EPADYM SA

Board of Directors' Annual Report & Annual Financial Statements prepared in accordance with the International Financial Reporting Standards, for the fiscal year ended on 31 December 2018

EPADYM SA
INTEGRATED WASTE MANAGEMENT SYSTEM (IWMS) FOR THE REGION OF WESTERN MACEDONIA, PPC South Field
Lignite Center of Western Macedonia, 50100 Kozani
Tax ID No.: 800626510 TAX OFFICE: OF KOZANI
General Electronic Commercial Registry No. 132800036000

Table of Contents

MANAGEMENT REPORT BY THE "EPADYM SA" BOARD OF DIRECTORS ON THE CORPORATE FINANCIAL STATEMENTS FOR THE FISCAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2018....4

Audit Report of Independent Certified Public Auditor-Accountant....8

Statement of Financial Position....11

Income Statement and Total Income....12

Statement of Changes in Equity....13

Cash flow statement....14

Notes to the financial statements....15

1 General information....15
2 Summary of significant accounting policies....15
2.1 Basis of preparation of the financial statements....15
2.2 Going concern....15
2.3 Macroeconomic conditions in Greece....16
2.4 New standards, amendments to standards and interpretations....16
2.5 Foreign exchange conversions....20
2.6 Leases....20
2.7 Property, Plant and Equipment....21
2.8 Intangible assets....21
2.9 Impairment of non-financial assets....21
2.10 Financial Instruments....22
2.11 Trade and other receivables....22
2.12 Cash and cash equivalents....23
2.13 Share capital....23
2.14 Trade and other payables....23
2.15 Current and deferred taxation....23
2.16 Provisions....23
2.17 Revenue recognition....24
2.18 Public Private Partnership Agreements....25
2.19 Borrowings....26
2.20 Distribution of dividends....26
2.21 Rounding of accounts....26
3 Financial risk management....26
3.1 Financial risk factors....26
3.2 Fair value determination....28
3.3 Cash management....28
4 Significant accounting estimates of the management....28

4.1 Income tax 29
4.2 Classification of assets on the basis of IFRIC 12 29
5 Property, plant and equipment 29
6 Financial Contribution from a Public Body (IFRIC 12) 30
7 Receivables 31
8 Cash and cash equivalents 31
9 Restricted cash deposits 31
10 Share capital 32
11 Trade and other payables 32
12 Deferred taxation 32
13 Income tax 33
14 Expenses per category 34
15 Financial income / (expenses) 35
16 Borrowings 35
17 Potential liabilities and capital commitments undertaken 36
18 Company transactions with affiliates 37
19 Remuneration of members of the Board of Directors 38
20 Other notes 38
21 Events after the date of the Statement of Financial Position 38

MANAGEMENT REPORT BY THE "EPADYM SA" BOARD OF DIRECTORS ON THE CORPORATE FINANCIAL STATEMENTS FOR THE FISCAL YEAR FROM 1 JANUARY TO 31 DECEMBER 2018

This report by the Board of Directors pertains to the twelve-month period of fiscal year 2018 that ended (01/01-31/12/2018), and provides summary financial information about the corporate financial statements and results of the Company EPADYM SA. The Report outlines the most important events which took place during 2018, and the effect that such events had on the financial statements, the main risks and uncertainties the Company is faced with, while it also sets out qualitative information and estimates about future activities.

1. FINANCIAL RESULTS

The company's total sales for 2018 amounted to 6.8 million euro compared to 5.7 million in 2017. This increase is mainly due to the fact that the project was completed on 10/6/2017 and therefore the operating period in 2017 was shorter than in 2018. In the meantime there was an decrease in the balance of the Receivable from the Financial Contribution by DIADYMA SA, resulting in the said balance standing at 39.4 million euro on 31/12/2018 (31/12/2017: 40.6 million euro).

The Company's results after taxes in 2018 accounted for a profit of 0.9 million compared to losses of 0.7 million euro in 2017.

On 31/12/2018 the Company's borrowing stood at 36.0 million euro (31/12/2017: 37.6 million euro). Finally cash and cash equivalents amounted to 658,2 thousand compared to 1.9 million on 31/12/2017.

Financial ratios

The Company has calculated financial ratios to add additional information to existing ones, as listed in the table below, with key financial performance and profitability ratios, financial structure and overall liquidity:

		2018	2017
i.	**Performance and efficiency**		
	Net operating results / Sales	-4.22%	-9.99%
	Net results before taxes / Equity	36.35%	53.83%
	Gross results / Sales	4.70%	-3.21%

ii. Capital structure

Current assets / Total assets	22.67%	27.00%
Equity / Total payables	6.45%	4.08%

iii. General liquidity

Current assets / Current liabilities	190.88%	299.36%

2. OVERVIEW

The company is active in Greece in the field of energy, and in particular in waste management. On 10/06/2015, a Public Private Partnership (PPP) agreement was signed for a 27-year term between the Private Operator (PO) EPADYM SA and DIADYMA SA for the project "Design, Financing, Construction and Operation of Infrastructures for the Integrated Waste Management System (IWMS) in the Region of West Macedonia on the basis of a PPP". The project includes the construction of New Infrastructures and the operation of New and Existing Infrastructures, relating to all Municipal Solid Waste in the Region of West Macedonia, i.e. with a capacity of 120.00 thousand tons per year.

The following entities have participated in financing the project: the European Investment Bank (EIB) with 12.72 million euro; the West Macedonia Urban Development Fund (Jessica) with 12.72 million euro; the National Bank of Greece, which finances the VAT paid for the construction of the Project, with 5.6 million euro; and the companies that participate in the share capital of EPADYM SA, i.e. AKTOR CONCESSIONS SA and HELECTOR SA, with own funds amounting to 16.96 million euro.

The construction of the plant was completed in June 2017 (10/6/2017) and it is in operation since then. The construction of the project was realized in accordance with its approved time frame, which provided for the relevant services to be made available on 10/06/2017. One person was employed during the fiscal year.

3. RISK MANAGEMENT

The Company is only exposed to the risks of liquidity and interest rates. Risk management is monitored by the finance division of the parent Company ELLAKTOR SA, and more specifically, by the Central Financial Management Division, and is determined by instructions, directions and rules approved by the Board of Directors.

Given the current crisis of the Greek State and the Greek financial sector, the liquidity risk is higher and the management of cash flows is urgent. To manage the liquidity risk, the Company budgets and regularly monitors its cash flows and ensures that cash on hand is available, including the options of intra-company loans and unused credit lines to meet its needs (e.g. financing, guarantee letters, etc). The Company's liquidity is monitored by the Management at regular intervals.

The Company is exposed to risk from fluctuations of interest rates, mainly arising from bank loans. The Company is exposed to interest rate fluctuations seen on the market, which affect its financial position and cash flows. The cost of debt may increase as a result of these changes thus creating losses, or it can decrease on the occurrence of unexpected events. It should be noted that the fluctuation in interest rates in recent years has been caused primarily by the increase in spreads due to the lack of liquidity in the Greek banking market and the estimated risk of Greek companies, and to a lesser extent by the change to the base interest rates (e.g. Euribor).

