be received in advance. Depending on the background of the customer and its status, the Group demands real or other security (e.g. letters of guarantee) in order to secure its receivables, if possible.

The Group records a provision of impairment representing its estimate about losses related to trade and other receivables and investments in securities. This provision mainly consists of impairment losses of specific receivables that are estimated based on given circumstances that they will be materialized though they have not been finalized yet.

(b) Investments

The investments of the Group are classified pursuant to the purpose for which they were acquired. The Management decides on the appropriate classification of the investment during the time such was acquired and reviews the classification on each presentation date.

The Management estimates that there will be no payment default for such investments.

(c) Guarantees

The Group's policy consists in not providing any guarantees, unless the Board of Directors decides so on an exceptional basis, this concerning subsidiary or affiliated companies.

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#### Credit Risk

The financial assets entailing credit risk are as follows:

| <i>Amounts in euro thousand</i>                       | Note | 31/12/2013     | 31/12/2012     |
|---|------|----------------|----------------|
| Available-for-sale financial assets                   | 12   | 65,765         | 9,180          |
| Financial assets at fair value through profit or loss |      | 282            | 16             |
| Trade receivables                                     |      | 335,333        | 383,165        |
| Cash and cash equivalents                             | 17   | 173,401        | 144,251        |
| Derivatives   | 16   | 2,702          | 6,742          |
|   |      | <b>577,483</b> | <b>543,353</b> |

Trade receivables includes receivables from third-party customers and receivables from related parties

The aging of trade receivables is as follows:

| <i>Amounts in euro thousand</i> | 31/12/2013     | 31/12/2012     |
|---------------------------------|----------------|----------------|
| Current                         | 280,778        | 313,995        |
| Overdue                         |                |                |
| Up to 6 months                  | 48,756         | 49,564         |
| Over 6 months                   | 5,799          | 19,605         |
| <b>Total</b>                    | <b>335,333</b> | <b>383,165</b> |

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

| <i>Amounts in euro thousand</i> | 31/12/2013    | 31/12/2012    |
|---------------------------------|---------------|---------------|
| Balance as at 1 January         | 45,994        | 46,653        |
| Impairment loss                 | 3,074         | 2,913         |
| Deletion                        | -820          | -1,639        |
| Reversal                        | -1            | -2            |
| Transfer to other provisions    | 0             | 140           |
| Transfer to other assets        | -415          | -2,000        |
| Transfer to results             | 0             | -37           |
| Foreign exchange differences    | -24           | -35           |
| Balance as at 31 December       | <b>47,807</b> | <b>45,994</b> |

The following collateral exists:

| <i>Amounts in euro thousand</i>                    | 31/12/2013 | 31/12/2012 |
|--|------------|------------|
| Bank letters of guarantee                          | 1,501      | 1,501      |
| Guarantees for securing receivables from customers | 37,384     | 45,087     |

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### 5.2. Liquidity risk

Liquidity risk consists in the Group not being in position to meet its financial liabilities when these expire. The approach adopted by the Group regarding liquidity management is to ensure, by holding all absolutely necessary cash and sufficient credit limits from co-operating banks, that the Group will always have sufficient liquidity to meet its obligations when these expire under normal and adverse circumstances without incurring any inadmissible losses or jeopardizing the Group's reputation.

In order to avoid liquidity risks, the Group sets up a provision for cash flows for a year 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. This policy does not take into account the relevant effect from extreme conditions that cannot be foreseen.

The Group monitors the cash needs of Group companies on a central basis and agrees upon financing terms with credit institutions in Greece and other countries. The Group has already adequate cash to meet its needs but has come into contact with the collaborating banks to obtain a change in the loan structure in order to reduce the financial cost.

Financial liabilities and liabilities derivatives based on contractual maturity are broken down as follows:

Financial liabilities and liabilities derivatives based on contractual maturity are broken down as follows:

| <i>Amounts in euro thousand</i>                          | <u>31/12/2013</u> | <u>&lt;1 year</u> | <u>1 - 2 years</u> | <u>2 - 5 years</u> | <u>&gt;5 years</u> | <u>Total</u>     |
|--|-------------------|-------------------|--------------------|--------------------|--------------------|------------------|
| <b>Financial liabilities</b>                             |                   |                   |                    |                    |                    |                  |
| Bank loans   | 469,915           | 283,710           | 31,454             | 154,231            | 519                | 469,915          |
| Bond loans   | 809,350           | 52,545            | 14,493             | 712,998            | 29,314             | 809,350          |
| Bank current accounts                                    | 140,428           | 140,428           | 0                  | 0                  | 0                  | 140,428          |
| Finance lease obligations                                | 1,502             | 377               | 0                  | 597                | 528                | 1,502            |
| Trade and other payables                                 | 329,746           | 318,154           | 1,514              | 4,660              | 5,418              | 329,746          |
| Other financial liabilities                              | 26,245            | 26,245            | 0                  | 0                  | 0                  | 26,245           |
|  | <b>1,777,186</b>  | <b>821,459</b>    | 47,462             | 872,485            | 35,780             | <b>1,777,186</b> |
| <b>Derivatives (Analysis by category)</b>                | <u>31/12/2013</u> | <u>&lt;1 year</u> | <u>1 - 2 years</u> | <u>2 - 5 years</u> | <u>&gt;5 years</u> | <u>Total</u>     |
| Nominal value of interest rate swaps (in €)              | 9,663             | 1,333             | 1,333              | 6,997              | 0                  | 9,663            |
| Nominal value of forward foreign exchange contracts (\$) | -81,356           | -18,774           | -28,062            | -34,520            | 0                  | -81,356          |
| Nominal value of Forwards (in USD)                       | 102,669           | 102,669           | 0                  | 0                  | 0                  | 102,669          |
| Nominal value of Forwards (in GBP)                       | 1,426             | 1,426             | 0                  | 0                  | 0                  | 1,426            |
| Nominal value of Forwards (in CHF)                       | -10               | -10               | 0                  | 0                  | 0                  | -10              |
| Nominal value of Aluminium Derivatives                   | 10,196            | 10,196            | 0                  | 0                  | 0                  | 10,196           |
| Nominal value of Copper Derivatives                      | -11,358           | -11,358           | 0                  | 0                  | 0                  | -11,358          |
| Nominal value of Zinc Derivatives                        | -1,956            | -1,956            | 0                  | 0                  | 0                  | -1,956           |
| Nominal value of Lead Derivatives                        | 321               | 321               | 0                  | 0                  | 0                  | 321              |
|  | <b>29,594</b>     | 83,846            | -26,729            | -27,523            | 0                  | <b>29,594</b>    |

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Financial liabilities and liabilities derivatives based on contractual maturity are broken down as follows:

| <i>Amounts in euro thousand</i>                          | <u>31/12/2012</u> | <u>&lt;1 year</u> | <u>1 - 2 years</u> | <u>2 - 5 years</u> | <u>&gt;5 years</u> | <u>Total</u>     |
|--|-------------------|-------------------|--------------------|--------------------|--------------------|------------------|
| <b>Financial liabilities</b>                             |                   |                   |                    |                    |                    |                  |
| Bank loans   | 737,665           | 627,978           | 36,276             | 70,698             | 2,713              | 737,665          |
| Bond loans   | 529,857           | 244,682           | 241,677            | 15,954             | 27,545             | 529,857          |
| Bank current accounts                                    | 99,913            | 99,913            | 0                  | 0                  | 0                  | 99,913           |
| Finance lease obligations                                | 2,285             | 816               | 542                | 303                | 625                | 2,285            |
| Trade and other payables                                 | 326,866           | 326,823           | 43                 | 0                  | 0                  | 326,866          |
| Other financial liabilities                              | 6,012             | 6,012             | 0                  | 0                  | 0                  | 6,012            |
|  | <b>1,702,598</b>  | <b>1,306,223</b>  | <b>278,538</b>     | <b>86,955</b>      | <b>30,883</b>      | <b>1,702,598</b> |
| <b>Derivatives (Analysis by category)</b>                |                   |                   |                    |                    |                    |                  |
| Nominal value of interest rate swaps (in €)              | 45,552            | 34,431            | 2,611              | 8,510              | 0                  | 45,552           |
| Nominal value of forward foreign exchange contracts (\$) | -76,575           | -47,908           | -28,667            | 0                  | 0                  | -76,575          |
| Nominal value of Forwards (in USD)                       | 61,795            | 56,907            | 4,888              | 0                  | 0                  | 61,795           |
| Nominal value of Forwards (in GBP)                       | 23,616            | 23,616            | 0                  | 0                  | 0                  | 23,616           |
| Nominal value of Forwards (in CHF)                       | -66               | -66               | 0                  | 0                  | 0                  | -66              |
| Nominal value of Aluminium Derivatives                   | 3,113             | 5,030             | -1,917             | 0                  | 0                  | 3,113            |
| Nominal value of Copper Derivatives                      | 21,843            | 21,843            | 0                  | 0                  | 0                  | 21,843           |
| Nominal value of Zinc Derivatives                        | -1,384            | -1,384            | 0                  | 0                  | 0                  | -1,384           |
| Nominal value of Lead Derivatives                        | 468               | 468               | 0                  | 0                  | 0                  | 468              |
|  | <b>78,362</b>     | <b>92,938</b>     | <b>-23,085</b>     | <b>8,510</b>       | <b>0</b>           | <b>78,362</b>    |

### 5.3. Market risk

The market risk consists in the changes in commodity prices, exchange rates and interest rates that have an effect on the Group's results or the value of its financial instruments.

- Commodity price risk (particularly copper, zinc and aluminum):

This is the most significant and strategic of the risks to which the Group is exposed. The objective is to fully hedge this risk through trading in future contracts on the London Metal Exchange (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 the Group is not exposed to commodity price risk.

For further details on LME future contracts held by the Group, see note 5.2.

For additional information regarding hedging transactions, refer to Note 16 'Derivatives'.

- Foreign exchange risk:

The Group operates internationally and it engages in transactions in a number of currencies and interest rates. The exposure to currency risk arises primarily from the geographic location of the markets on which the Group sells its products and buys raw materials. It is Group policy to hedge all of the above risks through derivative financial instruments such as cross currency swaps and forward contracts.

For additional information regarding hedging transactions, refer to Note 16 'Derivatives'.

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- Interest rate risk:

Interest rate risk, to which the Group is exposed, arises primarily in connection with non-current financial liabilities. Floating rate payables expose the Group to a cash flow risk, while fixed rate liabilities entail assumption of the risk of a change in fair value. The Group currently holds IRS (interest rate swaps), which convert floating into fixed interest rates, in order to manage interest rate risk.

The purpose of market risk management is to control the Group's exposure to these risks in the context of acceptable parameters while optimizing returns. The Group enters into transactions with derivative financial instruments so as to hedge a part of the risks arising from market conditions.

### 5.4. Foreign exchange risk

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

Over time, the Group hedges the greatest part of its estimated exposure to foreign currencies in relation to the anticipated sales and purchases as well as to the receivables and liabilities in foreign currency. The Group enters 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 Group's operating activities.

The investments of the Group in other subsidiaries are not hedged because these exchange positions are considered to be long-term and have been made mainly in euro.

*The risk from variation in exchange rates is as follows:*

| Amounts in euro thousand                     | 31 December 2013 |               |               |                |                |               |              | TOTAL           |
|--|------------------|---------------|---------------|----------------|----------------|---------------|--------------|-----------------|
|  | EURO             | USD           | GBP           | LEV            | DINAR          | RON           | OTHER        |                 |
| Trade and other receivables                  | 231,131          | 37,906        | 44,750        | 5,698          | 126,746        | 20,379        | 7,251        | 473,861         |
| Borrowings                                   | -1,359,677       | -2,486        | -21,863       | -34,184        | 0              | -2,889        | -96          | -1,421,195      |
| Cash & cash equivalents                      | 137,063          | 20,380        | 10,756        | 1,755          | 960            | 1,642         | 846          | 173,401         |
|  | -991,483         | 55,800        | 33,642        | -26,731        | 127,706        | 19,131        | 8,001        | -773,934        |
| Derivatives for risk hedging (Nominal Value) | 133              | -2,413        | 1,397         | 0              | 0              | 0             | -10          | -893            |
| <b>Total risk</b>                            | <b>-991,350</b>  | <b>53,387</b> | <b>35,039</b> | <b>-26,731</b> | <b>127,706</b> | <b>19,131</b> | <b>7,990</b> | <b>-774,826</b> |

| Amounts in euro thousand                     | 31 December 2012 |               |               |                |              |               |              | TOTAL           |
|--|------------------|---------------|---------------|----------------|--------------|---------------|--------------|-----------------|
|  | EURO             | USD           | GBP           | LEV            | DINAR        | RON           | OTHER        |                 |
| Trade and other receivables                  | 376,306          | 71,604        | 31,589        | 10,879         | 4,427        | 11,951        | 4,921        | 511,677         |
| Borrowings                                   | -1,283,740       | -26,321       | -22,593       | -33,773        | 0            | -3,294        | 0            | -1,369,720      |
| Cash & cash equivalents                      | 107,169          | 10,185        | 19,900        | 2,117          | 491          | 1,470         | 2,920        | 144,251         |
|  | -800,265         | 55,468        | 28,897        | -20,777        | 4,917        | 10,128        | 7,840        | -713,792        |
| Derivatives for risk hedging (Nominal Value) | -8,747           | 25,453        | -12,537       | 0              | 0            | 0             | 0            | 4,169           |
| <b>Total risk</b>                            | <b>-809,013</b>  | <b>80,921</b> | <b>16,360</b> | <b>-20,777</b> | <b>4,917</b> | <b>10,128</b> | <b>7,840</b> | <b>-709,623</b> |

The exchange rates applied to the fiscal year were:

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|       | Average exchange rate |             | Year end spot rate |             |
|-------|-----------------------|-------------|--------------------|-------------|
|       | <u>2013</u>           | <u>2012</u> | <u>2013</u>        | <u>2012</u> |
| USD   | 1.3537                | 1.3021      | 1.3791             | 1.3194      |
| GBP   | 0.8415                | 0.8135      | 0.8337             | 0.8161      |
| LEV   | 1.9558                | 1.9558      | 1.9558             | 1.9558      |
| DINAR | 113.0924              | 113.0415    | 114.9400           | 112.3596    |
| RON   | 4.4439                | 4.4447      | 4.4710             | 4.4445      |

If the exchange rates rose by 10% in relation to the euro, the effect on results and equity would be (amounts in euro thousand):

|       | Profit or loss |             | Equity      |             |
|-------|----------------|-------------|-------------|-------------|
|       | <u>2013</u>    | <u>2012</u> | <u>2013</u> | <u>2012</u> |
| USD   | -5,239         | -3,134      | -3,121      | 238         |
| GBP   | -1,535         | -1,037      | 1,787       | -1,128      |
| LEV   | -536           | -479        | -494        | 132         |
| DINAR | 57             | 0           | -125        | -75         |
| RON   | -311           | -244        | -139        | -704        |

#### 5.5. Interest rate risk

The Group finances its investments and its needs for working capital through bank loans and bond loans, with the result of burdening its results with interest charges. Any upward trend of interest rates will have a negative effect on results since the Group will bear additional borrowing costs.

Interest rate risk is mitigated since part of the Group borrowing is set at fixed rates using financial instruments (interest rate swaps).

The risk from a change in interest rates is

|                                 | 31/12/2013       | 31/12/2012       |
|---------------------------------|------------------|------------------|
| <i>Amounts in euro thousand</i> |                  |                  |
| <b>Fixed rate</b>               |                  |                  |
| Financial liabilities           | <u>72,596</u>    | <u>248,106</u>   |
| <b>Variable rate</b>            |                  |                  |
| Financial liabilities           | <u>1,352,599</u> | <u>1,121,614</u> |

If interest rates would increase at the reporting date by 0.25%, the effect on profit or loss and equity would have been increased or decreased by the following amounts below:

|                                 | Results    |            | Equity     |            |
|---------------------------------|------------|------------|------------|------------|
|                                 | 31/12/2013 | 31/12/2012 | 31/12/2013 | 31/12/2012 |
| <i>Amounts in euro thousand</i> |            |            |            |            |
| Variable rate                   | -3,866     | -3,725     | -1,384     | -1,329     |
| Interest rate swaps             | 0          | 31         | 0          | 30         |



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### 5.6. Capital management

The Group's policy consists in maintaining a strong capital structure so as to keep the confidence of investors, creditors and the market in the Group and enable the future development of the Group's activities. The Board of Directors monitors the return on capital which is defined by the Group as net results divided by total equity save 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 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.

The Group does not have a specific plan for purchase of own shares. There were no changes in the approach adopted by the Group as regards to capital management during the year.

### 5.7. Determining fair values

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 actual value. The actual 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 the Group for the use of similar financial-credit means.

The table below analyzes the financial instruments represented at fair value according to the valuation method.

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.

Inputs that do not meet the respective criteria and cannot be classified in Level 1 but are observable, either directly or indirectly, fall under Level 2. Over-the-counter derivative financial instruments based on prices obtained from brokers are classified in this level.