The Company's Management monitors rate fluctuations systematically and on an ongoing basis and evaluates the need to assume hedging positions, if and when such risks are considered to be significant. Of all the Company's loans, only the one pertaining to the financing of construction VAT (amounting to a total of 5.6 million euro) has a floating interest rate and it was repaid in early 2018.

4. Non-financial assets

To achieve its strategic goals, Company relies on its long-standing expertise and extensive know-how in its areas of operation, as well as on innovation, competent and skilled human resources and the trust it enjoys from its customers, associates and shareholders. In pursuing its business activities, the Company focuses on the following considerations:

- corporate governance;
- transparency, corporate responsibility and regulatory compliance;
- respect for and protection of the environment;
- financial risk management;
- social responsibility.

Corporate Governance

EPADYM SA implements the corporate governance principles, as these are set out in the relevant legislative framework (Law 2190/1920, Article 43a, paragraph 3d, Law 3016/2002 on corporate governance, Law 3693/2008, Article 37, and Codified Law 2190/1920, Article 43bb, as amended by Articles 1 and 2 of Law 4403/2016).
These corporate governance principles have been incorporated in the Corporate Governance Code (based on the SEV (Hellenic Federation of Enterprises) Corporate Governance Code, January 2011), which is posted on the Group's website www.ellaktor.com.
The Company has not adopted corporate governance practices in addition to the relevant legislation provisions for the year ended 2018.

Regulatory compliance

The Company has adopted an Ethical and Regulatory Compliance Programme designed to prevent, identify and address ethical and regulatory compliance issues. The Company is committed to carrying out its activities honourably, ethically, with integrity and in compliance with the applicable laws, regulations and standards, the corporate policies and guidelines, and the Company Code of Conduct. The Code of Conduct defines the main principles governing the Company's business practice and policies, and the conduct of its employees.

Environmental considerations

The Company seeks to protect and respect the natural and human environment, as well as to minimize the negative impact of its activities, while the principles of sustainable development are adopted. In this context, the Company seeks to take initiatives that would promote greater environmental responsibility and the development of environment-friendly technologies.

The Environmental Actions of the Company are targeted at the reduction of generated waste, reuse, waste management, recycling, use of more environment-friendly materials, use of RES, natural resources saving, application of new, environment-friendly technology, etc.
Last but not least, the consumption of the Company's headquarters is monitored in the context of the Environmental Management System and its soundness is verified by the Certification Organisation TÜV HELLAS.

5. SUBSEQUENT EVENTS

On 22/5/2019, two hundred and twelve thousand five hundred fifty (212,550) ordinary shares and six million three hundred and fifty-nine thousand and sixty-six (6,359,066) ordinary shares of the Company, held by the company Aktor Concessions SA, were transferred to the company Elektor SA, which now holds 100% of the Company’s share capital.

Kozani, 5 July 2019

For the Board of Directors

The CEO

Leonidas G. Bobolas

Audit Report of Independent Certified Public Auditor-Accountant

To the Shareholders of "EPADYM SA"

Audit report on the financial statements

Opinion

We have audited the annual financial statements of EDADYM SA (the Company), which comprise the statement of financial position as of 31 December 2018, the profit and loss and comprehensive income statements, statement of changes in equity and cash flow statement for the year then ended, as well as the notes on the financial statements that include a summary of significant accounting policies.

In our opinion, the attached financial statements fairly present, in all material aspects, the financial position of the Company as at 31 December 2018, and its financial performance and cash flows for the year then ended, in line with the International Financial Reporting Standards (IFRS), as endorsed by the European Union and are consistent with the regulatory requirements of Codified Law 2190/1920.

Basis of opinion

We have conducted our audit in accordance with the International Auditing Standards, as transposed into the Greek legislation. Our responsibilities, according to these standards, are further described in the section of our report "Auditor's responsibilities in auditing the financial statements". We believe that the audit evidence we have obtained is sufficient and adequate as a basis for our audit opinion.

Auditor's independence

Throughout our appointment we remain independent of the Company in accordance with the Code of Conduct for Professional Auditors of the Board of International Standards of Auditors' Ethics incorporated into Greek law, and ethics requirements of Law 4449/2017, relating to the audit of financial statements in Greece. We have fulfilled our ethical obligations according to Law 4449/2017 and the requirements of the Code of Conduct for Professional Auditors of the Board of International Standards of Auditors' Ethics.

Other information

The members of the Board of Directors are responsible for Other information. Other Information is the Annual Management Report of the Board of Directors (but does not include the financial statements and the audit report thereon) that we received before the date of this auditor's report.

Our opinion on the financial statements does not cover Other information and, apart from what is expressly stated in this paragraph of our Report, we do not express an audit opinion or other assurance on it.

With regard to our audit of the financial statements, it is our responsibility to read Other information and thus to consider whether Other information is materially inconsistent with the financial statements or the knowledge we acquired during our audit or otherwise appear to be fundamentally incorrect.

We have examined whether the Annual Management Report of the Board of Directors includes the disclosures required by Codified Law 2190/1920.

Based on the work we performed during our audit, in our opinion:

- the information included in the Annual Management Report of the Board of Directors for the year ended 31/12/2018 corresponds to the financial statements;

- The Annual Management Report of the Board of Directors has been drawn up according to the current legal requirements of Article 43a of Codified Law 2190/1920.

Moreover, on the basis of the information and understanding we obtained during our audit in relation to the Company SA and the environment it operates in, we are obliged to report that we did not identify any material misstatements in the Directors' Annual Management Report. We have nothing to report about this issue.

Responsibilities of the Board of Directors and those responsible for governance on financial statements

The Board of Directors is responsible for the preparation and fair presentation of the financial statements, in accordance with the International Financial Reporting Standards, as these have been adopted by the European Union, the requirements of Codified Law 2190/1920, and for such audit safeguards that the Board of Directors finds necessary in order to make possible the preparation of the financial statements free of any material misstatements, due either to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue its activities, disclosing, where applicable, any issues related to the going concern and the use of the accounting basis of the going concern unless the Board of Directors either intends to liquidate the Company or to discontinue its activities or has no other realistic option than to take such actions.

Those responsible for governance have the responsibility to oversee the financial reporting process of the Company.

Auditor's responsibilities in auditing the financial statements

Our objectives are to obtain reasonable assurance whether the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to issue an auditor's report presenting our opinion. The reasonable assurance is a high level of assurance, but it is not a guarantee that the audit carried out in accordance with the IAS, incorporated into the Greek Legislation, will always identify a material misstatement, when such a misstatement exists. Misstatements may result from fraud or error and are considered material when individually or collectively could reasonably be expected to affect the financial decisions of users made on the basis of these financial statements.

As an auditing duty, according to the IAS incorporated into the Greek Legislation, we exercise professional judgment and maintain professional skepticism throughout the audit. Furthermore:

- We identify and assess the risks of material misstatements in the financial statements, whether due to fraud or error, by designing and performing audit procedures that respond to those risks and we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of failing to detect a material error due to fraud is higher than that due to error, as fraud can involve collusion, forgery, deliberate omissions, false assertions or bypassing the internal audit safeguards.