Unobservable prices are classified in Level 3. The fair value of unlisted shares and shares that are not traded in an active market is measured on the basis of the Group's forecasts for the issuer's future profitability, having taken into consideration the expected growth rate of its activities and the discount rate. Given that all the above parameters refer primarily to unobservable prices, the valuation of such shares is classified in Level 3.

The following table shows the carrying amounts of financial assets and financial liabilities measured at fair value, including their levels in the fair value hierarchy. It does not include fair value information for financial

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assets and financial liabilities not measured at fair value because the carrying amount is a reasonable approximation of fair value.

#### 31/12/13

| <i>Amounts in euro thousand</i>     | <u>First<br/>Level</u> | <u>Second<br/>Level</u> | <u>Third<br/>Level</u> | <u>Total</u>  |
|-------------------------------------|------------------------|-------------------------|------------------------|---------------|
| Available-for-sale financial assets | 60,368                 | 0                       | 5,397                  | <b>65,765</b> |
| Financial instruments at fair value | 265                    | 0                       | 17                     | <b>282</b>    |
| Derivative financial assets         | 1,685                  | 1,017                   | 0                      | <b>2,702</b>  |
|                                     | <b>62,318</b>          | <b>1,017</b>            | <b>5,414</b>           | <b>68,749</b> |
| Derivative financial liabilities    | -2,403                 | -976                    | 0                      | <b>-3,379</b> |
|                                     | <b>59,915</b>          | <b>41</b>               | <b>5,414</b>           | <b>65,370</b> |

#### 31/12/12

| <i>Amounts in euro thousand</i>     | <u>First<br/>Level</u> | <u>Second<br/>Level</u> | <u>Third<br/>Level</u> | <u>Total</u>  |
|-------------------------------------|------------------------|-------------------------|------------------------|---------------|
| Available-for-sale financial assets | 1,668                  | 130                     | 7,381                  | <b>9,180</b>  |
| Financial instruments at fair value | 0                      | 0                       | 16                     | <b>16</b>     |
| Derivative financial assets         | 4,795                  | 1,947                   | 0                      | <b>6,742</b>  |
|                                     | <b>6,464</b>           | <b>2,076</b>            | <b>7,397</b>           | <b>15,937</b> |
| Derivative financial liabilities    | -3,299                 | -1,219                  | 0                      | <b>-4,517</b> |
|                                     | <b>3,165</b>           | <b>858</b>              | <b>7,397</b>           | <b>11,420</b> |

The level 3 category includes non-quoted securities.

#### **Level 3 Movement**

| <i>Amounts in euro thousand</i>     | <u>Available-for-sale<br/>financial assets</u> | <u>Financial<br/>instruments at fair<br/>value through<br/>profit or loss</u> |
|-------------------------------------|--|---|
| <b>Balance at 1 January 2012</b>    | 7,871  | 16  |
| Impairment posted in profit or loss | -101   | 0   |
| Sales                               | -389   | 0   |
| <b>Balance at 31 December 2012</b>  | <b>7,381</b>                                   | <b>16</b>   |
| <b>Balance at 1 January 2013</b>    | 7,381  | 16  |
| Additions                           | -  | 2   |
| Impairment posted in profit or loss | -1,985   | 0   |
| <b>Balance at 31 December 2013</b>  | <b>5,397</b>                                   | <b>17</b>   |

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#### 6. Business combinations

Viohalco merged on 16 November 2013 with, respectively, Cofidin SA, (hereafter the *Domestic Merger*) and Viohalco Hellenic Copper and Aluminium Industry SA (hereafter *Viohalco Hellenic*) (hereafter the *Cross-Border Merger*, and together with the Domestic Merger, the *Mergers*).

Viohalco was incorporated on 31 May 2013 in preparation of the contemplated Mergers with Viohalco Hellenic and Cofidin. From the date of its incorporation until the date of the Mergers, Viohalco's activities have been solely focused on the preparation of the contemplated Mergers.

(a) Merger by absorption of Viohalco Hellenic Group and Cofidin

Based on the provisions of IFRS 3 Business Combinations, the Cross-Border Merger should be accounted for as a reverse acquisition and the Domestic Merger as a business combination as defined by IFRS 3. Considering the relative sizes of the net assets and operations of the businesses respectively contributed by Viohalco Hellenic and Cofidin to Viohalco, Viohalco Hellenic has been identified as the acquirer for accounting purposes while Viohalco and Cofidin have been considered as the acquirees for accounting purposes. Accordingly, the assets and liabilities of Viohalco Hellenic have been accounted for based on their pre-combination carrying amounts, which comply with the Viohalco's accounting policies, while the assets and liabilities of Viohalco and Cofidin have been recorded at their fair values.

(b) Reverse acquisition transaction where the acquiree is not a business

At the time of the Mergers, Viohalco was a newly incorporated company that had not yet commenced its activity. Viohalco has been set up as a holding company. It entered into operations at the time of the completion of the Belux Merger and the Mergers. Viohalco, therefore, did not meet at that time the definition of a business as defined by IFRS 3.

Although IFRS provides no guidance on accounting for business combinations whereby one entity does not meet the definition of a business, this transaction has features of a reverse acquisition. Consequently, it was appropriate to apply by analogy, and in accordance with paragraphs 10-12 of IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*, the guidance in paragraphs B19-B27 of IFRS 3 for reverse acquisitions.

The reverse acquisition of Viohalco by Viohalco Hellenic (i.e., the Cross-Border Merger) had the following provisional effect on the Group's assets and liabilities at 16 November 2013:

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| <i>in euro thousand</i>                        | Pre acquisition<br>Carrying Amounts<br>(BE GAAP) | IFRS<br>Adjustment | Fair Value<br>Adjustment | IFRS/ Fair<br>Values on<br>Aquisition |
|--|--|--------------------|--------------------------|---------------------------------------|
|  |  |                    |                          | -                                     |
| Other intangible assets                        | 739  | -739               |                          | -                                     |
| Property, plant and equipment                  |  |                    |                          | -                                     |
| Available-for-sale financial assets            |  |                    |                          | -                                     |
| Trade and other receivables                    | 153  |                    |                          | 153                                   |
| Treasury shares                                |  |                    |                          | -                                     |
| Income tax advance payment                     |  |                    |                          | -                                     |
| Cash and cash equivalents                      | 163  |                    |                          | 163                                   |
| Trade and other payables                       | -1,118   |                    |                          | -1,118                                |
| Current tax liabilities                        |  |                    |                          | -                                     |
| <b>Net identifiable assets and liabilities</b> | <b>-63</b>                                       | <b>-739</b>        |                          | <b>-802</b>                           |
| <b>Non-controlling interests</b>               |  |                    |                          |                                       |
| Net assets acquired                            |  |                    |                          | -802                                  |
| Goodwill on acquisition                        |  |                    |                          | 848                                   |
| Fair value of the consideration transferred    |  |                    |                          | 46                                    |
| <b>Net cash outflow</b>                        |  |                    |                          | <b>-</b>                              |

In a reverse acquisition, the consideration transferred equals the fair value of the notional number of equity instruments that the legal subsidiary would have had to issue to the legal parent to give the owners of the legal parent the same percentage of ownership of the combined entity.

The fair value of the consideration transferred amounting to euro 45,524 is equal to the fair value of the shares that the accounting acquirer (being Viohalco Hellenic) would have had to issue to acquire Viohalco in the reverse acquisition. The number of shares that would have been issued as a consideration for the shareholders of Viohalco amounts to 10,865 and the fair value of the shares was 4.19 euro/share (published price on the stock market as at 16 November 2013 of Viohalco Hellenic).

The resulting goodwill on acquisition of euro 848,441 and can mainly be explained by the group restructuring costs (notary costs, auditors fees,...) incurred after 30 June 2013, date at which the exchange ratio in this Cross Border Merger was determined.

The acquisition of Cofidin by Viohalco (after the Cross-Border Merger) (i.e. the Domestic Merger) had the following provisional effect on the Group's assets and liabilities at 16 November 2013:

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| <i>in euro thousand</i>                        | Pre acquisition<br>Carrying Amounts<br>(BE GAAP) | IFRS<br>Adjustment | Fair Value<br>Adjustment | IFRS/ Fair<br>Values on<br>Aquisition |
|--|--|--------------------|--------------------------|---------------------------------------|
|  |  |                    |                          | -                                     |
| Other intangible assets                        | 270  | -269               |                          | 1                                     |
| Property, plant and equipment                  | 2,186  |                    |                          | 2,186                                 |
| Available-for-sale financial assets            | 71,113   | 7,489              | 776                      | 79,378                                |
| Trade and other receivables                    | 1,530  |                    | -776                     | 754                                   |
| Treasury shares                                | 111,189  |                    |                          | 111,189                               |
| Income tax advance payment                     | 721  |                    |                          | 721                                   |
| Cash and cash equivalents                      | 7,198  |                    |                          | 7,198                                 |
| Trade and other payables                       | -283   | 194                |                          | -89                                   |
| Current tax liabilities                        | -4   |                    |                          | -4                                    |
| <b>Net identifiable assets and liabilities</b> | <b>193,920</b>                                   | <b>7,414</b>       |                          | <b>201,334</b>                        |
| <b>Non-controlling interests</b>               |  |                    |                          | <b>-254</b>                           |
| Net assets acquired                            |  |                    |                          | 201,080                               |
| Bargain purchase on acquisition                |  |                    |                          | -5,532                                |
| Fair value of the consideration transferred    |  |                    |                          | 195,548                               |
| <b>Net cash outflow</b>                        |  |                    |                          | <b>-</b>                              |

Cofidin has been identified as an acquiree in the context of this business combination. On this basis, the assets and liabilities contributed by Cofidin have been adjusted to their fair value in accordance with IFRS 3 Business Combinations with the following result:

- Available-for-sale financial assets have been accounted for at their fair value. Financial assets are traded in active markets. Therefore the fair values of these financial assets are set according to the published prices that are valid on the reporting date. Under BE GAAP, the Available-for-sale financial assets are valued in accordance to the lower of cost or market principle whereby only impairment losses are recorded. Therefore, the fair value adjustments reflect the gains arising from the change in fair value; and
- No deferred tax impact has been recognised on the fair value adjustments as Viohalco has sufficient tax losses available, for which no deferred tax asset was recognised, to offset the fiscal consequences upon realisation of the assets presented under Property, plant and equipment and Available-for-sale financial assets.

The accrued interest on financial assets (amounting to euro 775,953) has been reclassified from Trade and other receivables to Available-for-sale financial assets.

The Non-controlling interests amount to euro 254 thousand and have been measured as the proportionate share of net assets of the Acquiree.

The fair value of the consideration transferred amounting to euro 195,548,084 consists of the fair value of the shares issued by Viohalco (after the Cross-Border Merger) as accounting acquirer. In accordance with the proposed exchange ratio (which was based on a valuation method for Viohalco and Cofidin based on 60% Discounted Cash Flow value and 40% published prices on the stock market), Viohalco needed to issue 46,670,187 shares to the owners of Cofidin with a fair value of euro 4.19 following the stock price as at 16 November 2013. Therefore the fair value of the equity instruments issued by Viohalco amounts to euro 195,548,084.

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The resulting gain amounts to euro 5,532,218 and reflects the fact that the exchange ratio in the Domestic Merger has been determined based on the weighted average of a Viohalco share of euro 5.49 (60% based on a Discounted Cash Flow value and 40% based on the published prices on the stock market). This weighted average is higher than the published price on the stock market of euro 4.19 as at 16 November 2013 so that the number of shares issued for the for the Cross-Border Merger is lower than when the published price had been used. As a consequence, the fair value of the consideration transferred is lower than the net assets acquired. This bargain purchase has been slightly compensated by group restructuring costs incurred between July and the date of the Merger of approximately euro 250,000.

The gain from a bargain purchase arising from the Domestic Merger and amounting to euro 5,532,218 has been recognised in Statement of Profit or Loss in "Non-recurring items".

The goodwill arising from the Cross-Border Merger amounting to euro 848,441 has been written off as it mainly relates to group restructuring costs. The write-off has been included in the Statement of Profit or Loss in "Non-recurring items".

Cofidin and Viohalco did not contribute any revenues for the period 17 November 2013 to 31 December 2013 and contributed profits for an amount of euro 4,005,104 for the period 17 November 2013 to 31 December 2013.

If the acquisition of Cofidin had occurred on 1 January 2013, the consolidated revenues for the year ended 31 December 2013 would have been unchanged and the consolidated loss for the year ended 31 December 2013 would have been euro 83 thousand higher.

If the acquisition of Viohalco had occurred on 1 January 2013, the consolidated revenues for the year ended 31 December 2013 would have been unchanged and the consolidated loss for the year ended 31 December 2013 would have been euro 126 thousand higher.

These 'pro-forma' numbers represent an approximate measure of the performance of these acquirees and provide a reference point for comparison in future periods. In determining these 'pro-forma' revenue and profit had Cofidin and Viohalco been acquired at the beginning of the current year, Management has excluded one off pre-acquisition transaction costs.

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### 7. Operating segments

The Group is divided into 4 primary business segments:

- The Steel & Steel Pipes products segment
- The Copper & Cables products segment products
- The Aluminium products segment
- Real Estate Development & Other Services segment

For management purposes, the Group is split into four major strategic units which operate in different industries and are managed separately.

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

The segment analysis presented in these Consolidated Financial Statements reflects operations analyzed by business. This best describes the way the Group is managed and provides a meaningful insight into the business activities of the Group.

**Steel & Steel Pipes Sector:** Through Sidenor S.A. and its subsidiaries, Viohalco is active in the manufacturing of long and flat steel products, as well as downstream products.

Corinth Pipeworks S.A., a subsidiary of Sidenor, engages in the production of pipes for the transmission of natural gas, oil and water networks, as well as hollow sections that are used extensively in construction projects.

**Copper & Cables Sector:** Halcor S.A. and its subsidiaries are active in the production of a wide range of copper and copper alloy solutions that span from copper and brass tubes, copper strips, sheets and plates to copper bus bars and rods.

Hellenic Cables S.A., a subsidiary of Halcor engages in the manufacturing of a full portfolio of cables and conductors, enamelled wires, copper and aluminium wire rods, as well as plastic and rubber compounds.

**Aluminium Sector:** Elval and its subsidiaries operate in the aluminium products sector, delivering an extensive set of products, that includes from aluminium coils and sheets for general applications and aluminium foil for household use, to special products, including extrusions, for the shipbuilding and automotive industry.

**Real Estate Development & Other Services Sector:** Viohalco creates value from the development of its former industrial real estate properties. Viohalco also holds participations in smaller companies in other sectors of activity, such as ceramic sanitary ware and tiles, metals recovery, ERP application services, insurance brokerage, travel brokerage and mechanical engineering applications (Other Services Sector).

Transfers and transactions between segments take place under actual commercial terms and conditions

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pursuant to the provisions applying to transactions with third parties.

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 makers) 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 2013 and 2012, and for the years then ended.