- We understand audit-related internal safeguards to design audit procedures appropriate to the circumstances, but not to express an opinion on the effectiveness of the Company's internal audit.

- We assess the appropriateness of the accounting policies and methods used and the reasonableness of accounting estimates and disclosures made by the Board of Directors.

- We decide on the appropriateness of the Board of Directors' use of the accounting principle on a going concern basis and based on the audit evidence that has been obtained as to whether there is material uncertainty about events or circumstances that may indicate material uncertainty as to the ability of the Company to continue its activity. If we conclude that there is material uncertainty, we are required to report such disclosures in the financial statements in the auditor's report or whether these disclosures are

insufficient to differentiate our opinion. Our findings are based on audit evidence obtained until the date of the auditor's report. However, future events or conditions may result in the Company ceasing to operate as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including disclosures, and whether the financial statements reflect the underlying transactions and events in a manner ensuring their reasonable presentation.

Among other issues, we report to those responsible for governance, the scope and timing of the audit, as well as important audit findings, including any significant deficiencies in the internal audit that we identify during our audit.

Report on Other Legal and Regulatory Requirements

The work we performed on the Board of Directors' Annual Management Report is mentioned in section "Other information" above.

Athens, 9 September 2019

THE CERTIFIED AUDITOR-ACCOUNTANT

PriceWaterhouseCoopers

Auditing Company SA

Certified Auditors - Accountants

LICENCE SOEL Reg. No 113

Fotis Smirnis

Institute of CPA (SOEL) Reg. No 52861

Statement of Financial Position

	Note	31-Dec-18	31-Dec-17
ASSETS			
Non-current assets			
Property, plant and equipment	**5**	17,000	-
Intangible assets		920	1,033
Financial Contribution from a Public Body (IFRIC 12)	**6**	30,675,374	31,566,657
Restricted cash deposits	**9**	2,734,586	-
Other non-current receivables	**7**	264	264
		33,428,144	**31,567,954**
Current assets			
Short-term receivables	**7**	383,458	681,961
Financial Contribution from a Public Body (IFRIC 12)	**6**	8,759,471	9,052,199
Cash and cash equivalents	**8**	658,232	1,943,931
		9,801,162	**11,678,091**
Total assets		**43,229,305**	**43,246,045**
EQUITY			
Equity attributable to shareholders			
Share capital	**10**	4,251,000	4,251,000
Profit/(loss) carried forward		(1,633,174)	(2,556,265)
Total equity		**2,617,826**	**1,694,735**
LIABILITIES			
Non-current liabilities			
Long-term borrowings	**16**	33,863,375	36,065,572
Deferred tax liabilities	**12**	1,613,303	1,584,776
		35,476,678	**37,650,348**
Current payables			
Suppliers and other liabilities	**11**	2,932,603	2,328,642
Short-term borrowings	**16**	2,202,197	1,572,320
		5,134,800	**3,900,962**
Total liabilities		**40,611,479**	**41,551,310**
Total equity and liabilities		**43,229,305**	**43,246,045**

The notes on pages 17 to 42 form an integral part of these financial statements.

Income Statement and Total Income

	Note	1-Jan to 31-Dec-18	31-Dec-17
Sales		**6,817,401**	**5,711,378**
Cost of sales	**14**	(6,497,206)	(5,894,565)
Gross profit		**320,195**	**(183,187)**
Administrative expenses	**14**	(608,029)	(387,340)
Other profit/(loss)		-	(164)
Operating profit/(loss)		**(287,835)**	**(570,690)**
Financial income	**15**	3,196,893	3,459,537
Financial expenses	**15**	(1,957,439)	(1,976,528)
Net profit/(loss) before tax		**951,619**	**912,319**
Income tax	**12.13**	(28,528)	(1,584,775)
Net profit / (loss) for the fiscal year		**923,092**	**(672,457)**
Total Comprehensive Income/(Loss) for the year		**923,092**	**(672,457)**

The notes on pages 17 to 42 form an integral part of these financial statements.

Statement of Changes in Equity

	Share capital	Results carried forward	Total
1 January 2017	**4,251,000**	**(1,883,809)**	**2,367,191**
Net losses for the year	-	(672,457)	**(672,457)**
31 December 2017	**4,251,000**	**(2,556,265)**	**1,694,735**
1 January 2018	**4,251,000**	**(2,556,265)**	**1,694,735**
Net profit for the year	-	923,092	**923,092**
31 December 2018	**4,251,000**	**-1,633,174**	**2,617,826**

The notes on pages 17 to 42 form an integral part of these financial statements.

Cash flow statement

	Note	1-Jan to 31-Dec-18	31-Dec-17
Operating activities			
Net profit/ (loss) for the period		923,092	(672,457)
Income tax	**12.13**	28,528	1,584,775
Depreciation and amortisation		113	94
Financial income	**15**	(3,196,893)	(3,459,537)
Financial expenses	**15**	1,957,439	1,976,528
Decrease/ (Increase) of receivables		4,704,312	4,179,462
(Decrease)/ Increase of liabilities		189,108	(2,888,261)
Increase / (Decrease) of Financial Contribution from a Public Body		(24,903)	(473,135)
Debit interest and related expenses paid		(1,519,040)	(1,200,010)
Total inflows/(outflows) from operating activities (a)		**3,061,755**	**(952,541)**
Investing activities			
Acquisition of tangible and intangible assets		(17,000)	(1,127)
Restricted cash -(increase)/decrease	**9**	(1,121,419)	-
Total inflows/(outflows) from investing activities (b)		**(1,138,419)**	**(1,127)**
Financing activities			
Proceeds from issued/utilised loans from third parties		-	7,682,057
Repayment of loans from third parties		(1,595,866)	(5,038,607)
Restricted cash -(increase)/decrease	**9**	(1,613,167)	-
Total inflows/(outflows) from financing activities (c)		**(3,209,033)**	**2,643,450**
Net increase/ (decrease) in cash and cash equivalents (a) + (b) + (c)		**(1,285,697)**	**1,689,782**
Cash and cash equivalents at year start	**8**	1,943,931	254,149
Cash and cash equivalents at year end	**8**	**658,232**	**1,943,931**

The notes on pages 17 to 42 form an integral part of these financial statements.

Notes to the financial statements

1 General information

EPADYM SA (hereinafter the "Company" or the "Private Operator" or "PO" or "Operator") carries out its activities in Greece, in the energy sector, focusing on the design, financing, construction, maintenance and operation of the infrastructures of the Integrated Waste Management System (IWMS) in the Region of West Macedonia on the basis of a Public Private Partnership (hereinafter "PPP"). DIADYMA SA (hereinafter the "Public Body" or the "Grantor") is the contracting authority for the project. The total investment amounts to 48,6 million euro and the total concession period is 27 years. The project is co-financed by the European Investment Bank with approximately 13 million euro, the West Macedonia Urban Development Fund (through Jessica) with approximately 13 million euro, the National Bank of Greece, which finances the VAT paid for the construction of the Project, with 5,6 million euro, and the participating companies with own funds amounting to 17 million euro.

The Company was incorporated and established in Greece with registered and central offices in Kozani, IWMS OF THE REGION OF WESTERN MACEDONIA, PPC South Field, Lignite Center of Western Macedonia, 50100.

The Company's financial statements are included, using the full consolidation method, in the consolidated financial statements of ELLAKTOR SA, which is listed on the Athens Stock Exchange. AKTOR CONCESSIONS SA and HELLECTOR SA participate in the company's share capital by 50% each.

These financial statements were approved by the Board of Directors on 5 July 2019 and are yet to be approved by the General Meeting to be held in 2019. They are available on the company's website at www.epadym.gr.

2 Summary of significant accounting policies

2.1 Basis of preparation of the financial statements

The basic accounting principles applied in the preparation of these financial statements are set out below. These principles have been consistently applied to all years presented, unless otherwise stated.

These company financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the Interpretations of the International Financial Reporting Interpretations Committee (IFRIC), as they have been endorsed by the European Union. The financial statements were prepared in accordance with the historical cost rule and on the going concern principles of the Company's activity.

The preparation of the financial statements under IFRS requires the use of accounting estimates and assumptions by the Management in implementing the accounting policies adopted. The areas involving extensive judgment or complexity, or where assumptions and estimates have a significant impact on the financial statements are mentioned in Note 4.

2.2 Going concern

The financial statements of 31 December 2018 are prepared in accordance with the International Financial Reporting Standards (IFRS), and provide a reasonable presentation of the Company's financial position, profit and loss, and cash flows, in accordance with the principle of going concern.

2.3 Macroeconomic conditions in Greece

Following the completion of the third economic adjustment programme, the signs of gradual recovery of the Greek economy continue, even though they appear to be reduced compared to the respective forecasts of the competent authorities, and GDP seems to have increased by 1.9% in 2018 (in real terms, reference year: 2010) compared to 1.5% in 2017, according to the first provisional data of the Hellenic Statistical Authority. This development is mainly due to a 8.7% increase in the exports of goods and services. This trend is expected to continue in 2019 and be backed up by an increase in the available income and employment. On the contrary, fixed asset investments were reduced considerably (-12% per annum) following two years of satisfactory increase.

Greek government bond yields, even though still close to the pre-crisis levels, remain high as compared to other South European countries and are highly volatile. It is estimated that Greece will continue its borrowings from the international markets by issue of bonds, as it did in March 2019, with the issue of a 10-year bond for which the demand was high. However, budgetary discipline and continuation of the necessary reforms are indispensable parameters for improving yield and, consequently, the financial cost for the Greek State.

The year 2019 is critical for the further improvement of economic climate in Greece. However, the increased volatility internationally, the trend towards increased commercial protectionism, as well as the continued structural weaknesses of the Greek economy are major risks and
uncertainties that may adversely affect the economy. Therefore, it is estimated that 2019 will also be a challenging year for the Greek economy and, consequently, for the operations of the Company.

The most significant potential risks for the Company due to its exposure in Greece include a slow-down
in the pace of execution of works and difficulties in undertaking new projects, the inability to recover receivables and the difficulty in securing low-cost funding for the Company's activities.

The Management is continually evaluating the situation and its possible consequences for the company in order to
to ensure that all necessary and possible measures and actions are taken in good time to minimise potential negative impacts.

2.4 New standards, amendments to standards and interpretations

New standards, amendments to standards and interpretations: Certain new standards, amendments to standards and interpretations have been issued that are mandatory for periods beginning on or after 1.1.2018. The Company's evaluation of the effect of these new standards, amendments and interpretations is as follows:

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

IFRS 9 "Financial Instruments"

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of
financial assets and financial liabilities, and
also includes an expected credit losses model that replaces the incurred loss impairment model used today applicable under IAS 39. In addition, IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the previous model in IAS 39.

The adoption of IFRS 9 did not significantly affect the financial report of the Company.
In particular, with regard to Trade, Other Receivables and Government Guaranteed receipt from grantor, the examination of the business model and the characteristics of the cash flows does not affect the classification and measurement of trade and other receivables of the Company, which continue to be valuated at amortised cost.

<u>Impairment</u>

The assessment of the impact of the new impairment model to the financial statements of the Company concerning trade receivables and other financial assets concludes that the Company is not expected to recognise any significant increase in the provision for doubtful debts due to the implementation of the new expected loss model.

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 was issued in May 2014. The objective of the standard is to provide a single, comprehensive revenue recognition model for all contracts with customers, in order to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised.

IFRS 15 replaces IAS 11 "Construction Contracts", IAS 18 "Revenue" and the related interpretations and applies for all revenue from contracts with customers, unless such contracts fall within the scope of other standards. The new standard establishes a five-stages model for measuring revenue from contracts with customers:

1. Identification of contract with the customer.
2. Identification of the performance obligations.
3. Determination of the transaction price.
4. Allocation of the transaction price to the performance obligations of the contract.
5. Recognition of revenues when or while a financial entity fulfils the performance obligation.

The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. It also contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. In accordance with IFRS 15, revenue is recognised when a customer obtains control of the goods or the services, determining the time of the transfer of control - either at a specific point in time or over time.

Revenue is defined as the amount that a financial entity expects to be entitled to as consideration for the goods or the services it transferred to any customer, with the exception of the amounts collected on behalf of third parties (value added tax, other sales taxes). Variable amounts are included in the price and are calculated either with the "expected value" method or the "most probable amount" method.

Revenue from service provision is recognised during the accounting period during which the services are provided and measured in accordance with the nature of the services provided, using either the "output methods" or the "input methods".

A customer receivable is recognised when the financial entity has an unconditional right to collect the price for obligations of the contract fulfilled towards the customer.

The adoption of the standard did not affect the financial report of the Company.

IFRS 2 (Amendments) "Classification and Measurement of Share-based Payment Transactions"

The amendment clarifies the measurement basis for cash-settled, share-based payments and the accounting for modifications that change an award from cash-settled to equity-settled. It also introduces an exception to the principles in IFRS 2 that will require an award to be treated as if it were wholly equity-settled, where an

employer is obliged to withhold an amount for the employee's tax obligation associated with a share-based payment and pay that amount to the tax authority.

IAS 40 (Amendments) "Transfers of Investment Property"

The amendments clarify that, to transfer to or from, investment properties, a change in use must have occurred. A change in use would involve an assessment of whether a property meets the definition of investment property and supporting evidence that a change in use has occurred.

IFRIC 22 "Foreign Currency Transactions and Advance Consideration"

The interpretation provides guidance on how to determine the date of the transaction in applying the foreign currency transactions standard - IAS 21. The Interpretation is applicable when an entity has received or paid advance consideration for contracts in a foreign currency.

Annual Improvements to IFRSs (2014 – 2016 Cycle)

IAS 28 "Investments in associates and Joint ventures"

The amendments clarified that when venture capital organisations, mutual funds, unit trusts and similar entities use the election to measure their investments in associates or joint ventures at fair value through profit or loss (FVTPL), this election should be made separately for each associate or joint venture at initial recognition.