Revenue and operating profit per segment for 2013 were as follows:

| <i>Amounts in euro thousand</i>                    | Steel and Steel<br>Pipes | Copper and<br>Cables | Aluminium        | Real Estate and<br>Other Services | Total            |
|--|--------------------------|----------------------|------------------|-----------------------------------|------------------|
| <b>Total gross sales per segment</b>               | <b>1,140,376</b>         | <b>1,529,498</b>     | <b>1,053,432</b> | <b>53,141</b>                     | <b>3,776,449</b> |
| Intra-company sales                                | -335,286                 | -473,458             | -49,639          | -32,995                           | -891,377         |
| <b>Revenue</b>                                     | <b>805,091</b>           | <b>1,056,041</b>     | <b>1,003,793</b> | <b>20,147</b>                     | <b>2,885,071</b> |
| <b>Operating result before non-recurring items</b> | <b>-36,969</b>           | <b>-12,719</b>       | <b>33,872</b>    | <b>-1,990</b>                     | <b>-17,806</b>   |
| Non-recurring items                                | -22,315                  | -5,651               | -8,124           | -54,731                           | -90,820          |
| <b>Operating result</b>                            | <b>-59,284</b>           | <b>-18,370</b>       | <b>25,748</b>    | <b>-56,720</b>                    | <b>-108,626</b>  |
| Financial income                                   | 1,474                    | 248                  | 6,317            | 697                               | 8,736            |
| Financial expenses                                 | -37,303                  | -38,455              | -17,315          | -1,824                            | -94,896          |
| Income from dividends                              | 0                        | 0                    | 0                | 223                               | 223              |
| Share in results of equity-accounted investees     | 2,369                    | -96                  | 181              | 70                                | 2,525            |
| <b>Results before income tax</b>                   | <b>-92,743</b>           | <b>-56,672</b>       | <b>14,931</b>    | <b>-57,554</b>                    | <b>-192,038</b>  |
| Income tax   | -11,038                  | -9,462               | -18,948          | 7,556                             | -31,893          |
| <b>Loss of the period</b>                          | <b>-103,781</b>          | <b>-66,134</b>       | <b>-4,017</b>    | <b>-49,998</b>                    | <b>-223,931</b>  |

Assets and liabilities of the segments on 31 December 2013 were as follows:

| <i>Amounts in euro thousand</i>  | Steel and Steel<br>Pipes | Copper and<br>Cables | Aluminium | Real Estate and<br>Other Services | Total     |
|--|--------------------------|----------------------|-----------|-----------------------------------|-----------|
| Assets   | 1,179,874                | 822,842              | 1,003,332 | 359,375                           | 3,365,423 |
| Total liabilities  | 808,601                  | 739,038              | 434,140   | 42,953                            | 2,024,731 |
| Investments in tangible and intangible assets, and investment property | 28,773                   | 62,347               | 62,538    | 716                               | 154,374   |

Other items per segment included in profit and loss in 2013 were as follows:

| <i>Amounts in euro thousand</i>          | Steel and Steel<br>Pipes | Copper and<br>Cables | Aluminium      | Real Estate and<br>Other Services | Total           |
|--|--------------------------|----------------------|----------------|-----------------------------------|-----------------|
| Depreciation of tangible assets          | -43,246                  | -22,504              | -45,865        | -454                              | -112,069        |
| Depreciation of intangible assets        | -103                     | -923                 | -1,338         | -44                               | -2,407          |
| Depreciation of investment property      | 0                        | 0                    | -103           | -2,527                            | -2,630          |
| Impairment of PP&E & investment property | -10,957                  | -5,651               | -8,124         | -49,627                           | -74,358         |
| <b>Total depreciation</b>                | <b>-54,305</b>           | <b>-29,077</b>       | <b>-55,430</b> | <b>-52,651</b>                    | <b>-191,464</b> |



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Revenue and operating profit per segment for 2012 were as follows:

| <i>Amounts in euro thousand</i>                    | Steel and Steel<br>Pipes | Copper and<br>Cables | Aluminium        | Real Estate and<br>Other Services | Total            |
|--|--------------------------|----------------------|------------------|-----------------------------------|------------------|
| <b>Total gross sales per segment</b>               | <b>1,412,291</b>         | <b>1,809,116</b>     | <b>1,116,470</b> | <b>29,696</b>                     | <b>4,367,573</b> |
| Intra-company sales                                | -368,109                 | -615,920             | -52,358          | -14,424                           | -1,050,810       |
| <b>Revenue</b>                                     | <b>1,044,182</b>         | <b>1,193,197</b>     | <b>1,064,112</b> | <b>15,273</b>                     | <b>3,316,763</b> |
| <b>Operating result before non-recurring items</b> | <b>-28,850</b>           | <b>16,067</b>        | <b>40,690</b>    | <b>-9,065</b>                     | <b>18,842</b>    |
| Non-recurring items                                | -4,560                   | 0                    | -480             | 0                                 | -5,039           |
| <b>Operating result</b>                            | <b>-33,409</b>           | <b>16,067</b>        | <b>40,210</b>    | <b>-9,065</b>                     | <b>13,803</b>    |
| Financial income                                   | 1,407                    | 390                  | 7,773            | 766                               | 10,336           |
| Financial expenses                                 | -39,450                  | -41,381              | -18,624          | -676                              | -100,130         |
| Income from dividends                              | 0                        | 0                    | 32               | 28                                | 60               |
| Share in results of equity-accounted investees     | 1,066                    | 2                    | 102              | 0                                 | 1,170            |
| <b>Results before income tax</b>                   | <b>-70,386</b>           | <b>-24,921</b>       | <b>29,493</b>    | <b>-8,946</b>                     | <b>-74,761</b>   |
| Income tax   | 77                       | 3                    | -1,733           | 230                               | -1,423           |
| <b>Loss of the period</b>                          | <b>-70,309</b>           | <b>-24,918</b>       | <b>27,759</b>    | <b>-8,716</b>                     | <b>-76,184</b>   |

Assets and liabilities of the segments on 31 December 2012 were as follows:

| <i>Amounts in euro thousand</i>  | Steel and Steel<br>Pipes | Copper and<br>Cables | Aluminium | Real Estate and<br>Other Services | Total     |
|--|--------------------------|----------------------|-----------|-----------------------------------|-----------|
| Assets   | 1,242,235                | 813,083              | 1,018,733 | 347,288                           | 3,421,339 |
| Total liabilities  | 774,419                  | 660,719              | 443,269   | 43,041                            | 1,921,448 |
|  | 0                        | 0                    | 0         |                                   |           |
| Investments in tangible and intangible assets, and investment property | 25,405                   | 25,855               | 46,034    | 585                               | 97,879    |

Other items per segment included in profit and loss in 2012 were as follows:

| <i>Amounts in euro thousand</i>          | Steel and Steel<br>Pipes | Copper and<br>Cables | Aluminium      | Real Estate and<br>Other Services | Total           |
|--|--------------------------|----------------------|----------------|-----------------------------------|-----------------|
| Depreciation of tangible assets          | -66,428                  | -23,536              | -48,550        | -1,664                            | -140,178        |
| Depreciation of intangible assets        | -101                     | -566                 | -1,483         | -24                               | -2,174          |
| Depreciation of investment property      | 0                        | 0                    | -309           | -3,182                            | -3,491          |
| Impairment of PP&E & investment property | 0                        | 0                    | -3,478         | 0                                 | -3,478          |
| <b>Total depreciation</b>                | <b>-66,529</b>           | <b>-24,102</b>       | <b>-53,820</b> | <b>-4,870</b>                     | <b>-149,320</b> |

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

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**Geographic information**

*Amounts in euro thousand*

|                          | <u>2013</u>             | <u>2012</u>             |
|--------------------------|-------------------------|-------------------------|
| <b>Revenue</b>           |                         |                         |
| Greece                   | 381,413                 | 469,629                 |
| Other EU Member States   | 1,727,150               | 1,964,031               |
| Other European countries | 307,960                 | 352,300                 |
| Asia                     | 172,350                 | 177,628                 |
| USA                      | 200,659                 | 278,257                 |
| Africa                   | 91,216                  | 69,488                  |
| Oceania                  | 4,323                   | 5,429                   |
| <b>Total</b>             | <b><u>2,885,071</u></b> | <b><u>3,316,763</u></b> |

**Breakdown of revenue per category**

|                                   |                         |                         |
|-----------------------------------|-------------------------|-------------------------|
| Sales of merchandise and products | 2,864,925               | 3,195,419               |
| Income from services              | 16,671                  | 109,643                 |
| Real Estate and Other             | 3,476                   | 11,701                  |
| <b>Total</b>                      | <b><u>2,885,071</u></b> | <b><u>3,316,763</u></b> |

*For the year ending 31 December*

|                     | <u>2013</u>             | <u>2012</u>             |
|---------------------|-------------------------|-------------------------|
| <b>Total assets</b> |                         |                         |
| Greece              | 2,644,300               | 2,702,952               |
| International       | 721,123                 | 718,387                 |
| <b>Total</b>        | <b><u>3,365,423</u></b> | <b><u>3,421,339</u></b> |

**Investments in tangible and intangible assets, and investment property**

|               |                       |                      |
|---------------|-----------------------|----------------------|
| Greece        | 108,339               | 67,212               |
| International | 46,034                | 30,667               |
| <b>Total</b>  | <b><u>154,374</u></b> | <b><u>97,879</u></b> |

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### 8. Property, plant and equipment

#### (a) Reconciliation of carrying amount

| <i>Amounts in euro thousand</i>                | <u>Land &amp; Buildings</u> | <u>Machinery</u>  | <u>Furniture and<br/>other<br/>equipment</u> | <u>Under<br/>construction</u> | <u>Total</u>      |
|--|-----------------------------|-------------------|--|-------------------------------|-------------------|
| <b>Cost</b>                                    |                             |                   |  |                               |                   |
| <b>Balance as at 1 January 2013</b>            | 895,609                     | 1,863,250         | 59,127                                       | 108,660                       | 2,926,646         |
| Effect of movement in exchange rates           | -467                        | -1,749            | -51  | -88                           | -2,355            |
| Additions                                      | 2,340                       | 21,158            | 2,025  | 127,160                       | 152,684           |
| Disposals                                      | -939                        | -5,369            | -490   | -3,108                        | -9,905            |
| Acquisition from business combination          | 1,000                       | 26                | 1,251  | 0                             | 2,277             |
| Reclassification to investment property        | -49,430                     | 0                 | 0  | -25,526                       | -74,956           |
| Other reclassifications                        | 6,351                       | 48,046            | 465  | -58,812                       | -3,950            |
| <b>Balance as at 31 December 2013</b>          | <b>854,465</b>              | <b>1,925,363</b>  | <b>62,326</b>                                | <b>148,287</b>                | <b>2,990,441</b>  |
| <b>Accumulated depreciation and impairment</b> |                             |                   |  |                               |                   |
| <b>Balance as at 1 January 2013</b>            | -202,244                    | -913,649          | -49,151                                      | -2,000                        | -1,167,045        |
| Effect of movement in exchange rates           | 213                         | 1,435             | 44   | 0                             | 1,692             |
| Depreciation of the year                       | -18,423                     | -90,457           | -3,278                                       | 0                             | -112,158          |
| Disposals                                      | 183                         | 4,767             | 346  | 0                             | 5,297             |
| Reclassification to investment property        | 3,421                       | 0                 | 0  | 0                             | 3,421             |
| Other reclassifications                        |                             | 12                | -1   | 0                             | 11                |
| Impairment loss                                | -23,781                     | -5,204            | -7   | 0                             | -28,992           |
| <b>Balance as at 31 December 2013</b>          | <b>-240,629</b>             | <b>-1,003,095</b> | <b>-52,048</b>                               | <b>-2,000</b>                 | <b>-1,297,773</b> |
| <b>Carrying amounts as at 31 December 2013</b> | <b>613,836</b>              | <b>922,267</b>    | <b>10,279</b>                                | <b>146,286</b>                | <b>1,692,668</b>  |

| <i>Amounts in euro thousand</i>                | <u>Land &amp; Buildings</u> | <u>Machinery</u> | <u>Furniture and<br/>other<br/>equipment</u> | <u>Under<br/>construction</u> | <u>Total</u>      |
|--|-----------------------------|------------------|--|-------------------------------|-------------------|
| <b>Cost</b>                                    |                             |                  |  |                               |                   |
| <b>Balance as at 1 January 2012</b>            | 871,150                     | 1,779,184        | 55,438                                       | 137,445                       | 2,843,217         |
| Effect of movement in exchange rates           | -400                        | 343              | -109   | -55                           | -222              |
| Additions                                      | 6,603                       | 19,619           | 2,953  | 67,538                        | 96,713            |
| Disposals                                      | -306                        | -12,249          | -422   | -9                            | -12,986           |
| Adjustments due to merger                      | 10                          | 15               | 0  | 0                             | 25                |
| Reclassification from investment property      | 1,707                       | 0                | 0  | 0                             | 1,707             |
| Other reclassifications                        | 16,846                      | 77,469           | 1,266  | -96,259                       | -679              |
| Consumption of fixed assets spare parts        | 0                           | -1,131           | 0  | 0                             | -1,131            |
| <b>Balance as at 31 December 2012</b>          | <b>895,609</b>              | <b>1,863,250</b> | <b>59,127</b>                                | <b>108,660</b>                | <b>2,926,646</b>  |
| <b>Accumulated depreciation and impairment</b> |                             |                  |  |                               |                   |
| <b>Balance as at 1 January 2012</b>            | -178,065                    | -807,895         | -46,276                                      | 0                             | -1,032,235        |
| Effect of movement in exchange rates           | 280                         | -562             | 97   |                               | -186              |
| Depreciation of the year                       | -23,593                     | -114,725         | -3,261                                       | 0                             | -141,579          |
| Disposals                                      | 132                         | 9,455            | 260  | 0                             | 9,847             |
| Adjustments                                    | 0                           | 16               | 3  | 0                             | 19                |
| Reclassifications                              | 0                           | -25              | 25   | 0                             | 0                 |
| Impairment loss                                | -998                        | -480             | 0  | -2,000                        | -3,478            |
| Consumption of fixed assets spare parts        | 0                           | 567              | 0  | 0                             | 567               |
| <b>Balance as at 31 December 2012</b>          | <b>-202,244</b>             | <b>-913,649</b>  | <b>-49,151</b>                               | <b>-2,000</b>                 | <b>-1,167,045</b> |
| <b>Carrying amounts as at 31 December 2012</b> | <b>693,365</b>              | <b>949,601</b>   | <b>9,975</b>                                 | <b>106,660</b>                | <b>1,759,601</b>  |

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#### **(b) Leased plant and equipment**

The Group leases production equipment under a number of finance leases. At 31 December 2013, the net carrying amount of leased equipment was euro 2.4 million (2012: euro 2.7 million).

Leased machinery and motor vehicles that are included above based on leasing:

| <b>Mechanical equipment</b>     | <b>31/12/2013</b>   | <b>31/12/2012</b>   |
|---------------------------------|---------------------|---------------------|
| <i>Amounts in euro thousand</i> |                     |                     |
| Cost                            | 9,116               | 9,116               |
| Accumulated depreciation        | -6,760              | -6,454              |
| <b>Net carrying amounts</b>     | <b><u>2,356</u></b> | <b><u>2,662</u></b> |
|                                 |                     |                     |
| <b>Motor vehicles</b>           | <b>31/12/2013</b>   | <b>31/12/2012</b>   |
| <i>Amounts in euro thousand</i> |                     |                     |
| Cost                            | 377                 | 377                 |
| Accumulated depreciation        | -377                | -370                |
| <b>Net carrying amounts</b>     | <b><u>0</u></b>     | <b><u>8</u></b>     |

#### **(c) Mortgages and statutory notices**

Pre-notation mortgages have been raised on properties of the subsidiaries, in favour of banks, which total euro 1,007 million, (see note 19).

#### **(d) Fixed assets under construction**

The most important additions in fixed assets under construction during 2013 are the following:

- the ongoing investment in Oinofyta's aluminium rolling plant,
- the investments made in the manufacturing of high voltage submarine cables in the subsidiary Fulgor (component of copper sector),
- the implementation of the factory of Sovel (component of steel sector), which includes the installation of a new induction furnace in the production facilities in Almyros Volos.

A significant part of the aforementioned investments are expected to be completed during 2014.

#### **(e) Transfer to investment property**

During 2013, some group properties were transferred to investment property (see Note 9), because they were no longer used by the Group and the land and buildings would be leased to a third party in the future. As a result, a reclassification of properties with value of euro 71.5 million was made from fixed assets to investment property.

#### **(f) Change in estimates**

Within the context of the reassessment of the fixed assets' residual values and useful lives, the Group's management amended the subsidiaries' useful lives of buildings and machinery.

The change in accounting estimate resulted in a reduction of depreciation, which for the current period amounted to euro 29.6 million for the Group. The effect on future periods cannot be estimated.

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The useful life was re-assessed in the subsidiaries of Sidenor Group and Halcor Group.

#### ***(g) Impairment of tangible fixed assets***

##### *i. Impairment loss on land and buildings used for administrative purposes:*

Due to the continuing economic recession in Greece and the resulting decline in real estate valuations, an impairment test was performed on Group's land and buildings used for administration purposes.

The recoverable amount of the land and buildings tested for impairment was based on the fair value less costs to sell. The specific valuation technique differs depending upon the intended use of the asset and on other factors.

The fair value of these properties were 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 that was primarily applied was the comparison method (market approach) by appraising property based on recent market transactions. Alternatively, where such information were not available or not appropriate under the circumstances, an income approach or the Depreciated Replacement Cost (DRC) approach were applied.

As a result of the above, an impairment loss of euro 20 million was recorded and included in "Non-recurring items" caption of the Consolidated Income Statement.

##### *ii. Impairment loss on property, plant and equipment used for production:*

On December 31, 2013, an impairment test was performed at Group level with the method of valuation per CGU (Cash Generating Unit). More specifically, the test covered all CGUs for which indications of impairment existed at December 31, 2013. For this calculation, cash flow projections based on a period of five years used.

The results of this method showed that there was no reason for impairment of fixed assets used for the production of Group's CGUs was necessary at 31 December 2013, since the recoverable amount of each CGU exceeded the respective carrying amounts, except for the following CGU:

Due to the drop of demand and the sales of extrusion aluminium products in Greek market and due to the increased economic crisis in Greece, the Management of subsidiary Etem S.A. decided in compliance with IAS 36 "Impairment of Assets", to perform an impairment test with respect to its fixed assets. The impairment test involving the land and buildings was assigned to an independent valuator, which performed the valuation in accordance with RICS – Valuation Professional Standards by applying the comparative method. The impairment test involving the machinery was determined on the basis of the value in use. Such value in use was calculated using provisions for cash flows, which were based on the five-year business plan approved by Management, were initially projected over a five-year period and, thereafter, the residual useful life of the machinery. The discount rate used was 9.95% for the 5-year period and 12.95% for the residual useful life of the machinery.