Standards and Interpretations effective for subsequent periods

IFRS 9 (Amendments) "Prepayment features with negative compensation" (effective for annual periods beginning on or after 1 January 2019)

The amendments enable companies, if a certain condition is met, to measure financial assets with prepayment features with negative compensation at amortized cost or fair value through other comprehensive income and not at fair value through profit and loss.

IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019)

IFRS 16 was issued in January 2016 and replaces IAS 17. The objective of the standard is to ensure that lessees and lessors provide useful information that fairly presents the essence of the lease-related transactions. IFRS 16 introduces a single model for the accounting treatment by the lessee, which requires that the lessee recognises assets and liabilities for all lease contracts with a term of over 12 months, except if the underlying asset has non-significant value. With regard to the accounting treatment by the lessor, IFRS 16 essentially incorporates the requirements of IAS 17. Therefore, the lessor continues to classify lease contracts into operating and finance leases and to apply different accounting treatment for each type of contract. During the transition, liabilities resulting from existing operating leases will be discounted by use of the relevant discount rate (incremental borrowing rate). The present value to arise will be recognised as a liability from leases. The rights to use assets will be measured equally to the liabilities from leases, adjusted by the amount of any prepaid or accrued rents.

The payments of rents for the Company are mainly related to leases of buildings. At the first application of IFRS 16, liabilities from operating lease contracts, which under the current standard must be disclosed in the notes to the financial statements, will be shown as assets with rights of use and liabilities from leases in the statement of financial position. Therefore, total assets and liabilities are expected to increase considerably as at the first application of the standard, due to the capitalisation of assets with rights of use and the recognition of respective liabilities. The increase in liabilities from leases will result in a respective increase in net borrowings. Moreover, the operating costs of the lease are replaced with the depreciation cost of assets with rights of use and interest expenses on the resulting liabilities. This will entail a significant improvement of "Earnings before interest, taxes, depreciation and amortization." In the cash flow statement, the rents payment

part that relates to capital is expected to reduce the net cash flows from financing activities and will no longer be included in the net cash flows from operating activities. Only the rents payment part that relates to interest will continue being included in the net cash flows from operating activities, which will increase in total.

Based on the above, the Company analysed the expected impact of IFRS 16 as on 1 January 2019, as well as its estimated impact on the company income statement for 2019. With regard to the obligations arising from operating leases, the Company anticipates that it recognise the rights of use of assets and the obligations from leases as of 1 January 2019 in the order of €7.9 thousand. The net position of the Company will not be materially affected. The Company will apply the standard as from its mandatory adoption date, i.e. 1 January 2019. It intends to apply the simplified transition method and will not restate the comparative amounts for the year prior to the first adoption of the standard. It also intends to use the exceptions to the standard for lease agreements that have a 12 month term from the date of their initial application, for lease agreements where the leased asset is of low value and the contracts are short-term.

IFRS 17 'Insurance Contracts' (effective for annual periods beginning on or after 1 January 2021)

IFRS 17 was issued in May 2017 and replaces IAS 4. IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of the standard is to ensure that an entity provides relevant information that faithfully represents those contracts. This new standard tackles the comparability challenges arising from the application of IFRS 4, as it introduces consistent accounting for all insurance contracts. Insurance liabilities are measured using current rather than historical rates. The standard has not yet been endorsed by the EU.

IAS 28 (Amendments) "Long-term interests in associates and joint ventures" (effective for annual periods beginning on or after 1 January 2019)

The amendments clarify that an entity should account for long-term interests in an associate or joint venture to which the equity method is not applied in accordance with IFRS 9.

IFRIC 23 "Uncertainty over Income Tax Treatments**"** (effective for annual periods beginning on or after 1 January 2019)

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

IAS 19 (Amendments) "Plan amendment, curtailment or settlement" (effective for annual periods beginning on or after 1 January 2019)

The amendments require that an entity should determine current service cost after a defined plan amendment, curtailment or settlement. The amendments have not yet been endorsed by the EU.

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

The new definition focuses on the concept of business outputs in the form of goods and services provided to customers, contrary to the previous definition that focused on outputs in the form of dividends, reduced cost or other financial benefits to investors and third parties. The amendments have not yet been endorsed by the EU.

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

The amendments clarify the definition of 'material' and how it should be used, supplementing the definition with instructions that have been provided so far in other parts of the IFRS. In addition, the clarifications

accompanying the definition have been improved. Lastly, the amendments ensure that the definition of "material" is consistently applied to all IFRSs. The amendments have not yet been endorsed by the EU.

Annual Improvements to IFRSs (2015-2017 Cycle) (effective for annual periods beginning on or after 1 January 2019)

The amendments set out below include changes to four IFRSs. The amendments have not yet been endorsed by the EU.

IFRS 3 'Business combinations'

The amendments clarify that an entity should remeasure the interest previously held in a jointly controlled operation when it acquires control of that operation.

IFRS 11 "Joint Arrangements"

The amendments clarify that an entity is not required to remeasure the interest previously held in a jointly controlled operation when it acquires joint control of that operation.

IAS 12 "Income Taxes"

The amendments clarify that an entity should equally account for all income tax consequences of dividends.

IAS 23 "Borrowing costs"

The amendments clarify that an entity should account for any borrowing costs incurred to produce an asset when such asset is ready for its intended use or sale.

2.5 Foreign exchange conversions

(a) Functional and presentation currency

The items in the company's financial statements are measured in the currency of the primary economic environment in which the Company operates (functional currency). The financial statements are reported in Euros, which is the functional currency and the reporting currency of the Company.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period exchange rates of monetary assets and liabilities denominated in foreign currencies, if any, are recognized in the income statement. Currency translation differences from non-monetary items that are valued at their fair value are considered as part of their fair value and are thus treated similarly to fair value differences.

2.6 Leases

Company as lessee

Leases under which the risks and rewards incident to ownership remain with the lessor are classified as operating leases. Operating lease expense is recognized in the income statement proportionally during the lease period and includes any restoration cost of the property if such clause is included in the leasing contract.

Leases of fixed assets where all the risks and rewards related to their ownership are maintained by the Group are classified as finance leases. Finance leases are capitalized at the leases inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is apportioned between the reduction of the liability and the finance charge so that a fixed interest rate on the remaining financial liability is achieved. The respective lease liabilities, net of finance charges, are included in liabilities. The part of the finance charge relating to finance leases is recognized in the income statement over the lease. Fixed assets acquired through finance leases are depreciated over the shorter of their useful life and the lease term.

2.7 Property, Plant and Equipment

Fixed assets are reported in the financial statements at acquisition cost minus accumulated depreciation and possible impairment. The acquisition cost includes all the directly attributable expenses for the acquisition of the assets.

Subsequent costs are posted to increase the tangible assets' carrying amount or recognised as a separate asset, only when it is probable that future economic benefits will flow to the Company and their cost can be measured reliably. The repair and maintenance cost is recorded in the results when it is realised.

Land is not depreciated. Depreciation of other tangible assets is calculated using the straight line method over their useful life.

The residual values and useful economic life of fixed assets are subject to reassessment at least at each balance sheet date.

Fixed assets under construction are included in property, plant and equipment, and their depreciation starts when complete and finished for their intended use.

When the book values of tangible assets exceed their recoverable value, the difference (impairment) is posted in the income statement as expense.

Upon the sale of fixed assets, any difference between the proceeds and the depreciable amount is recorded as profit or loss in the results.

Financial assets concerning the construction of assets are capitalised for the period needed until the completion of the construction. All other financial expenses are recognised in the income statement.

2.8 Intangible assets

a) Software: Software licenses are valued at acquisition cost less depreciation. Depreciation is accounted for using the straight line method over the useful lives of the assets concerned.

b) Concession Right: The concession right is valued at the acquisition cost, less depreciation. Depreciation is carried out using the straight line method during the lease.

2.9 Impairment of non-financial assets

Assets with an indefinite useful life are not depreciated, and are subject to impairment testing on an annual basis, and when certain events or changes to the circumstances suggest that their carrying value may not be recoverable. Assets that are depreciated are subject to impairment audit when indications exist that their carrying value is not recoverable. Impairment loss is recognised for the amount by which the fixed asset's carrying value exceeds its recoverable value. The recoverable value is the higher between fair value, reduced by the cost required for the disposal, and the value in use (current value of cash flows anticipated to be generated, based on the management's estimates of future financial and operating conditions). For the calculation of impairment losses, assets are classified in the minimum cash generating units. Any non-financial

assets, apart from goodwill, which have been impaired are reassessed for possible impairment reversal on each balance sheet date.

2.10 Financial Instruments

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities, and also includes an expected credit losses model that replaces the incurred loss impairment model used today applicable under IAS 39. IFRS 9 introduces an expected credit loss approach on the basis of information concerning the future, which aims at the early recognition of credit losses compared to the incurred impairment loss approach pursuant to IAS 39. In addition, IFRS 9 establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the previous model in IAS 39.

IFRS 9 was adopted without revising the comparison figures. Consequently, the adjustments resulting from the new classification and the new impairment rules are not shown on the financial position of 31 December 2017 but were recognized in the opening financial position as at 1 January 2018. However, in accordance with the assessment made by the management, the Company saw no significant impact resulting from the change of the standard.

The adoption of IFRS 9 “Financial Instruments” resulted in changes in the accounting policies of the Company related to financial assets as from 1 January 2018, whereas it did not affect the accounting policies pertaining financial liabilities.

The Company uses the following classification and measurement categories for financial assets:

a) Financial assets at amortized cost

Financial assets classified in this category comprise mainly the following assets:

Trade and other receivables

Loans granted

Other financial assets measured at amortized cost

b) Financial assets at fair value through comprehensive income

c) Financial assets at fair value through profit and loss

The adoption of IFRS 9 did not significantly affect the financial report of the Company.

The impairment test for receivables is described in note 2.11.

2.11 Trade and other receivables

Trade receivables are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method, except if the discount outcome is not important, less provision for impairment. Impairment losses for trade receivables arise when objective indications are in place that the Company is not in the position to collect all receivables under contractual terms.

Trade receivables comprise commercial paper and notes payable from customers.

Serious problems that the customer encounters, the possibility of bankruptcy or financial reorganization and the inability of scheduled payments considered to be evidence that the receivable value must be impaired. The

amount of the provision is the difference between the asset's carrying value and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognized as an expense in the income statement.

2.12 Cash and cash equivalents

Cash and cash equivalents include cash, sight deposits, and short-term investments of up to 3 months, with high liquidity and low risk.

2.13 Share capital

The share capital includes the Company's ordinary shares. Whenever the Company purchases own shares (Equity shares), the consideration paid is deducted from Equity until the shares are cancelled or disposed of. The profit or loss from the sale of Equity shares is recognised directly to Equity. Direct expenses for the issue of shares appear net of any relevant income tax benefit, to the reduction of equity.

2.14 Trade and other payables

Trade liabilities are usually obligations to make payment for products or services obtained during performance of typical commercial activity by suppliers. The accounts payable are classified as short-term liabilities if the payment is due within not more than one year. If not, they are classified as long-term liabilities. Trade liabilities are recognised initially at fair value and are measured subsequently at net book cost by the use of the effective rate method.

2.15 Current and deferred taxation

Income tax for the fiscal year comprises current and deferred taxation. Tax is recognized in the income statement, unless relevant to amounts recognized in other comprehensive income or directly in equity. In this case, tax is also recognized in Other comprehensive income or equity, respectively.

Income tax on profit is computed in accordance with the tax legislation established as of the balance sheet date, and is recognized as expense in the period during which profit was generated. The management regularly evaluates the cases where the applicable tax legislation requires interpretation. Where necessary, estimates are made for the amounts expected to be paid to tax authorities.

Deferred income tax is determined using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts, as shown in the financial statements. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither the accounting or the taxable gains or losses. Deferred tax is determined using the tax rates and laws in force as of the date of the balance sheet, and expected to be in force when the deferred tax receivables will come due or deferred tax liabilities will be repaid.

Deferred tax receivables are recognised to the extent that there could be future taxable gains to use the temporary difference that gives rise to the deferred tax receivables.

Deferred tax receivables and liabilities are offset only if the offsetting of tax receivables and liabilities is permitted by law, and provided that deferred tax receivables and liabilities are determined by the same tax authority to the tax paying entity or different entities, and the intention has been expressed to proceed to settlement by way of offset.

2.16 Provisions

Provisions are recognized when an actual legal or assumed commitment exists as a result of past events, when settlement of such commitment will likely require an outflow of resources, and when the required amount can be reliably estimated.

When concession contracts include the concessionaire's contractual obligation to maintain the infrastructure at a certain service level or restore the infrastructure to a certain state before delivering it to the grantor at the end of the concession period, the Company, as concessionaire, recognizes and values this obligation under IAS 37.

Provisions are recognised on a discounted basis when the effect of the time value of money is significant, using a pre-tax rate which reflects current market assessments of the time value of money and the risk specific to the liability. When provisions are discounted, the increase in provisions due to the lapse of time is recognized as a financial expense. Provisions are reviewed on each date of financial statements and if an outflow of funds to settle the obligation is unlikely, they are reversed in the income statement.

2.17 Revenue recognition

Income from the provision of services

This category includes the provision of operating and maintenance services in the context of the Company's concession agreement with DIADYMA SA (see note 2.18).

Before the application of IFRS 15, the Company recognized revenue from the provision of operating and maintenance services under IAS 18 and for the period during which the services are rendered, based on the stage of completion of the service in relation to total services to be provided. As part of the Management's assessment of the effect of IFRS 15, the terms of the concession agreement between the Company and DIADYMA have been reviewed. The results of that assessment confirm the conclusion that IFRS 15 entails no significant changes to the current income recognition model.