The fair value of the land and buildings that arose from the above valuation study stood at euro 11.1 million and is less than the carrying amount of the assets by euro 2.5 million. Based on the results of the machinery impairment test, it was established that the recoverable amount of the machinery cash flow generating unit

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is less than its carrying amount by euro 5 million. Therefore, the impairment of fixed assets charged to the results was calculated to euro 7.5 million and was posted to “Non-recurring items” caption of the Consolidated Income Statement.

Finally, impairment in carrying value of specific assets of the Group by euro 1.5 million was recorded because these assets became obsolete.

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### 9. Goodwill and intangible assets

#### (a) Reconciliation of carrying amount

| <i>Amounts in euro thousand</i>                | <u>Goodwill</u> | <u>Development expenses</u> | <u>Trademarks and licenses</u> | <u>Software programs</u> | <u>Other</u> | <u>Total</u>   |
|--|-----------------|-----------------------------|--------------------------------|--------------------------|--------------|----------------|
| <b>Cost</b>                                    |                 |                             |                                |                          |              |                |
| Balance as at 1 January 2012                   | 3,211           | 535                         | 12,074                         | 26,182                   | 1,313        | 43,315         |
| Foreign exchange differences                   | 0               | -1                          | 0                              | -31                      | 2            | -30            |
| Additions                                      | 0               | 0                           | 251                            | 548                      | 259          | 1,057          |
| Disposals                                      | 0               | 0                           | 0                              | -94                      | 0            | -94            |
| Reclassifications                              | 0               | 0                           | 138                            | 529                      | 0            | 667            |
| <b>Balance as at 31 December 2012</b>          | <b>3,211</b>    | <b>534</b>                  | <b>12,462</b>                  | <b>27,134</b>            | <b>1,574</b> | <b>44,915</b>  |
| <b>Accumulated amortisation and impairment</b> |                 |                             |                                |                          |              |                |
| Balance as at 1 January 2012                   | -1,500          | -519                        | -1,904                         | -21,284                  | -673         | -25,880        |
| Foreign exchange differences                   | 0               | 0                           | 0                              | 28                       | -2           | 26             |
| Amortisation of the year                       | 0               | -8                          | -217                           | -1,819                   | -132         | -2,176         |
| Disposals                                      | 0               | 0                           | 0                              | 93                       | 0            | 93             |
| <b>Balance as at 31 December 2012</b>          | <b>-1,500</b>   | <b>-526</b>                 | <b>-2,121</b>                  | <b>-22,982</b>           | <b>-807</b>  | <b>-27,937</b> |
| <b>Carrying amounts as at 31 December 2012</b> | <b>1,711</b>    | <b>8</b>                    | <b>10,341</b>                  | <b>4,152</b>             | <b>767</b>   | <b>16,978</b>  |

| <i>Amounts in euro thousand</i>                | <u>Goodwill</u> | <u>Development expenses</u> | <u>Trademarks and licenses</u> | <u>Software programs</u> | <u>Other</u> | <u>Total</u>   |
|--|-----------------|-----------------------------|--------------------------------|--------------------------|--------------|----------------|
| <b>Cost</b>                                    |                 |                             |                                |                          |              |                |
| Balance as at 1 January 2013                   | 3,211           | 534                         | 12,462                         | 27,134                   | 1,574        | 44,915         |
| Foreign exchange differences                   | 0               | -1                          | 0                              | -19                      | -2           | -21            |
| Additions                                      | 0               | 0                           | 74                             | 488                      | 803          | 1,364          |
| Disposals                                      | 0               | 0                           | 0                              | -20                      | -107         | -127           |
| Reclassifications                              | 0               | 2                           | 2,968                          | 904                      | -2           | 3,872          |
| <b>Balance as at 31 December 2013</b>          | <b>3,211</b>    | <b>535</b>                  | <b>15,503</b>                  | <b>28,487</b>            | <b>2,266</b> | <b>50,002</b>  |
| <b>Accumulated amortisation and impairment</b> |                 |                             |                                |                          |              |                |
| Balance as at 1 January 2013                   | -1,500          | -526                        | -2,121                         | -22,982                  | -807         | -27,937        |
| Foreign exchange differences                   | 0               | 0                           | 0                              | 16                       | 2            | 19             |
| Amortisation of the year                       | 0               | -8                          | -477                           | -1,792                   | -134         | -2,411         |
| Disposals                                      | 0               | 0                           | 0                              | 5                        | 23           | 28             |
| Acquisition of subsidiaries                    | 0               | -1                          | 0                              | 0                        | 1            | 0              |
| <b>Balance as at 31 December 2013</b>          | <b>-1,500</b>   | <b>-534</b>                 | <b>-2,598</b>                  | <b>-24,753</b>           | <b>-916</b>  | <b>-30,301</b> |
| <b>Carrying amounts as at 31 December 2013</b> | <b>1,711</b>    | <b>1</b>                    | <b>12,905</b>                  | <b>3,734</b>             | <b>1,350</b> | <b>19,701</b>  |

#### (b) Impairment test

In the last quarter of each year, the Group performs impairment testing of intangible assets with an indefinite useful life.

In 2011, the subsidiary Hellenic Cables S.A. acquired 100 % of Fulgor S.A. shares which is active in the Copper and Cables sector. From the acquisition, no goodwill was recognized, while from the valuation of all assets of Fulgor at fair value, at the acquisition date, two intangible assets met the conditions set out in IAS 38 for recognition of these intangible assets in the consolidated financial statements of the Group.

As intangible assets recognized the following:

- i) Trade Name "Fulgor" (carrying amount euro 1.4 million)
- ii) Licence of Port use in Soussaki, Corinth (carrying amount euro 8.3 million)

These two intangible assets have indefinite useful lives and were initially recognised at a value of euro 9.68 million and they are included in the carrying amount of trademarks and licences.

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#### **i) Trade Name “Fulgor”**

It relates to the sector of medium voltage submarine cables and terrestrial high voltage cables that the company was operating at the past and which reveals significant economic benefits. Based on the analysis of relevant factors (knowledge, no longstanding engagement with a wide range of clientele, future development of the sector), there is no planned end of the period in which the asset is expected to generate net cash inflows. The useful life of the brand was considered indeterminate. For this reason, the value of this intangible asset was determined in perpetuity.

#### **ii) Licence of Port use in Soussaki, Corinth**

Fulgor holds license for permanent and exclusive use of port situated within the premises of the factory in Soussaki Corinth. The port is necessary for the production activity of submarine cables of medium and high voltage. The company invested the amount of euro 55 million in the modernization and expansion of production capacity in producing high-voltage submarine cables during the years 2012-2013.

As these intangible assets do not generate independent cash inflows from their continuing use that could be largely independent of those assets which manufacture medium and high voltage submarine cables and high voltage terrestrial cables, it was selected that the impairment test be based in the production plant of Fulgor S.A. as the cash-generating unit (CGU - Cash Generating Unit). In calculating the value in use of intangible assets, cash flow projections based on estimates by management covering a period of five years were used.

Cash flows after the first five years occurred using an estimated growth rate of 2.5%, which mainly reflects Management's estimates for the growth prospects of the high voltage submarine cable.

The rate used to discount the cash flows arising from the implementation of this method is 11 % (rounded).

The results of this method showed that the total recoverable amount of assets far exceeds their carrying amounts. The amount by which the total recoverable amount of the asset group exceeds carrying amount amounts to euro 53 million.

It was also carried out a sensitivity analysis on the key assumptions of the model (discount rates and growth in perpetuity) to examine the adequacy of the margin value. The result of the sensitivity analysis was that the recoverable amount far exceeds the carrying value of the asset group units. Furthermore, even if any key assumption on which management has based its determination of the discount rate at 3% (ceteris paribus) changes, the effect would be non-significant .



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**10. Investment property**

(a) *Reconciliation of carrying amount*

|  | <u>2013</u>    | <u>2012</u>    |
|--|----------------|----------------|
| <i>Amounts in euro thousand</i>            |                |                |
| <b>Balance as at 1 January</b>             | 101,539        | 105,665        |
| Foreign exchange differences               | 0              | -24            |
| Additions                                  | 329            | 109            |
| Reclassification from assets held for sale | 0              | 33             |
| Disposals                                  | 0              | -265           |
| Other                                      | 0              | -180           |
| Transfers from self-used property          | 71,524         | -1,707         |
| Impairment loss                            | -45,367        | 0              |
| Depreciation of the year                   | -2,630         | -2,092         |
| <b>Balance as at 31 December</b>           | <b>125,395</b> | <b>101,539</b> |

The real estate portfolio has a total value of euro 125 million. The table below summarizes the most important properties:

| REAL ESTATE  | LOCATION  | m <sup>2</sup> |
|--|---|----------------|
| <b>Ikea store &amp; River West shopping mall</b>         | 96, Kifissos Av., Egaleo, Greece                | 123,459        |
| <b>Hotel</b>   | Karaiskaki Square, Athens, Greece               | 23,215         |
| <b>Industrial buildings &amp; offices (ex-BIC plant)</b> | Oinofyta, Greece                                | 9,314          |
| <b>Former premises of Corinth Pipeworks</b>              | Corinth, Greece                                 | 22,404         |
| <b>Office Complex</b>                                    | 115, Kiffissias Ave., Athens, Greece            | 34,435         |
| <b>Office Complex</b>                                    | 57, Ethnikis Antistasseos St., Halandri, Greece | 4,423          |
| <b>Office Complex</b>                                    | 29, Apostolopoulou St., Halandri, Greece        | 10,006         |
| <b>Office Building</b>                                   | 53A, Nikola Vaptzarov Blvd, Sofia , Bulgaria    | 4,968          |

Investment property comprises a number of commercial properties that are either leased to third parties or the Group intends to do so in the foreseeable future.

Each of these leases is indexed to consumer prices. Subsequent renewals are negotiated with the lessee and on average renewal periods are four years. No contingent rents are charged.

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#### ***(b) Measurement of fair value – Impairment testing***

The land and buildings held by the Group and classified as investment property were tested for impairment in accordance with IAS 36 “Impairment of assets”.

The impairment test was performed due to the continuing economic recession in Greece and the resulting decline in real estate values.

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued.

The recoverable amount of the investment property was based on the fair value less costs to sell which was determined by applying several valuation techniques.

As a result of the above, an impairment loss of euro 45.4 million was recorded and included under “Non-recurring items” in the Consolidated Statement of Profit or Loss.

The fair value of the Group’s investment property is euro 128.6 million.

#### ***Valuation techniques and significant unobservable inputs (Level 3)***

The fair value measurement for investment property has been categorized as a Level 3 fair value based on the inputs to the valuation techniques used.

Valuations methods used to determine the fair value of Group’s properties were reflecting the highest and best use of these properties as determined by Group’s management.

For buildings currently rent or expected to be rented in the foreseeable future and no observable prices were available we used the income approach method. 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 8%-12%. 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.

For buildings, which were either vacant or under construction and the Group intends to use them 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 to reconstruct of these assets.

For land owned by the Group, a market approach was used. Inputs used to determine the fair value of land were based on observable prices of similar properties. These observable data were significantly adjusted considering the status of the property and the volume of transactions and / or asking prices in real estate market for similar properties.

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**(c) Future minimum lease payments**

At 31 December 2013, the future minimum lease collections under non-cancellable leases are receivable as follows:

| <i>Amounts in euro thousand</i> | <u>31/12/2013</u>    | <u>31/12/2012</u>    |
|---------------------------------|----------------------|----------------------|
| Less than one year              | 3,894                | 3,876                |
| Between one and five years      | 19,862               | 19,680               |
| More than five years            | <u>55,091</u>        | <u>59,166</u>        |
| Total                           | <u><b>78,846</b></u> | <u><b>82,722</b></u> |

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**11. Investments in equity-accounted investees**

|                                     |               |               |
|-------------------------------------|---------------|---------------|
| <i>Amounts in euro thousand</i>     | <b>2013</b>   | <b>2012</b>   |
| <b>Balance as at 1 January</b>      | <b>25,477</b> | <b>25,326</b> |
| Share of profit / (loss) net of tax | 2,525         | 1,170         |
| Foreign exchange differences        | -2,056        | 446           |
| Dividends received                  | -2,540        | -1,465        |
| Additions                           | 164           | 0             |
| Other changes                       | -154          | -1            |
| <b>Balance as at 31 December</b>    | <b>23,416</b> | <b>25,477</b> |

| Company      | Country | Assets  | Liabilities | Revenue | Total comprehensive income | Participation rate |
|--------------|---------|---------|-------------|---------|----------------------------|--------------------|
| <b>2012</b>  |         |         |             |         |                            |                    |
| AFSEL SA     | Greece  | 682     | 187         | 0       | 294                        | 34.25%             |
| SIDMA SA     | Greece  | 145,099 | 138,210     | 100,167 | -11,852                    | 26.72%             |
| BIODIESEL SA | Greece  | 1,259   | 36          | 0       | -193                       | 11.93%             |
| DOMOPLEX LTD | Cyprus  | 8,222   | 4,704       | 4,989   | -732                       | 33.55%             |
| AWM SPA      | Italy   | 13,022  | 8,620       | 10,874  | 236                        | 25.35%             |
| ZAO TMK-CPW  | Russia  | 52,211  | 16,079      | 78,785  | 10,818                     | 28.69%             |
|              |         | 220,494 | 167,837     | 194,815 | -1,428                     |                    |

| Company      | Country   | Assets  | Liabilities | Revenue | Total comprehensive income | Participation rate |
|--------------|-----------|---------|-------------|---------|----------------------------|--------------------|
| <b>2013</b>  |           |         |             |         |                            |                    |
| AFSEL SA     | Greece    | 830     | 252         | 838     | 363                        | 36.55%             |
| SIDMA SA     | Greece    | 132,338 | 136,698     | 98,788  | -11,249                    | 26.95%             |
| BIODIESEL SA | Greece    | 1,334   | 96          | 1,631   | 16                         | 12.07%             |
| DOMOPLEX LTD | Cyprus    | 6,913   | 4,201       | 3,256   | -806                       | 33.95%             |
| SMARTREO     | Australia | 1,592   | 210         | 0       | -5                         | 36.97%             |
| AWM SPA      | Italy     | 17,257  | 11,879      | 12,841  | 897                        | 25.65%             |
| ZAO TMK-CPW  | Russia    | 47,340  | 8,212       | 70,900  | 9,200                      | 29.04%             |
|              |           | 207,604 | 161,549     | 188,254 | -1,585                     |                    |

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#### 12. Other investments

Other investments consist of Available-for-sale financial assets

|  | 2013          | 2012         |
|--|---------------|--------------|
| <i>Amounts in euro thousand</i>                              |               |              |
| <b>Balance as at 1 January</b>                               | 9,180         | 8,705        |
| Additions  | 10,160        | 1,002        |
| Sales  | -9,918        | -1,107       |
| Change in fair value through direct effect on profit or loss | -2,144        | 248          |
| Changes in ownership interests                               | 58,626        | 0            |
| Change in fair value through equity                          | -191          | 433          |
| Impairment   | 0             | -101         |
| Reclassification to commercial portfolio                     | 53            | 0            |
| <b>Balance as at 31 December</b>                             | <b>65,765</b> | <b>9,180</b> |

Other investments are substantially financial assets available-for-sale and include the following

|                                    | 2013          | 2012         |
|------------------------------------|---------------|--------------|
| <i>Amounts in euro thousand</i>    |               |              |
| <b>Listed securities</b>           |               |              |
| - Greek equity instruments         | 562           | 783          |
| - International debt Instruments   | 37,106        | 0            |
| - International equity instruments | 21,520        | 0            |
| <b>Unlisted shares</b>             |               |              |
| - Greek equity instruments         | 4,899         | 7,064        |
| - International equity instruments | 484           | 452          |
| - Mutual funds                     | 1,180         | 871          |
| - Other                            | 14            | 9            |
|                                    | <b>65,765</b> | <b>9,180</b> |

The part of the financial assets that concerns unlisted securities was estimated at acquisition cost less any impairment given that it could not be estimated at its fair value.