If the Company fulfills its contractual obligations by transferring services to a customer before the customer pays the consideration or before payment is rendered due, the Company depicts the contract as a contractual asset. Contractual asset is an economic entity's right to a consideration for goods or services it has transferred to a customer, such as, e.g., when operation services are transferred to the customer before the Company is entitled to issue an invoice.

If the customer pays a consideration or the Company maintains a right in a consideration, which is unconditional before the fulfillment of obligations under the contract for the transfer of the services, then the Company depicts the contract as a contractual liability. A contract liability is de-recognised when the obligations under the contract are fulfilled and the income is recorded in the income statement.

Income from construction contracts

Before the application of IFRS 15, the Company recognised the revenue from construction contracts under IAS 11 during the contract term (see note 2.18). To calculate the amount of revenue and expenses recognised in each period, the Company applied the percentage of completion method. The stage of completion was calculated based on the expenses incurred since the balance sheet date compared to the total estimated expenses for each contract.

This change is not applicable for the year 2018 as the construction of the plant was completed in 2017.

Revenue from goods sold

Revenue from goods sold is recognised at the time the buyer acquires control. Consequently, revenue from sale of goods will continue to be recognized on delivery to the buyer provided there is no unfulfilled obligation that could affect the acceptance of the goods by the buyer and could be calculated in the consideration specified in the contract with the customer. Revenue from the sale of goods comes from the sale of recyclable materials.

Income from interest

Interest income is recognised on an accrual basis using the effective rate method. In case of impairment of financial assets on which financial income is recognised, such income is recognised using the interest rate that discounts future cash flows for impairment purposes.

2.18 Public Private Partnership Agreements

Under a Public Private Partnership Agreement, where the Hellenic State cedes the provision of services to a private body, the Company applies IFRIC 12, provided that the following two conditions are met:

a) the grantor controls or determines which services the operator should provide to whom and at which price, and

b) the grantor controls any other significant interests in the infrastructure upon completion of the concession arrangement period.

In accordance with IFRIC 12, such infrastructures are not recognised under the assets of the operator (EPADYM SA) as property, plant and equipment, but are recognised under the financial assets as a financial asset with a receivable guaranteed by the Public Body (financial asset model), and/or under intangible assets as a Concession Right (intangible asset model), depending on the contractually agreed terms.

The Company, as an operator, recognizes a financial asset to the degree that it has the unconditional contractual right to receive cash, if the grantor contractually guarantees to pay the operator:

(a) specified or determinable amounts; or

(b) the shortfall, if any, between amounts received from users of the public service and the specified or determinable amount provided for in the Partnership Agreement.

The project shall service the entire Administrative Division of the Region of Western Macedonia, including 4 prefectures (Kozani, Grevena, Florina, Kastoria) and 12 municipalities, for a duration of 27 years, pursuant to the concession agreement. Throughout the contractual period the grantor (DIADYMA SA) and its member-local authorities do not have the right to conclude a contract or agreement with a third party for the provision of services in the area that are similar to the services provided by the project. Moreover, DIADYMA SA shall ensure that its member-local authorities will deliver the entirety of their Mixed Solid Waste to the collection points. The sale price is contractually determined and is calculated per ton of processed waste.

The minimum guaranteed quantity of waste that the grantor (DIADYMA SA) guarantees to deliver to the operator (EPADYM SA) is 90,000 tons per year throughout the term of the contract. In the event that the total quantity of contractual waste is smaller than the Minimum Guaranteed Quantity, then the calculated charge will be determined by taking as a fact that the quantity of contractual waste is equal to the minimum guaranteed quantity.

At the end of the concession period, the Company shall transfer all rights and titles pertaining to assets to the grantor (DIADYMA SA).

The Company’s management, following due consideration of the contractual terms, decided that a financial asset with a receivable guaranteed by the grantor (DIADYMA SA) should be recognised in this case.

The financial assets resulting from application of IFRIC 12 are shown in the Statement of Financial Position as “Financing Contribution from a Public Body (IFRIC 12)” and are recognised at amortised cost using the effective interest rate method, less any impairment losses. The effective interest rate is equal to the average weighted capital cost of the Operator, unless specified otherwise in the Partnership Agreement.

Until 31.12.2017, the Company recognised and accounted for the revenues and costs associated with the construction or upgrading services in accordance with IAS 11, while revenues and costs associated with operation services were recognised and accounted for in accordance with IAS 18.

2.19 Borrowings

Borrowings are recognised initially at fair value, net of

transaction costs incurred. Loans are subsequently stated at net book cost, using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Any borrowing expenses paid upon execution of new credit agreements are recognised as borrowing expenses, provided that part or all of the new credit line is withdrawn. In this case, they are recorded as future borrowing expenses until withdrawal is made. If the new borrowings are not used, in part or in full, these expenses are included in prepaid expenses and are recognised in profit or loss during the useful life of the relevant credit line.

Loans are classified as short-term obligations unless the Company has the right to defer settlement of the obligation for at least 12 months after the balance sheet date.

2.20 Distribution of dividends

The distribution of dividends to the Company's shareholders is recognized as a liability at the date on which the distribution is approved by the General Meeting of the shareholders.

2.21 Rounding of accounts

The amounts contained in these financial statements have been rounded in Euros. Possible differences that may occur are due to rounding.

3 Financial risk management

3.1 Financial risk factors

The Company is only exposed to the risks of liquidity, credit and interest rates. Risk management is monitored by the finance division of the parent Company ELLAKTOR SA, and more specifically, by the Central Financial Management Division, and is determined by instructions, directions and rules approved by the Board of Directors.

(a) Liquidity risk

Given the current crisis of the Greek State and the Greek financial sector, the liquidity risk is higher and the management of cash flows is urgent. To manage the liquidity risk, the Company budgets and regularly monitors its cash flows and ensures that cash on hand is available, including the options of intra-company loans and unused credit lines to meet its needs (e.g. financing, guarantee letters, etc).

The Company's liquidity is monitored by the Management at regular intervals. The table below presents an analysis of the Company's financial liability maturities as of 31 December 2018 and 2017 respectively (amounts in thousands of euro):

	31 December 2018				
	MATURITY OF FINANCIAL LIABILITIES				
	Within 1 year	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Trade and other payables	2,927	-	-	-	**2,927**
Borrowings	3,250	2,641	8,028	41,949	**55,869**

	31 December 2017				
	MATURITY OF FINANCIAL LIABILITIES				
	Within 1 year	**1 to 2 years**	**2 to 5 years**	**Over 5 years**	**Total**
Trade and other payables	2,304	-	-	-	**2,304**
Borrowings	2,713	3,250	7,648	50,097	**63,708**

The above amounts are presented in the contractual, non-discounted cash flows and therefore are not equivalent to the respective amounts shown in the financial statements, with respect to the Supplier accounts and other liabilities and Loans.

The Trade and other liabilities breakdown is exclusive of Advances from customers and Social security and other taxes.

(b) Credit Risk

The Company has a concentrated credit risk, since all its receivables from the guaranteed receipt from grantor are receivable from the Region of Western Macedonia.