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### 13. Deferred taxation

|                                 | <u>2013</u>     | <u>2012</u>     |
|---------------------------------|-----------------|-----------------|
| <i>Amounts in euro thousand</i> |                 |                 |
| <b>Deferred tax assets</b>      | <b>16,583</b>   | <b>14,122</b>   |
| <b>Deferred tax liabilities</b> | <b>-162,610</b> | <b>-140,159</b> |
| <b>Net deferred tax</b>         | <b>-146,027</b> | <b>-126,037</b> |

The total change in deferred income tax is as follows:

|                                       | <u>2013</u>     | <u>2012</u>     |
|---------------------------------------|-----------------|-----------------|
| <i>Amounts in Euro</i>                |                 |                 |
| <b>Balance as at 1 January</b>        | <b>-126,037</b> | <b>-138,411</b> |
| Foreign exchange differences          | -3              | -50             |
| Amounts recognised directly in OCI    | -1,021          | 1,868           |
| Amounts recognised in profit and loss | -18,966         | 10,556          |
| Reclassification                      | 0               | -1              |
| <b>Balance as at 31 December</b>      | <b>-146,027</b> | <b>-126,037</b> |

Changes in deferred tax assets and liabilities during the fiscal year are as follows:

|                                       | <u>Tangible assets</u> | <u>Provisions</u> | <u>Intangible assets</u> | <u>Tax losses</u> | <u>Tax rate change</u> | <u>Other</u>  | <u>Total</u>    |
|---------------------------------------|------------------------|-------------------|--------------------------|-------------------|------------------------|---------------|-----------------|
| <i>Amounts in euro thousand</i>       |                        |                   |                          |                   |                        |               |                 |
| <b>Balance as at 1 January 2012</b>   | <b>-163,242</b>        | <b>6,869</b>      | <b>-112</b>              | <b>14,106</b>     | <b>10,286</b>          | <b>-6,317</b> | <b>-138,411</b> |
| Foreign exchange differences          | -17                    | -2                | 0                        | 0                 | 0                      | -31           | -50             |
| (Debit) / Credit to profit or loss    | 8,760                  | -151              | -595                     | -1,257            | 0                      | 3,800         | 10,556          |
| Reclassifications                     | -                      | 564               | 0                        | -584              | 0                      | 20            | -1              |
| (Debit)/ credit to Equity             | 1,647                  | 727               | -                        | -                 | 0                      | -505          | 1,868           |
| <b>Balance as at 31 December 2012</b> | <b>-152,853</b>        | <b>8,007</b>      | <b>-707</b>              | <b>12,265</b>     | <b>10,286</b>          | <b>-3,034</b> | <b>-126,037</b> |
| <b>Balance as at 1 January 2013</b>   | <b>-152,853</b>        | <b>8,007</b>      | <b>-707</b>              | <b>12,265</b>     | <b>10,286</b>          | <b>-3,034</b> | <b>-126,037</b> |
| Foreign exchange differences          | -13                    | -2                | 0                        | 0                 | 0                      | 11            | -3              |
| (Debit) / Credit to profit or loss    | -20,128                | 1,796             | 3,709                    | -1,360            | 0                      | -2,983        | -18,966         |
| Reclassifications                     | 7,398                  | -657              | 475                      | 555               | -10,286                | 2,515         | 0               |
| (Debit)/ credit to Equity             | 0                      | -1,257            | 0                        | 0                 | 0                      | 235           | -1,021          |
| <b>Balance as at 31 December 2013</b> | <b>-165,597</b>        | <b>7,888</b>      | <b>3,478</b>             | <b>11,460</b>     | <b>0</b>               | <b>-3,256</b> | <b>-146,027</b> |

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**14. Inventory**

| <i>Amounts in euro thousand</i>   | <b>31/12/2013</b>     | <b>31/12/2012</b>     |
|---|-----------------------|-----------------------|
| Merchandise   | 70,125                | 76,896                |
| Finished products   | 250,882               | 254,438               |
| Semi-finished products  | 127,563               | 145,831               |
| By-products & scrap   | 12,919                | 17,562                |
| Work in progress  | 42,908                | 47,447                |
| Raw and auxiliary materials, consumables, spare parts and packaging materials | 265,202               | 285,970               |
| Down payments for inventory purchase  | <u>12,833</u>         | <u>13,973</u>         |
| <b>Total</b>  | <b><u>782,430</u></b> | <b><u>842,116</u></b> |
| Less: Write-down and provision for obsolete and destroyed inventory           | <u>-8,701</u>         | <u>-6,907</u>         |
| <b>Total net realizable value</b>   | <b><u>773,729</u></b> | <b><u>835,209</u></b> |

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**15. Trade and other receivables**

| <b>Current assets</b>                              | <b>31/12/2013</b>     | <b>31/12/2012</b>     |
|--|-----------------------|-----------------------|
| <i>Amounts in euro thousand</i>                    |                       |                       |
| Trade receivables                                  | <b>360,050</b>        | <b>407,166</b>        |
| Less: Impairment losses                            | -39,864               | -38,981               |
| <b>Net trade receivables</b>                       | <b><u>320,187</u></b> | <b><u>368,185</u></b> |
| Other advance payments                             | 7,739                 | 1,493                 |
| Cheques and notes receivable & cheques overdue     | 24,441                | 29,135                |
| Receivables from related parties (Note 35)         | 15,146                | 14,980                |
| Income tax receivables                             | 2,508                 | 8,382                 |
| Current tax assets                                 | 38,978                | 34,555                |
| Other debtors                                      | 62,635                | 49,767                |
| Receivables from dividends of affiliated companies | 579                   | 683                   |
| Receivables from factoring agreements              | 63                    | 840                   |
| Less: Impairment losses                            | -7,943                | -7,013                |
| <b>Total</b>                                       | <b><u>464,333</u></b> | <b><u>501,008</u></b> |
| <br><b>Non-current Assets</b>                      |                       |                       |
| Other long-term receivables                        | 7,448                 | 7,218                 |
| <b>Total</b>                                       | <b><u>7,448</u></b>   | <b><u>7,218</u></b>   |
| <b>Total receivables</b>                           | <b><u>471,781</u></b> | <b><u>508,225</u></b> |

The Group has not concentrated its credit risk in relation to receivables from customers whereas it has a large number of customers.

During 2010, the subsidiary Corinth Pipeworks S.A. has made an impairment to a receivable of euro 18.6 million (or USD 24.9 million) due to its overdue status. On 31 December 2013, the same amount is valued at euro 18 million. While the subsidiary company's judicial actions, both in Greece and other jurisdictions, for the collection of the aforementioned debt are ongoing and while no final judgments have been issued, the subsidiary company considers that for the moment there is no reason to revise the provisions amounting to euro 9 million (2012: euro 9.4 million) that has formed in its financial statements. Management estimates that potential loss will not exceed the impaired amount.

A recent court decision that orders a set off between the subsidiary company's claim which was recognized by the court with res judicata and the customer's counterclaim which was raised by the latter under the legal action brought against him by the subsidiary company and which counterclaim is denied by the Company as fictitious, based on the estimation of the lawyers who handle the legal case in the civil courts of Dubai, it is highly likely to be overturned after consideration by the competent court of subsidiary company's application for review of the said decision filed on 26 September 2013. Therefore, the subsidiary company believes that the likelihood of an outflow of resources from the outcome of the counterclaim of that customer versus the subsidiary company is remote.



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In order to ensure its rights, according to the decision taken by the First Instance Court of Athens during the procedures related to provisional and protective measures, the company imposed a prudent attachment on the property of third party involved in the mentioned case.

In Fiscal Year 2013 there were no changes regarding the collection of the due amount.

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**16. Derivatives**

| <i>Amounts in euro thousand</i> | <b>31/12/2013</b>   | <b>31/12/2012</b>   |
|---------------------------------|---------------------|---------------------|
| <b>Non-current assets</b>       |                     |                     |
| Foreign exchange swaps          | <u>295</u>          | <u>328</u>          |
| <b>Total</b>                    | <b><u>295</u></b>   | <b><u>328</u></b>   |
| <b>Current assets</b>           |                     |                     |
| Foreign exchange swaps          | 587                 | 1,802               |
| Forwards for hedging cash flows | 188                 | 708                 |
| FX futures contracts            | 0                   | 464                 |
| Futures contracts               | <u>1,632</u>        | <u>3,441</u>        |
| <b>Total</b>                    | <b><u>2,407</u></b> | <b><u>6,414</u></b> |
| <b>Non-current liabilities</b>  |                     |                     |
| Interest rate swaps             | 155                 | 444                 |
| Foreign exchange swaps          | 131                 | 34                  |
| Futures contracts               | 0                   | 19                  |
| Futures contracts               | <u>0</u>            | <u>64</u>           |
| <b>Total</b>                    | <b><u>285</u></b>   | <b><u>561</u></b>   |
| <b>Current liabilities</b>      |                     |                     |
| Interest rate swaps             | 214                 | 406                 |
| Foreign exchange swaps          | 0                   | 2                   |
| Forwards for hedging cash flows | 686                 | 823                 |
| FX futures contracts            | 0                   | 137                 |
| Futures contracts               | <u>2,194</u>        | <u>2,588</u>        |
| <b>Total</b>                    | <b><u>3,094</u></b> | <b><u>3,956</u></b> |

**Hedge accounting**

The Group holds 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 the group match the maturity and nominal value of the underlying assets / liabilities (hedged items).

Derivatives held by the group 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 Group's major components (i.e. mainly copper, aluminum and zinc),
- future contracts to hedge the risk from the change in exchange rate of US Dollar and British Pound (i.e. currencies to which the Group is mainly exposed) and
- interest rate swaps to hedge the risk of future cash flows of the Group from the variation of interest rates.

Derivatives (hedging instruments) are recognised at fair value both initially and subsequently.

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Derivatives are recognised when the Group enters 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).

#### *Cash flow hedges*

The effective proportion of change in the fair value of derivatives defined as cash flow change hedges are recorded to "Fair value" reserve. The gain or loss on the non-effective proportion is recorded to the profit or loss.

The amounts accounted to "Fair value reserve" are carried forward to the results of the periods where the hedged items are realized.

When a hedge item matures or is sold or when the hedging proportion no longer meets the hedge accounting criteria, the profits and losses accrued to 'Equity' remain as a reserve and are carried forward to the results when the 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 profits or losses accrued to Equity are carried forward to profit and loss.

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

The effective part of cash flow hedges is recorded in 'Fair value reserve' the result of the valuation of the open positions to the part that valuation is effective.

The profit or loss of hedging activities is recognized in the Income Statement when realised (i.e. difference of interest on interest rate swaps and stock exchange results in aluminum or copper and foreign currency).

Group's results from the hedging activities recorded in the Income Statement for the fiscal year 2013 and 2012 that presented for metal future contracts and FX future contracts in the "Sales" and the "Cost of sales" while for interest rate swaps in the "Finance income / (expenses)" are as follows:

| <i>Amounts in euro thousand</i>                                | <b><u>For the year ended 31 December</u></b> |                     |
|--|--|---------------------|
|  | <b><u>2013</u></b>                           | <b><u>2012</u></b>  |
| Gain / (loss) on future contracts                              | 3,139  | 5,064               |
| Gain / (loss) on FX forwards contracts                         | 2,141  | -2,867              |
| Gain / (loss) on interest rate swaps                           | -111   | -238                |
| Gain / (loss) on FX swaps                                      | 251  | 0                   |
| <b>Amounts posted to profit or loss as income or (expense)</b> | <b><u>5,419</u></b>                          | <b><u>1,959</u></b> |

Profit or loss related to derivatives used for cash flow hedging and recognized in other comprehensive income (Fair value reserve) as at 31 December 2013 will be recognized in the Income Statement during the next financial year.

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#### 17. Cash and cash equivalents

| <i>Amounts in euro thousand</i> | <b>31/12/2013</b>     | <b>31/12/2012</b>     |
|---------------------------------|-----------------------|-----------------------|
| Cash in hand and at banks       | 4,182                 | 340                   |
| Short-term bank deposits        | 169,218               | 143,912               |
| <b>Total</b>                    | <b><u>173,401</u></b> | <b><u>144,251</u></b> |

The aforementioned cash on hand constitutes the cash on hand and cash equivalents for the purposes of the cash flow statement.

#### 18. Share capital

The share capital of the Company amounts to euro 104,996,194.19 divided into 219,611,308 shares without nominal value.

The Consolidated Financial Statements prepared following the provisions of a reverse acquisition in IFRS 3 Business Combinations are issued under the name of the legal acquirer (being Viohalco) and prepared (as set out in the Notes) on the basis of the accounting principles of the legal subsidiary or accounting acquirer (being Viohalco Hellenic) whereby only the accounting acquirer's legal capital is adjusted to reflect the capital structure of the legal acquirer.

In order to comply with the Belgian Companies Code, the share capital after the Mergers should be the sum of the share capital of each company involved in the merger transaction. Therefore, the share capital of Viohalco after the Mergers amounts to euro 104,996,194, being the sum of the pre-Merger share capitals of Viohalco Hellenic (euro 59,842,227), of Viohalco (euro 61,500) and of Cofidin (euro 45,092,467).

Share premiums of the Company amount to euro 432,201,433.

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### 19. Reserves

| <i>Amounts in euro thousand</i>          | Statutory Reserve | Fair value<br>reserves | Special reserves | Tax-exempt<br>reserves | Other<br>reserves | Total          | Translation<br>Reserve | Total          |
|--|-------------------|------------------------|------------------|------------------------|-------------------|----------------|------------------------|----------------|
| <b>Balance as at 1 January 2012</b>      | 57,315            | -1,299                 | 14,146           | 311,506                | 5,453             | 387,121        | -9,225                 | 377,895        |
| Other comprehensive income, net of taxes | 0                 | 1,986                  | 1,634            | 0                      | 0                 | 3,620          | 445                    | 4,065          |
| Transfer of reserves                     | 912               | 3,480                  | -1,177           | 1,766                  | 11                | 4,992          | 0                      | 4,992          |
| Changes in ownership interests           | 269               | 136                    | 130              | 866                    | 144               | 1,544          | -396                   | 1,147          |
| <b>Balance as at 31 December 2012</b>    | <b>58,495</b>     | <b>4,302</b>           | <b>14,733</b>    | <b>314,138</b>         | <b>5,608</b>      | <b>397,276</b> | <b>-9,176</b>          | <b>388,100</b> |

| <i>Amounts in euro thousand</i>          | Statutory<br>reserve | Fair value<br>reserves | Special reserve | Tax-exempt<br>reserves | Other reserves | Total          | Translation<br>Reserve | Total          |
|--|----------------------|------------------------|-----------------|------------------------|----------------|----------------|------------------------|----------------|
| <b>Balance as at 1 January 2013</b>      | 58,495               | 4,302                  | 14,733          | 314,138                | 5,608          | 397,276        | -9,176                 | 388,100        |
| reclassification                         | -38,247              | 0                      | 0               | 0                      | 190,855        | 152,609        | 0                      | 152,609        |
| cancellation of the treasury shares      | 0                    | 0                      | 0               | 0                      | -111,189       | -111,189       | 0                      | -111,189       |
| Other comprehensive income, net of taxes | 0                    | -692                   | 0               | 0                      | 0              | -692           | -2,415                 | -3,106         |
| Changes in ownership interests           | 611                  | 121                    | 387             | 360                    | -72            | 1,407          | 67                     | 1,475          |
| Transfer of reserves                     | 866                  | 0                      | 2,353           | 10,463                 | -13,682        | 0              | 0                      | 0              |
| <b>Balance as at 31 December 2013</b>    | <b>21,725</b>        | <b>3,732</b>           | <b>17,473</b>   | <b>324,961</b>         | <b>71,521</b>  | <b>439,411</b> | <b>-11,524</b>         | <b>427,888</b> |

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**20. Loans and borrowings**

| <i>Amounts in euro thousand</i>   | <b>31/12/2013</b>       | <b>31/12/2012</b>       |
|-----------------------------------|-------------------------|-------------------------|
| <b>Non-current</b>                |                         |                         |
| Bank loans                        | 186,205                 | 109,687                 |
| Finance lease liabilities         | 1,125                   | 1,470                   |
| Bond loans                        | 756,806                 | 285,175                 |
| <b>Total</b>                      | <b><u>944,135</u></b>   | <b><u>396,332</u></b>   |
| <b>Current Loans</b>              |                         |                         |
| Bank current accounts             | 140,428                 | 99,913                  |
| Bank loans                        | 336,255                 | 872,660                 |
| Finance lease liabilities         | 377                     | 816                     |
| <b>Total</b>                      | <b><u>477,060</u></b>   | <b><u>973,388</u></b>   |
| <b>Total loans and borrowings</b> | <b><u>1,421,195</u></b> | <b><u>1,369,720</u></b> |

The maturities of non-current loans are as follows:

| <i>Amounts in euro thousand</i> |                       |                       |
|---------------------------------|-----------------------|-----------------------|
| Between 1 and 2 years           | 45,948                | 277,953               |
| Between 2 and 5 years           | 867,826               | 87,496                |
| Over 5 years                    | 30,361                | 30,883                |
|                                 | <b><u>944,135</u></b> | <b><u>396,332</u></b> |

The effective weighted average interest rates on the balance sheet date are as follows:

|                           |       |       |
|---------------------------|-------|-------|
| Bank loans (non-current)  | 5.34% | 5.30% |
| Bank loans (current)      | 5.40% | 5.83% |
| Bond loans                | 5.27% | 4.77% |
| Finance lease liabilities | 3.21% | 3.08% |

The carrying amount of loans is a reasonable approximation of their fair values. The Group has available adequate credit lines to meet future needs.

In December 2013, Viohalco concluded the restructuring of 78% of its outstanding debt, through the issuance of a series of long-term syndicated bond loans. The total issuance amounts to an aggregate of more than euro 727 million and consists of ten separate bond issues, one for each Greek major subsidiary of the Viohalco Group. More specifically the bond loans per business sector are:

- Steel & Steel Pipes Sector: euro 298 million; allocated to Sidenor Steel Industry S.A. for euro 179.8 million, Corinth Pipeworks S.A. for euro 47.3 million, and Sovel S.A. for euro 71.4 million.
- Copper & Cables Sector.: euro 270 million, allocated to Halcor S.A. for euro 180.5 million, Fitco S.A. for euro 13 million, and Hellenic Cables S.A. for euro 76.5 million.

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- Aluminium Sector: euro 159 million; allocated to Elval S.A. for euro 100.5 million, Etem S.A. for euro 38.2 million, Symetal S.A. for euro 11.2 million, and Elval Colour S.A. for euro 9 million.

The syndicated bond loans have a five year maturity and an option for the banks to approve an up to two years extension, upon request of the issuing companies, three months prior to the original maturity dates. The bond loans also feature a two-year grace period for capital repayments and a step-down yearly interest rate spread. The new bond loans are secured through pledges on fixed assets, contain customary representations, negative covenants, undertakings and events of default.

Throughout the effective term of said loans, the companies mentioned above should respect certain financial ratios. The first time review of these ratios will take place on 30 June 2014 and 31 December 2014 for the listed companies and the unlisted companies respectively.

In addition, in 2013, the subsidiary Corinth Pipeworks S.A. took out a loan agreement totalling euro 47.7 million with the German bank "Commerzbank" to finance the investment in the new pipe production line. The loan is guaranteed by the export credit insurance agency of the German Republic with the name "Euler Hermes Deutschland AG". It has an effective term of 8.5 years which will commence once the above investment is completed and is taken out at 1.95% interest rate plus Euribor 6-month rate. It is expected that the said investment will be completed in approximately 2 years. Sidenor Group has provided collateral for the bond loans.

During 2013, the subsidiary Sofia Med S.A. obtained a five-year loan from the European Bank for Reconstruction and Development which can be extended by 2 more years and totals euro 40 million. The company also converted a part of its short-term borrowing into a long-term syndicated five-year loan amounting to euro 60 million.

Mortgages have been raised on properties totalling euro 1,007 million to obtain the Group's bank loans.

More specific euro 379 million have been raised on behalf of Halcor S.A. and its subsidiaries, euro 438 million on behalf of Sidenor S.A. and its subsidiaries and euro 190 million have been raised on behalf of Elval S.A. and his subsidiaries.

Liabilities from finance leases are broken down as follows:

| <i>Amounts in euro thousand</i>  | <b>31/12/2013</b>   | <b>31/12/2012</b>   |
|--|---------------------|---------------------|
| <b>Future minimum lease payments</b>                                   |                     |                     |
| Up to 1 year   | 416                 | 849                 |
| From 1 to 5 years  | 705                 | 971                 |
| Over 5 years   | <u>555</u>          | <u>756</u>          |
| <b>Total</b>   | <b><u>1,676</u></b> | <b><u>2,577</u></b> |
| Less: Future finance lease finance charges                             | <u>-174</u>         | <u>-292</u>         |
| <b>Present value of finance lease payments</b>                         | <b><u>1,502</u></b> | <b><u>2,285</u></b> |
| The current value of finance lease liabilities is analysed as follows: |                     |                     |
| Up to 1 year   | 377                 | 816                 |
| From 1 to 5 years  | 597                 | 845                 |
| Over 5 years   | <u>528</u>          | <u>625</u>          |
| <b>Present value of finance lease payments</b>                         | <b><u>1,502</u></b> | <b><u>2,285</u></b> |

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### 21. Retirement and termination benefit obligations

#### Defined contribution plan

All the employees of the Group are insured for their main pension by the respective social insurance organizations as required by the local legislation. Once the contributions have been paid, the Group has 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 obligation

In Greece employees are entitled to receive a lump sum when they are retired. The lump sum is determined in accordance with the years of service and the salary at the retirement date. The Group believes that this meets the definition of defined benefit plan 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. The Group's liability for personnel benefits as of 31 December 2012 and 2013 is summarized as follows:

#### Amounts recognized in Statement of Financial Position:

*Amounts in euro thousand*

|                   | <u>31/12/2013</u> | <u>31/12/2012*</u> |
|-------------------|-------------------|--------------------|
| Employee benefits | 20,018            | 25,451             |

#### Amounts recognized in Income Statement:

*Amounts in euro thousand*

|   | <u>2013</u>  | <u>2012</u>  |
|---|--------------|--------------|
| Current service cost                                    | 1,523        | 1,585        |
| Interest cost   | 637          | 978          |
| Recognition of past service cost                        | 524          | 603          |
| Settlement/Curtailment/Termination loss/(gain)          | 514          | 1,345        |
| <b>Total expense recognized in the Income Statement</b> | <b>3,197</b> | <b>4,512</b> |

#### Movements in Net Liability in Statement of Financial Position:

*Amounts in euro thousand*

|   | <u>For the year ended 31 December</u> |               |
|---|---------------------------------------|---------------|
|   | <u>2013</u>                           | <u>2012</u>   |
| <b>Net Liability at the beginning of the period</b>   | 25,451                                | 23,522        |
| Benefits paid directly                                | -3,803                                | -6,667        |
| Total expense recognized in the Income Statement      | 3,197                                 | 4,512         |
| Total amount recognized in the OCI                    | -4,827                                | 4,084         |
| <b>Net Liability/(Asset) at the end of the period</b> | <b>20,018</b>                         | <b>25,451</b> |

#### Remeasurements:

*Amounts in euro thousand*

|   | <u>For the year ended 31 December</u> |              |
|---|---------------------------------------|--------------|
|   | <u>2013</u>                           | <u>2012</u>  |
| Actuarial (gain)/loss                                 | 4,827                                 | 4,084        |
| <b>Total amount recognized in OCI over the period</b> | <b>-4,827</b>                         | <b>4,084</b> |

The main actuarial assumptions that were used for accounting purposes are the following:

|                         | <u>31/12/2013</u> | <u>31/12/2012</u> |
|-------------------------|-------------------|-------------------|
| Discount rate           | 3,20%             | 3,18%             |
| Future salary increases | 1,90%             | 3,20%             |

\* Restated (see Note 3)



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**22. Grants**

|  | 2013          | 2012          |
|--|---------------|---------------|
| <i>Amounts in euro thousand</i>              |               |               |
| <b>Balance as at 1 January</b>               | <b>36,939</b> | <b>36,482</b> |
| Collection of subsidies                      | 12,403        | 5,727         |
| Transfer of subsidy to receivables/ payables | 331           | -653          |
| Depreciation of grants                       | -4,368        | -4,617        |
| <b>Balance as at 31 December</b>             | <b>45,305</b> | <b>36,939</b> |

Government grants have been received due to an investment in tangible fixed assets.

**23. Trade and other payables**

|  | 31/12/2013     | 31/12/2012     |
|--|----------------|----------------|
| <i>Amounts in euro thousand</i>                  |                |                |
| Suppliers  | 216,714        | 220,197        |
| Notes payable                                    | 30,371         | 23,435         |
| Cheques payable                                  | 143            | 201            |
| Down payments from customers                     | 17,079         | 15,673         |
| Social security funds                            | 8,655          | 9,635          |
| Taxes- duties                                    | 11,565         | 15,914         |
| Amounts due to affiliated parties (Note 35)      | 4,925          | 6,178          |
| Sundry creditors                                 | 6,389          | 11,448         |
| Unearned and deferred income                     | 2,571          | 67             |
| Accrued expenses                                 | 16,568         | 21,267         |
| Other credit transit balances                    | 4,751          | 2,720          |
| Proportion of third parties in payable dividends | 59             | 88             |
| Other liabilities                                | 52             | 0              |
| <b>Total</b>                                     | <b>319,841</b> | <b>326,823</b> |

The account "Suppliers and other liabilities" includes a liability to the Public Power Corporation S.A. in Greece (hereafter "PPC") totalling euro 23 million of the subsidiaries Sidenor Steel Industry S.A. and Sovel S.A. These two companies sent a notice of claim on 21 January 2014 to PPC rejecting the electricity tariff applied and suggested by PPC, stressing that thought-out, technical and financial substantiation indicates that the cost of PPC for the consumption profile of these two companies amounts to euro 34/ megawatt-hour. Note that from 2010 to 2013 the total charge in PPC tariffs amounted to euro 123.2 million while it should have come to euro 96.9 million. The difference of euro 26.3 million claimed by these two companies, based on the principle of conservatism, has been properly integrated (cost) through profit or loss of the aforementioned companies.

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**24. Provisions**

|  | <u>Pending<br/>court rulings</u> | <u>Indemnities<br/>to customers</u> | <u>Other<br/>provisions</u> | <u>Total</u> |
|--|----------------------------------|-------------------------------------|-----------------------------|--------------|
| <b>Non Current</b>                       |                                  |                                     |                             |              |
| <i>Amounts in euro thousand</i>          |                                  |                                     |                             |              |
| <b>Balance as at 1 January 2012</b>      | <b>160</b>                       | <b>1,000</b>                        | <b>3,313</b>                | <b>4,473</b> |
| Foreign exchange differences             | 0                                | 0                                   | 25                          | 25           |
| Additional provisions of the fiscal year | 4                                | 0                                   | 18                          | 23           |
| Provisions used during the fiscal year   | -105                             | -13                                 | -276                        | -394         |
| <b>Balance as at 31 December 2012</b>    | <b>60</b>                        | <b>987</b>                          | <b>3,081</b>                | <b>4,127</b> |
| <b>Balance as at 1 January 2013</b>      | <b>60</b>                        | <b>987</b>                          | <b>3,081</b>                | <b>4,127</b> |
| Foreign exchange differences             | 0                                | 0                                   | -23                         | -23          |
| Additional provisions of the fiscal year | 46                               | 0                                   | -38                         | 8            |
| Provisions used during the fiscal year   | -41                              | 0                                   | -8                          | -49          |
| <b>Balance as at 31 December 2013</b>    | <b>65</b>                        | <b>987</b>                          | <b>3,012</b>                | <b>4,063</b> |
| <b>Current</b>                           |                                  |                                     |                             |              |
| <i>Amounts in euro thousand</i>          |                                  |                                     |                             |              |
| <b>Balance as at 1 January 2012</b>      | <b>144</b>                       | <b>689</b>                          | <b>232</b>                  | <b>1,065</b> |
| Foreign exchange differences             | 0                                | 0                                   | 3                           | 3            |
| Additional provisions of the fiscal year | 0                                | 0                                   | 170                         | 170          |
| Restructuring                            | 0                                | -140                                | 0                           | -140         |
| Provisions used during the fiscal year   | 0                                | -549                                | -57                         | -607         |
| <b>Balance as at 31 December 2012</b>    | <b>144</b>                       | <b>0</b>                            | <b>348</b>                  | <b>492</b>   |
| <b>Balance as at 1 January 2013</b>      | <b>144</b>                       | <b>0</b>                            | <b>348</b>                  | <b>492</b>   |
| Foreign exchange differences             | 0                                | 0                                   | -3                          | -3           |
| Additional provisions of the fiscal year | 0                                | 0                                   | 356                         | 356          |
| Provisions used during the fiscal year   | 0                                | 0                                   | -170                        | -170         |
| <b>Balance as at 31 December 2013</b>    | <b>144</b>                       | <b>0</b>                            | <b>531</b>                  | <b>675</b>   |

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#### 25. Expenses per category

##### 2013

| <i>Amounts in euro thousand</i>              | Note | Cost of goods<br>sold | Distribution<br>expenses | Administrative<br>expenses | Total             |
|--|------|-----------------------|--------------------------|----------------------------|-------------------|
| Employee benefits                            | 26   | -149,030              | -31,038                  | -33,463                    | -213,531          |
| Cost of inventories recognized as an expense |      | -2,005,105            | -1,435                   | -153                       | -2,006,692        |
| Use of Energy                                |      | -70,623               | -210                     | -126                       | -70,959           |
| Depreciation and amortization                |      | -98,157               | -4,728                   | -7,845                     | -110,729          |
| Taxes - duties                               |      | 0                     | 0                        | -11                        | -11               |
| Insurance premiums                           |      | -6,030                | -4,889                   | -955                       | -11,873           |
| Rental fees                                  |      | -4,653                | -2,396                   | -2,780                     | -9,829            |
| Transportation                               |      | -33,880               | -45,243                  | -1,339                     | -80,463           |
| Promotion & advertising expenses             |      | -4                    | -1,100                   | -216                       | -1,321            |
| Third party fees and benefits                |      | -113,050              | -17,784                  | -19,122                    | -149,957          |
| Provisions                                   |      | -2,424                | -3,007                   | -1,251                     | -6,682            |
| Interest                                     |      | -4                    | -1                       | 0                          | -4                |
| Other expenses                               |      | -227,129              | -6,704                   | -14,146                    | -247,979          |
| <b>Total</b>                                 |      | <b>-2,710,089</b>     | <b>-118,533</b>          | <b>-81,407</b>             | <b>-2,910,030</b> |

##### 2012

| <i>Amounts in euro thousand</i>              | Note | Cost of goods<br>sold | Distribution<br>expenses | Administrative<br>expenses | Total             |
|--|------|-----------------------|--------------------------|----------------------------|-------------------|
| Employee benefits                            | 26   | -159,749              | -31,534                  | -37,448                    | -228,731          |
| Cost of inventories recognized as an expense |      | -2,314,663            | -1,453                   | -537                       | -2,316,653        |
| Use of Energy                                |      | -81,801               | -169                     | -114                       | -82,084           |
| Depreciation and amortization                |      | -127,466              | -5,076                   | -7,861                     | -140,403          |
| Taxes - duties                               |      | 0                     | 0                        | -15                        | -15               |
| Insurance premiums                           |      | -6,347                | -5,832                   | -909                       | -13,089           |
| Rental fees                                  |      | -5,182                | -2,365                   | -2,024                     | -9,570            |
| Transportation                               |      | -39,744               | -51,950                  | -1,242                     | -92,935           |
| Promotion & advertising expenses             |      | -5                    | -1,294                   | -139                       | -1,438            |
| Third party fees and benefits                |      | -122,443              | -13,865                  | -18,415                    | -154,723          |
| Provisions                                   |      | -663                  | -2,275                   | -126                       | -3,064            |
| Interest                                     |      | 0                     | -23                      | 0                          | -24               |
| Other expenses                               |      | -229,640              | -19,699                  | -17,620                    | -266,959          |
| <b>Total</b>                                 |      | <b>-3,087,702</b>     | <b>-135,534</b>          | <b>-86,451</b>             | <b>-3,309,687</b> |

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**26. Employee benefits**

|  | <b>2013</b>           | <b>2012</b>           |
|--|-----------------------|-----------------------|
| <i>Amounts in euro thousand</i>                    |                       |                       |
| Staff fees and expenses                            | 171,263               | 181,595               |
| Social security expenses                           | 39,761                | 44,076                |
| Retirement cost of defined contribution plans      | 362                   | 354                   |
| Retirement cost of defined benefit plans (Note 22) | 3,197                 | 4,512                 |
| Other employee benefits                            | 3,803                 | 4,345                 |
| <b>Total</b>                                       | <b><u>218,386</u></b> | <b><u>234,882</u></b> |
| <b>Other employee benefits</b>                     |                       |                       |
| Profits distributed to personnel                   | 320                   | 667                   |
| Incidental benefits                                | 2,030                 | 2,169                 |
| Travel & accommodation expenses                    | 276                   | 288                   |
| Bonus  | 894                   | 692                   |
| Other  | 283                   | 529                   |
| <b>Total</b>                                       | <b><u>3,803</u></b>   | <b><u>4,345</u></b>   |

**Employee benefits are broken down as follows:**

|                                 | <b><u>31/12/2013</u></b> | <b><u>31/12/2012</u></b> |
|---------------------------------|--------------------------|--------------------------|
| <i>Amounts in euro thousand</i> |                          |                          |
| Cost of sales                   | 149,030                  | 159,749                  |
| Distribution expenses           | 31,038                   | 31,534                   |
| Administrative expenses         | 33,463                   | 37,448                   |
| Other expenses                  | 4,855                    | 6,151                    |
|                                 | <b><u>218,386</u></b>    | <b><u>234,882</u></b>    |

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**27. Financial result**

| <i>Amounts in euro thousand</i>         | 2013           | 2012            |
|---|----------------|-----------------|
| <b>Income</b>                           |                |                 |
| Interest income                         | 7,399          | 8,963           |
| Foreign exchange differences            | 1,015          | 1,042           |
| Other                                   | 322            | 331             |
| <b>Financial income</b>                 | <b>8,736</b>   | <b>10,336</b>   |
| <b>Expenses</b>                         |                |                 |
| Interest charges and related expenses   | -91,197        | -94,560         |
| Letters of engagement                   | 0              | -3              |
| Finance Leases                          | -1             | -1              |
| Foreign exchange differences            | -1,556         | -2,511          |
| Interest rate swaps, fair value hedging | 0              | -1,032          |
| Other                                   | -2,142         | -2,023          |
| <b>Financial expenses</b>               | <b>-94,896</b> | <b>-100,130</b> |
| <b>Income from dividends</b>            | <b>223</b>     | <b>60</b>       |
| <b>Financial cost (net)</b>             | <b>-85,936</b> | <b>-89,734</b>  |

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**28. Income tax**

| <i>Amounts in euro thousand</i> | <b>2013</b>    | <b>2012</b>   |
|---------------------------------|----------------|---------------|
| Current Tax                     | -12,927        | -11,979       |
| Deferred tax                    | -18,966        | 10,556        |
| <b>Total</b>                    | <b>-31,893</b> | <b>-1,423</b> |

|   |        | <b>2013</b>     | <b>2012</b>    |
|---|--------|-----------------|----------------|
| <b>Loss before income taxes</b>                         |        | <b>-192,038</b> | <b>-74,761</b> |
| Tax using the tax rate in Greece                        | -26.0% | 49,921          | 14,952         |
| Effect of permanent differences                         | 6.4%   | -12,907         | -4,005         |
| Tax-exempt income                                       | -0.7%  | 3,252           | 1,135          |
| Effect of prior period tax loss                         | -0.4%  | 426             | -13,157        |
| Effect of different international tax rates on year tax | 0.8%   | -1,474          | -3,727         |
| Loss for which no deferred tax is recognized            | 14.8%  | -29,341         | -3,191         |
| Adjustment of fixed assets tax value                    | 0.0%   | 0               | 2,780          |
| Tax-exempt reserves recognition                         | -2.7%  | 5,200           | 2,773          |
| Partial reversal or use of provision for taxes          | -0.5%  | 888             | 1,887          |
| Tax audit adjustments                                   | 0.2%   | -468            | -467           |
| Withholding tax on international dividends              | 0.0%   | 66              | 0              |
| Effect of tax rate's change                             | 20.4%  | -39,931         | 0              |
| Other taxes   | 0.2%   | -412            | -387           |
| Reversal of deferred asset                              | 2.2%   | -4,307          | 0              |
| Provision for tax free reserves contributed             | 1.4%   | -2,807          | -15            |
| <b>Total income tax</b>                                 |        | <b>-31,893</b>  | <b>-1,423</b>  |

As of 1 January 2013, the tax rate in Greece rose from 20% to 26% in compliance with article 9 of Law 4110/2013.

Due to such change in the tax rate, prior-period deferred taxes were calculated anew, thus giving rise to an additional deferred tax liability equal to euro 36.3 million for the Group. The above amount established the deferred tax and had an effect on the results of the period.

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**29. Other income / (expenses)**

|   | <u>2013</u>           | <u>2012</u>           |
|---|-----------------------|-----------------------|
| <i>Amounts in euro thousand</i>                 |                       |                       |
| <b>Other income</b>                             |                       |                       |
| Subsidies of the year                           | 386                   | 1,628                 |
| Income from incidental activities               | 11,013                | 22,125                |
| Insurance indemnity                             | 166                   | 387                   |
| Rents from buildings - machinery                | 372                   | 793                   |
| Income from prior period provisions             | 1,016                 | 775                   |
| Income from interest (operating activity)       | 0                     | 0                     |
| Amortization of grants received                 | 4,368                 | 4,617                 |
| Valuation of holdings & other financial assets  | 895                   | 249                   |
| Foreign exchange differences                    | 10,979                | 4,857                 |
| Income from consulting services                 | 558                   | 1,211                 |
| Profits/ (Loss) from sale of fixed assets       | 754                   | 773                   |
| Other income                                    | <u>1,850</u>          | <u>4,213</u>          |
| <b>Total other income</b>                       | <b><u>32,359</u></b>  | <b><u>41,629</u></b>  |
| <b>Other expenses</b>                           |                       |                       |
| Non-cost expenses of operation-production       | -255                  | -470                  |
| Operation & Development expenses                | -271                  | -324                  |
| Profits/ (Loss) from sale of fixed assets       | 0                     | 0                     |
| Impairment of holdings & other financial assets | -1,945                | -176                  |
| Foreign exchange differences                    | -11,726               | -5,579                |
| Impairment losses for doubtful debtors          | -700                  | -2,020                |
| Depreciation and amortization                   | -1,149                | -3,161                |
| Other expenses                                  | <u>-9,160</u>         | <u>-18,131</u>        |
| <b>Total other expenses</b>                     | <b><u>-25,206</u></b> | <b><u>-29,863</u></b> |
| <br>  |                       |                       |
| <b>Other operating income-expenses (net)</b>    | <b><u>7,153</u></b>   | <b><u>11,766</u></b>  |

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**30. Non-recurring items**

|   | Note | <u>For the year ended 31 December</u> |               |
|---|------|---------------------------------------|---------------|
|   |      | <u>2013</u>                           | <u>2012</u>   |
| <i>Amounts in euro thousand</i>           |      |                                       |               |
| Impairment of investment property         | 10   | -45,367                               | 0             |
| Impairment of property, plant & equipment | 8    | -28,992                               | -3,478        |
| Idle costs                                |      | -11,358                               | -1,561        |
| Relocation expenses                       |      | -10,636                               | 0             |
| Bargain Purchase                          | 6    | 5,532                                 | 0             |
|   |      | <u>-90,820</u>                        | <u>-5,039</u> |

**Idle costs**

On 21 February 2013 due to the difficult domestic financial circumstances primarily affecting the construction activity and in order to adapt the production to the low demand for structural steel products, the subsidiary SOVEL S.A., following consultation with its employees, suspended temporarily the productive operation of the plant in Almyros for the month of March. The costs associated with this suspension have been charged to non-recurring items.

**Relocation expenses**

In 2013, the Group's holding company Viohalco SA relocated its legal seat from Athens, Greece to Brussels, Belgium and listed its shares on the Euronext Brussels. The expenses incurred with the respect to the relocation relate to legal fees, transfer fees on property and other related items.



## CONSOLIDATED FINANCIAL STATEMENTS

### 31 DECEMBER 2013

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#### 31. Commitments

##### (a) Contractual commitments

The below mentioned commitment relates to contracts that the Group's subsidiaries have entered into according to their investment plans.

| <i>Amounts in euro thousand</i> | <b>31/12/2013</b>    | <b>31/12/2012</b>    |
|---------------------------------|----------------------|----------------------|
| Property, plant and equipment   | 64,585               | 39,179               |
|                                 | <b><u>64,585</u></b> | <b><u>39,179</u></b> |

##### (b) Liabilities from Operating Leases as lessee

| <i>Amounts in euro thousand</i> | <b>31/12/2013</b>    | <b>31/12/2012</b>    |
|---------------------------------|----------------------|----------------------|
| Up to 1 year                    | 3,970                | 3,925                |
| From 1 to 5 years               | 7,563                | 8,720                |
| More than 5 years               | 803                  | 1,237                |
|                                 | <b><u>12,336</u></b> | <b><u>13,882</u></b> |
| Expense in profit or loss       | <b><u>4,517</u></b>  | <b><u>5,428</u></b>  |

There are no contractual liabilities for future repairs and maintenance of investment properties.

##### (c) Guarantees

| <i>Amounts in euro thousand</i>  | <b>31/12/2013</b> | <b>31/12/2012</b> |
|--|-------------------|-------------------|
| Guarantees for securing liabilities to suppliers                         | 72,349            | 54,035            |
| Guarantees for securing the good performance of contracts with customers | 19,332            | 17,040            |
| Guarantees for securing the good performance of contracts with suppliers | 133               | 19                |

#### 32. Contingent liabilities

Please refer to the ongoing claim described in Note 15. The Group has no other contingent liabilities.

#### 33. Contract for projects under construction

Hellenic Cables Group (component of Copper and cables sector) is dealing with project contracts which mainly cover construction and installation of high voltage terrestrial and submarine cables.

| <i>Amounts in euro thousand</i>       | <b><u>31/12/2013</u></b> | <b><u>31/12/2012</u></b> |
|---------------------------------------|--------------------------|--------------------------|
| Invoiced income for the period        | 7,054                    | 12,629                   |
| Advances due                          | 448                      | 736                      |
| Amount of retentions for good perform | 543                      | 556                      |

There are no contingent liabilities relating to projects under construction as at the reporting date.

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#### 34. 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.

|                                      | 2013                 | 2012                 |
|--------------------------------------|----------------------|----------------------|
| <i>Amounts in euro thousand</i>      |                      |                      |
| <b>Sales of goods / services</b>     |                      |                      |
| Equity-accounted investees           | 19,242               | 11,218               |
| Other related parties                | <u>10,066</u>        | <u>12,815</u>        |
|                                      | <b><u>29,309</u></b> | <b><u>24,033</u></b> |
| <br>                                 |                      |                      |
| <b>Purchases of goods / services</b> |                      |                      |
| Equity-accounted investees           | 4,973                | 5,407                |
| Other related parties                | <u>13,085</u>        | <u>19,779</u>        |
|                                      | <b><u>18,058</u></b> | <b><u>25,186</u></b> |
| <br>                                 |                      |                      |
| <b>Purchase of fixed assets</b>      |                      |                      |
| Equity-accounted investees           | 988                  | 283                  |
| Other related parties                | <u>0</u>             | <u>85</u>            |
|                                      | <b><u>988</u></b>    | <b><u>368</u></b>    |

**Closing balances that arise from sales-purchases of goods, services, fixed assets, etc.**

|  | <u>31/12/2013</u>    | <u>31/12/2012</u>    |
|--|----------------------|----------------------|
| <i>Amounts in euro thousand</i>          |                      |                      |
| <b>Receivables from related parties:</b> |                      |                      |
| Equity-accounted investees               | 15,108               | 13,921               |
| Other related parties                    | <u>38</u>            | <u>1,059</u>         |
|  | <b><u>15,146</u></b> | <b><u>14,980</u></b> |
| <br>                                     |                      |                      |
| <b>Liabilities to related parties:</b>   |                      |                      |
| Equity-accounted investees               | 1,929                | 2,914                |
| Other related parties                    | <u>2,996</u>         | <u>3,264</u>         |
|  | <b><u>4,925</u></b>  | <b><u>6,178</u></b>  |

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-affiliated parties.

#### Remuneration of directors and executive management

The table below provides an overview of the remuneration paid in 2013 to Board members and executive management for the execution of their mandate:

## CONSOLIDATED FINANCIAL STATEMENTS

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| <i>Amounts in euro thousand</i>            | <u>31/12/2013</u> | <u>31/12/2012</u> |
|--|-------------------|-------------------|
| Fees to directors and executive management | 1,671             | 1,327             |

The fees 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 2013

## CONSOLIDATED FINANCIAL STATEMENTS

### 31 DECEMBER 2013

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#### 35. Basic and diluted earnings per share

| <b>For the year ended 31 December</b>                       | <b>2013</b>        | <b>2012</b>        |
|---|--------------------|--------------------|
| Result attributable to the Owners of the Company (in euro ) | -173,335,760       | -49,933,519        |
| Weighted average of shares number                           | <u>201,956,762</u> | <u>199,474,091</u> |
| Basic and diluted (in euro per share)                       | -0.8583            | -0.2503            |

The calculation of basic and diluted earnings per share has been based on the following profit attributable to ordinary shareholders and weighted average number of ordinary shares outstanding:

(i) Profit attributable to the shareholders

| <b>For the year ended 31 December</b>                               | <b>2013</b> | <b>2012</b> |
|---|-------------|-------------|
| Result attributable to the Owners of the Company (in euro thousand) | -173,336    | -49,934     |

The numerator used in the calculation of the basic earnings per share and the diluted earnings per share is identical.

(ii) Weighted average number of ordinary shares outstanding

| <i>in thousands of shares</i>                             | <b>2013</b>  | <b>2012</b> |
|---|--------------|-------------|
| Issued ordinary shares at 1 January                       | 199,474      | 199,474     |
| Effect of shares issued related to a business combination | <u>2,483</u> | <u>-</u>    |
| Weighted average number of ordinary shares at 31 December | 201,957      | 199,474     |

The weighted average number of equity shares refers to shares in circulation during the period.

The denominator used in the calculation of the basic earnings per share and the diluted earnings per share is identical.

## CONSOLIDATED FINANCIAL STATEMENTS

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#### **36. Personnel**

Number of persons employed by the Group at the end of the current period: 7,857 persons (2012: 7,754).

#### **37. Subsequent events**

On 13 January 2014, Viohalco filed a request for admission to secondary listing and trading of its shares on the Athens Exchange in Greece. The Company's shares subsequently commenced trading on the Main Market of the Athens Exchange on 14 February 2014.

Further to the decision of the Public Power Corporation S.A. of Greece to reduce the electricity tariff for industries, Sidenor S.A. announced it will undertake a new investment totalling euro 10 million in the plant of Thessaloniki in order to boost its competitiveness. This new investment aims to avoid reheating billets using natural gas as it occurs in standard reheating furnaces. For this reason, an electric (induction) furnace, in series with casting lines, will be installed, which will raise the temperature of already hot billets to rolling temperature before these cool down. This investment will help save a considerable amount of energy while also reducing the total carbon footprint of the premises, given that steel rolling will now have nil direct carbon footprint (since no natural gas will be used).

Finally, Hellenic Cables announced that it has been commissioned by ADMIE (Independent Power Transmission Operator) the second sub-project of the Cyclades Islands Interconnection Tender amounting to euro 93 million. The project involves underground and submarine cable links of 150 kV between the islands Syros-Tinos, Syros-Mykonos, Syros-Paros and a 150 kV cable termination in Tinos. Hellenic Cables undertakes, in addition to the supply of cables, the cable laying, the protection of cables in coastal parts and the necessary connections with the existing network of ADMIE. The contract will be signed after the pre-contractual audit required by the Court of Audit.

## CONSOLIDATED FINANCIAL STATEMENTS

### 31 DECEMBER 2013

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#### 38. Auditor's fees

Viohalco's statutory auditors, KPMG Réviseurs d'Entreprises and Renaud de Borman Réviseurs d'Entreprises, and a number of KPMG member firms of the KPMG network, received fees amounting to euro 659,800 and euro 592,400 for the periods ended 31 December 2013 and 31 December 2012 respectively for the following services:

| Amounts in euro thousand                        | <u>For year ended 31 December</u> |             |
|---|-----------------------------------|-------------|
|   | <u>2013</u>                       | <u>2012</u> |
| <b>KPMG Réviseurs d'Entreprises</b>             |                                   |             |
| Audit   | 80                                | 0           |
| Audit related services                          | 5                                 | 0           |
|   | <u>85</u>                         | <u>0</u>    |
| <b>Renaud de Borman Réviseurs d'Entreprises</b> |                                   |             |
| Audit   | 10                                | 0           |
| Audit related services                          | 44                                | 0           |
|   | <u>54</u>                         | <u>0</u>    |
| <b>KPMG Network</b>                             |                                   |             |
| Audit   | 409                               | 470         |
| Audit related services                          | 9                                 | 0           |
| Tax related services                            | 151                               | 123         |
| Other services                                  | 37                                | 0           |
|   | <u>606</u>                        | <u>592</u>  |
| <b>Total</b>                                    | <u>746</u>                        | <u>592</u>  |

# CONSOLIDATED FINANCIAL STATEMENTS

## 31 DECEMBER 2013

### 39. Subsidiaries

The composition of the Group at the end of the reporting period was as follows:

| <u>SUBSIDIARY COMPANIES</u>          | <u>Country</u> | <u>Ownership<br/>interest 2013</u> | <u>Ownership<br/>interest 2012</u> |
|--------------------------------------|----------------|------------------------------------|------------------------------------|
| AEIFOROS SA                          | GREECE         | 67.89%                             | 67.08%                             |
| AEIFOROS BULGARIA SA                 | BULGARIA       | 67.89%                             | 67.08%                             |
| AFSEL SA                             | GREECE         | 36.55%                             | 34.25%                             |
| AKRO SA                              | GREECE         | 64.10%                             | 59.14%                             |
| ALCOMET SA                           | GREECE         | 99.36%                             | 99.36%                             |
| ALUBUILD SRL                         | ITALY          | 53.56%                             | 50.30%                             |
| ALURAME SPA                          | ITALY          | 71.92%                             | 67.00%                             |
| ANOXAL SA                            | GREECE         | 73.11%                             | 68.50%                             |
| ARGOS SA                             | GREECE         | 52.28%                             | 51.65%                             |
| ATHENS ART CENTRE SA                 | GREECE         | 73.12%                             | 68.51%                             |
| AUTOMATIC WIRE MACHINES SA           | ITALY          | 30.24%                             | 39.58%                             |
| ANAMET SA                            | GREECE         | 88.75%                             | 87.37%                             |
| ANTIMET SA                           | GREECE         | 100.00%                            | 100.00%                            |
| ATTIKI SA                            | GREECE         | 75.00%                             | 75.00%                             |
| AWM SPA                              | ITALY          | 25.65%                             | 25.35%                             |
| BEAT SA                              | GREECE         | 50.09%                             | 49.70%                             |
| BELANTEL HOLDINGS LTD                | CYPRUS         | 66.36%                             | 60.05%                             |
| BEMET SA                             | GREECE         | 75.45%                             | 74.55%                             |
| BET SA                               | GREECE         | 77.02%                             | 76.43%                             |
| BIXAL SA                             | GREECE         | 71.29%                             | 66.23%                             |
| BIODIESEL S.A.                       | GREECE         | 12.07%                             | 11.93%                             |
| BLYTHE LTD                           | CYPRUS         | 73.11%                             | 68.50%                             |
| BOZETTI LTD                          | CYPRUS         | 75.45%                             | 74.55%                             |
| BRIDGNORTH LTD                       | ENGLAND        | 73.11%                             | 68.50%                             |
| COMMERCIAL PARK CORINTHOS SA         | GREECE         | 100.00%                            | 100.00%                            |
| CONSUTANT & CONSTRUCTION SOLUTION SA | GREECE         | 70.95%                             | 66.20%                             |
| COPPERPROM LTD                       | GREECE         | 57.25%                             | 52.24%                             |
| CORINTH PIPEWORKS SA                 | GREECE         | 66.54%                             | 64.64%                             |
| CPW AMERICA Co                       | USA            | 66.54%                             | 64.64%                             |
| DE LAIRE LTD                         | CYPRUS         | 49.98%                             | 45.40%                             |
| DIA.VI.PE.THI.V SA                   | GREECE         | 71.40%                             | 69.23%                             |
| DIAPEM SA SA                         | GREECE         | 71.65%                             | 67.72%                             |
| DIATOUR SA                           | GREECE         | 98.62%                             | 98.62%                             |
| DOJLAN STEEL LLCOP                   | FYROM          | 75.45%                             | 74.55%                             |
| DOMOPLEX LTD                         | CYPRUS         | 33.95%                             | 33.55%                             |
| EDE SA                               | GREECE         | 49.98%                             | 45.40%                             |
| ELVAL COLOUR SA                      | GREECE         | 73.11%                             | 68.27%                             |
| ELVAL SA                             | GREECE         | 73.11%                             | 68.50%                             |
| ELKEME SA                            | GREECE         | 68.21%                             | 64.49%                             |
| ENERGY SOLUTIONS SA                  | BULGARIA       | 91.61%                             | 91.61%                             |
| ERGOSTEEL SA                         | GREECE         | 38.07%                             | 35.19%                             |
| ERGOPAMA SA                          | GREECE         | 22.83%                             | 21.10%                             |
| ERLIKON SA                           | GREECE         | 75.68%                             | 74.79%                             |
| ETEM ALBANIA SA                      | ALBANIA        | 53.56%                             | 50.30%                             |
| ETEM SA                              | GREECE         | 53.56%                             | 50.30%                             |
| ETEM BULGARIA SA                     | BULGARIA       | 53.56%                             | 50.30%                             |
| EVIKE SA                             | GREECE         | 99.98%                             | 99.98%                             |
| ETIL SA                              | GREECE         | 52.80%                             | 52.17%                             |
| ETEM COMMERCIAL SA                   | GREECE         | 53.56%                             | 50.30%                             |
| ETEM SYSTEMS LLC                     | UCRAINE        | 53.56%                             | 50.30%                             |
| ETEM SYSTEMS SRL                     | ROMANIA        | 53.56%                             | 50.30%                             |
| FITCO SA                             | GREECE         | 66.36%                             | 60.05%                             |
| FLOCOS SA                            | GREECE         | 83.12%                             | -                                  |
| FULGOR SA                            | GREECE         | 49.98%                             | 45.40%                             |
| GENECOS SA                           | FRANCE         | 46.60%                             | 42.26%                             |
| HABAKIS LTD                          | GREECE         | 66.36%                             | 60.05%                             |

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| <u>SUBSIDIARY COMPANIES</u>        | <u>Country</u> | <u>Ownership<br/>interest 2013</u> | <u>Ownership<br/>interest 2012</u> |
|------------------------------------|----------------|------------------------------------|------------------------------------|
| HALCOR SA                          | GREECE         | 66.36%                             | 60.05%                             |
| HALKORAL SH.P.K                    | ALBANIA        | 66.36%                             | 60.05%                             |
| HELLENIC CABLES SA                 | GREECE         | 49.98%                             | 45.40%                             |
| HUMBEL LTD                         | CYPRUS         | 66.54%                             | 64.64%                             |
| ICME ECAB SA                       | ROMANIA        | 49.29%                             | 44.77%                             |
| JOSTDEX LIMITED                    | CYPRUS         | 70.92%                             | 70.08%                             |
| KIFISSOS MALL SA                   | GREECE         | 54.43%                             | 54.43%                             |
| LESCO ROMANIA SA                   | ROMANIA        | 32.49%                             | 29.50%                             |
| LESCO OOD                          | BULGARIA       | 49.98%                             | 45.40%                             |
| METAL AGENCIES LTD                 | ENGLAND        | 66.13%                             | 60.92%                             |
| METAL GLOBE DOO                    | SERBIA         | 64.14%                             | 59.04%                             |
| METAL VALIUS LTD                   | SERBIA         | 88.75%                             | 87.37%                             |
| METALLOURGIA ATTIKIS SA            | GREECE         | 37.73%                             | 37.28%                             |
| MKC GMBH                           | GERMANY        | 68.66%                             | 64.11%                             |
| MOPPETS LTD                        | CYPRUS         | 53.56%                             | 50.30%                             |
| NOVAL SA                           | GREECE         | 100.00%                            | 100.00%                            |
| NOVOMETAL DOO                      | FYROM          | 88.75%                             | 87.37%                             |
| PORT SVISHTOV WEST SA              | BULGARIA       | 55.14%                             | 54.48%                             |
| PRAKSIS SA                         | GREECE         | 46.03%                             | 38.00%                             |
| PRISTANISHTEN KOMPLEX SVILOSA EOOD | BULGARIA       | 55.14%                             | 54.48%                             |
| PROSAL SA                          | GREECE         | 75.45%                             | 74.55%                             |
| PROSAL TUBES SA                    | BULGARIA       | 75.45%                             | 74.55%                             |
| SANIPARK SA                        | GREECE         | 100.00%                            | 100.00%                            |
| SANITAS REPRESENTATIVE SA          | GREECE         | 100.00%                            | 100.00%                            |
| SANITAS SA                         | GREECE         | 100.00%                            | 100.00%                            |
| SIDENOR INDUSTRIAL SA              | GREECE         | 75.45%                             | 74.55%                             |
| SIDENOR SA                         | GREECE         | 75.45%                             | 74.55%                             |
| SIDERAL SHRK                       | ALBANIA        | 75.45%                             | 74.55%                             |
| SIDEROM STEEL SRL                  | ROMANIA        | 75.45%                             | 74.55%                             |
| SIDMA S.A.                         | GREECE         | 18.55%                             | 18.33%                             |
| SIGMA IS SA                        | BULGARIA       | 52.28%                             | 51.65%                             |
| SMARTREO PTY LTD                   | AUSTRALIA      | 36.97%                             | -                                  |
| SOFIA MED AD                       | BULGARIA       | 66.36%                             | 60.05%                             |
| SOVEL SA                           | GREECE         | 77.02%                             | 76.43%                             |
| STEELMET BULGARIA SA               | BULGARIA       | 53.56%                             | 50.30%                             |
| STEELMET CYPRUS LTD                | CYPRUS         | 63.38%                             | 59.56%                             |
| STEELMET EXPORTS SA                | GREECE         | 64.34%                             | 59.56%                             |
| STEELMET ROMANIA SA                | ROMANIA        | 66.50%                             | 61.48%                             |
| STEELMET SA                        | GREECE         | 63.38%                             | 58.59%                             |
| STOMANA IDUSTRY SA                 | BULGARIA       | 75.45%                             | 74.35%                             |
| SYMETAL SA                         | GREECE         | 73.11%                             | 68.50%                             |
| TECHOR SA                          | GREECE         | 76.81%                             | 70.37%                             |
| TEPRO METAL AG                     | GERMANY        | 68.66%                             | 64.11%                             |
| TEPROMETAL SA                      | BULGARIA       | 100.00%                            | 100.00%                            |
| TEPROSTEEL SA                      | BULGARIA       | 75.45%                             | 74.55%                             |
| THERMOLITH SA                      | GREECE         | 47.54%                             | 46.97%                             |
| TEKA SYSTEMS SA                    | GREECE         | 50.01%                             | 50.01%                             |
| VEPEM SA                           | GREECE         | 74.29%                             | 71.54%                             |
| VIANATT SA                         | GREECE         | 88.75%                             | 87.37%                             |
| VIENER AGIOI ANARGIROI SA          | GREECE         | 100.00%                            | 100.00%                            |
| VIENER AGIOS DIMITRIOS SA          | GREECE         | 100.00%                            | 100.00%                            |
| VIENER SA                          | GREECE         | 100.00%                            | 100.00%                            |
| VIOMAL SA                          | GREECE         | 36.55%                             | 34.25%                             |
| VITRUVIT SA                        | GREECE         | 100.00%                            | 100.00%                            |
| XENCA SA                           | GREECE         | 100.00%                            | 100.00%                            |
| ZAO TMK-CPW                        | RUSSIA         | 29.04%                             | 28.69%                             |



## AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS



**KPMG Bedrijfsrevisoren - Réviseurs  
d'Entreprises**  
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### **Statutory auditor's report to the general meeting of Viohalco SA as of and for the year ended 31 December 2013**

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 2013, 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 2013 and the consolidated statements of profit or loss, 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 € 3,365,423,000 and the consolidated statement of profit or loss shows a loss of the period of € 223,931,000.

#### *Board of directors' responsibility for the preparation of the consolidated financial statements*

The board of directors is responsible for the preparation and fair presentation of these consolidated financial statements 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. 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 Group'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.

KPMG Bedrijfsrevisoren - Réviseurs d'Entreprises, a Belgian civil  
CVBA/SRL and a member firm of the KPMG network of independent  
member firms affiliated with KPMG International Cooperative ("KPMG  
International"), a Swiss entity.

Maatschappelijke zetel - Siège social:  
Bourgetlaan - Avenue du Bourget 40  
1130 Brussel - Brussels  
België - Belgique



KPMG Bedrijfsrevisoren -  
Réviseurs d'Entreprises  
CVBA/SRL  
Burgerlijke vennootschap met  
handelsvorm - Société civile à  
forme commerciale  
BTW BE 0419 122.548  
RPR Brussel - RPM Bruxelles

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 2013 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 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 our opinion on the consolidated financial statements:

- The annual report on the consolidated financial statements includes the information required by law, is consistent, in all material respects, 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, 30 April 2014

KPMG Réviseurs d'Entreprises  
Statutory Auditor  
represented by



Benoit Van Roost  
Réviseur d'Entreprises

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## CONDENSED STATUTORY BALANCE SHEET AND INCOME STATEMENT

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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](http://www.viohalco.com)). The statutory Auditor's report on the annual accounts was unqualified.

## Summary balance sheet

| In euro thousand                    | As at 31 December<br>2013 |
|-------------------------------------|---------------------------|
| <b>Non- current assets</b>          | <b>950,911</b>            |
| Start-up costs                      | 3,196                     |
| Intangible assets                   | 866                       |
| Tangible assets                     | 56,689                    |
| Financial assets                    | 890,161                   |
| <b>Current assets</b>               | <b>50,567</b>             |
| Amounts receivable                  | 5,630                     |
| Investments                         | 40,040                    |
| Cash at the bank and in hand        | 4,089                     |
| Deferred charges and accrued income | 808                       |
| <b>Total assets</b>                 | <b>1,001,478</b>          |
| <b>Capital and reserves</b>         | <b>998,511</b>            |
| Capital                             | 104,996                   |
| Share premium account               | 432,201                   |
| Revaluation                         | 17,119                    |
| Reserves                            | 368,792                   |
| Profit carried forward              | 75,402                    |
| <b>Creditors</b>                    | <b>2,967</b>              |
| Amounts payable within one year     | 2,694                     |
| Accrued charges and deferred income | 272                       |
| <b>Total liabilities</b>            | <b>1,001,478</b>          |

## Summary income statement

In euro thousand

For the year ended  
31 December 2013

|  |                |
|--|----------------|
| <b>Sales and services</b>  | <b>2,300</b>   |
| <b>Operating charges</b>   | <b>4,167</b>   |
| Miscellaneous goods and services   | 2,271          |
| Remuneration, social security and pensions   | 216            |
| Depreciation and amounts written off on start-up costs,<br>intangible and tangible assets  | 1,145          |
| Amounts written off stocks, contracts in progress and trade<br>debtors   | 9              |
| Other operating expenses   | 526            |
| <b>Loss of operating activities</b>  | <b>-1,867</b>  |
| <b>Financial income</b>  | <b>1,181</b>   |
| Income from financial assets   | 728            |
| Income from current assets   | 453            |
| <b>Financial expenses</b>  | <b>259</b>     |
| Debt expenses  | 7              |
| Amount written off current assets  | -511           |
| Other financial expenses   | 763            |
| <b>Current profit (loss) before taxes</b>  | <b>-946</b>    |
| <b>Extraordinary income</b>  | <b>31,899</b>  |
| Adjustments to amounts written off financial fixed assets  | 31,899         |
| <b>Extraordinary expenses</b>  | <b>118,304</b> |
| Extraordinary depreciation of and extraordinary amounts<br>written off formation expenses, intangible and tangible fixed<br>assets | 16,410         |
| Amounts written off financial fixed assets   | 92,029         |
| Loss on disposal of fixed assets   | 1,990          |
| Other extraordinary expenses   | 7,875          |
| <b>Profit (loss) for the year before income taxes</b>  | <b>-87,351</b> |
| <b>Income taxes on result</b>  | <b>-</b>       |
| <b>Profit (loss) for the year</b>  | <b>-87,351</b> |

## DECLARATION OF RESPONSIBLE PERSONS

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### STATEMENT ON THE TRUE AND FAIR VIEW OF THE CONSOLIDATED FINANCIAL STATEMENTS AND THE FAIR OVERVIEW OF THE MANAGEMENT REPORT

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In accordance with article 12, §2, 3° of the Royal Decree of 14 November 2007, the members of the executive committee, (i.e. Evangelos Moustakas, Jacques Moulaert, 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 2013 which have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, give a true and fair 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 a 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.

|  |  |
|--|--|
| <b>Accounts Receivable Revenue Ratio</b> | Accounts receivable/Revenue * 365  |
| <b>Accounts Payable Revenue Ratio</b>    | Accounts payable/ Cost of goods sold * 365   |
| <b>BCC</b>                               | the Belgian Companies Code   |
| <b>Belgian GAAP</b>                      | the applicable accounting framework in Belgium   |
| <b>Board of Directors or Board</b>       | the board of directors of the Company from time to time appointed in accordance with the Articles of Association   |
| <b>Coverage of Financial Expenses</b>    | EBITDA/Financial expenses  |
| <b>Cross-Border Merger</b>               | the cross-border merger through absorption of Viohalco Hellenic by the Company in accordance with articles 772/1 and following of the BCC and the Greek law 3777/2009 in conjunction with articles 68 §2 and 69 to 77a of the Greek Codified Law 2190/1920 |
| <b>Debt/Equity</b>                       | Total liabilities/equity or (Total assets-equity)/equity   |
| <b>Domestic Merger</b>                   | the merger through absorption of Cofidin by the Company in accordance with articles 693 and following of the BCC   |
| <b>EBIT</b>                              | Operating result as reported in the consolidated financial statements (Earnings Before Interest and Taxes)   |
| <b>EBITDA</b>                            | EBIT+amortization+Depreciation (Earnings Before Interest, Taxes, Depreciation and Amortization)  |
| <b>EEA</b>                               | the European Economic Area   |
| <b>FSMA</b>                              | 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  |
| <b>FYROM</b>                             | the Former Yugoslav Republic of Macedonia  |
| <b>General Liquidity</b>                 | Current Assets/Short term liabilities  |
| <b>Gross annual return</b>               | 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)   |
| <b>Group</b>                             | the Company and its subsidiaries   |
| <b>IAS</b>                               | International Accounting Standards   |
| <b>IFRS</b>                              | International Financing Reporting Standards, as adopted by the EU  |
| <b>Inventories Revenue Ratio</b>         | Inventory/Cost of goods sold * 365   |
| <b>Special Liquidity</b>                 | (Current Assets-Inventory)/ Short term liabilities   |
| <b>Transparency Law</b>                  | the law of 2 May 2007 on the disclosure of significant shareholdings in issuers whose securities are admitted to trading on a regulated market   |

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](http://www.viohalco.com))