Cash and cash equivalents, investments and financial derivative contracts potentially involve credit risk as well. In such cases, the risk may arise from counterparty failure to fulfil their obligations towards the Company. In order to manage this credit risk, the Company sets limits to the degree of exposure for each financial institution, within the scope of the policies of the board of directors.

(c) Cash flow risk due to change in interest rates

The Company is exposed to risk from fluctuations of interest rates, mainly arising from bank loans. The Company is exposed to interest rate fluctuations seen on the market, which affect its financial position and cash flows. The cost of debt may increase as a result of these changes thus creating losses, or it can decrease on the occurrence of unexpected events. It should be noted that the fluctuation in interest rates in recent years has been caused primarily by the increase in spreads due to the lack of liquidity in the Greek banking market and the estimated risk of Greek companies, and to a lesser extent by the change to the base interest rates (e.g. Euribor).

The Company's Management monitors rate fluctuations systematically and on an ongoing basis and evaluates the need to assume hedging positions, if and when such risks are considered to be significant.

Of all the Company's loans, only the one pertaining to the financing of construction VAT (amounting to a total of 5.6 million euro) has a floating interest rate. The loan was repaid in full in Q1 2018. A reasonable and possible interest rate change by twenty five basis points (0.25% increase/decrease) would lead to a decrease / increase in profit before tax for 2017, all other variables being equal, by 0,4 thousand euro It should be noted that the aforementioned change in earnings before tax is calculated on the floating rate loan balances at year end and does not include the positive effect of interest income from cash deposits and cash equivalents.

3.2 Fair value determination

The financial instruments carried at fair value at the balance sheet date are classified under the following levels, in accordance with the valuation method:

- Level 1: for assets and liabilities traded in an active market and whose fair value is determined by the quoted prices (unadjusted) of identical assets or liabilities.

- Level 2: for assets and liabilities whose fair value is determined by factors related to market data, either directly (that is, as prices) or indirectly (that is, derived from prices).

- Level 3: for assets and liabilities whose fair value is not based on observable market data, but is mainly based on internal estimates.

On 31 December 2018 the company did not have financial instruments at fair values.

3.3 Cash management

Capital management aims to ensure the Company's going concern, and achieve its development plans, combined with its creditworthiness.

For the evaluation of Company's credit rating, Company net debt must be evaluated (i.e. total long term and short term liabilities to financial institutions minus cash and cash equivalents). The Company's net debt on31.12.2018 and 31.12.2017, respectively, is detailed in the table below (amounts in thousands of euro):

	31-Dec-18	31-Dec-17
Short-term bank borrowings	2,202	1,572
Long-term bank borrowings	33,863	36,066
Total borrowings	36,066	37,638
Less: Cash and cash equivalents (including Committed Deposits)	3,393	1,944
Net Corporate Debt/Cash	**32,673**	**35,694**
Total Company Equity	**2,618**	**1,695**
Total Capital	**35,291**	**37,389**
Gearing Ratio	**0.93**	**0.95**

The gearing ratio as of 31.12.2018 for the Company is calculated at 92.58% (31.12.2017: at 95,47%). This ratio is calculated as the quotient of net debt to total employed capital (i.e. total equity plus net debt).

4 Significant accounting estimates of the management

The annual financial statements and the accompanying notes and reports might contain certain assumptions and calculations pertaining to future events in relation to the Company's operations, growth and financial performance. Although such assumptions and calculations are based on the best knowledge of the Company's Management with regard to current conditions and actions, the actual results may be different from such calculations and assumptions taken into account in the preparation of the Company's annual financial statements.

4.1 Income tax

Estimates are required in determining the provision for income tax. There are many transactions and calculations for which the ultimate tax determination is uncertain. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Moreover, deferred tax assets are recognised for all tax losses to the extent that there may be sufficient tax gains to be offset against those tax losses. A considerable amount of judgment is requirement on the part of the management to determine the amount of deferred tax assets that can be recognised, on the basis of the possible timing and the level of future tax gains, as well as future tax planning strategies. Additional details on changing the useful life are included in Note 10 to the financial statements.

4.2 Classification of assets on the basis of IFRIC 12

In accordance with IFRIC 12, the infrastructures constructed by an operator are not recognised under its assets as property, plant and equipment, but are recognised under financial assets as a financial asset with a receivable guaranteed by the grantor (financial asset model), and/or under intangible assets as a concession right (intangible asset model), or partly as a financial asset and partly as an intangible asset (hybrid model) depending on the contractually agreed terms. The final classification of amounts based on the above methods/models, requires judgment on the part of the Company's management in respect of interpreting the terms of the partnership agreement and such other factors as financial parameters. The management decided, based on the information at hand, that those amounts should be allocated as financial assets.

5 Property, plant and equipment

	Transportation equipment	Furniture & other equipment	Total
Cost			
1-Jan-18	-	610	**610**
Additions except for leasing	17,000	-	**17,000**
31-Dec-18	17,000	610	**17,610**
Accumulated Amortization			
1-Jan-18	-	-610	**-610**
31-Dec-18	-	-610	**-610**
Net book value as at 31 December 2018	**17,000**	**-**	**17,000**

	Transportation equipment	Furniture & other equipment	Total
Cost			
1-Jan-17	-	610	**610**
31-Dec-17	-	610	**610**
Accumulated Amortization			
1-Jan-17	-	-610	**-610**
31-Dec-17	-	-610	**-610**
Net book value as at 31 December 2017	**-**	**-**	**-**

6 Financial Contribution from a Public Body (IFRIC 12)

	1 January 2017	Increase in receivables	Decrease in receivables	Unwind of discount (Note 15)	31 December 2017
Assets					
Financial Contribution from a Public Body (IFRIC 12)	36,686,185	5,115,961	(4,642,826)	3,459,537	**40,618,857**
Total	**36,686,185**	**5,115,961**	**(4,642,826)**	**3,459,537**	**40,618,857**

	1 January 2018	Increase in receivables	Decrease in receivables	Unwind of discount (Note 15)	31 December 2018
Assets					
Financial Contribution from a Public Body (IFRIC 12)	40,618,857	6,078,794	(10,459,699)	3,196,893	**39,434,845**
Total	**40,618,857**	**6,078,794**	**(10,459,699)**	**3,196,893**	**39,434,845**

	31-Dec-18	31-Dec-17
Non-current assets	30,675,374	31,566,657
Current assets	8,759,471	9,052,199
Total	**39,434,845**	**40,618,857**

7 Receivables

	31-Dec-18	31-Dec-17
Trade receivables	159,475	208,161
Greek State: Debit VAT	16,641	184,109
Cheques (postdated) receivable	66,991	91,839
Prepaid expenses	140,350	197,835
Other receivables	264	280
Total	**383,722**	**682,225**

Non-current assets	264	264
Current assets	383,458	681,961
Total	**383,722**	**682,225**

8 Cash and cash equivalents

	31-Dec-18	31-Dec-17
Cash in hand	782	1 098
Sight deposits	657,450	1,942,832
Total	**658,232**	**1,943,930**

The following table shows the rates of deposits per credit rating class by Standard & Poor’s (S&P).

	Sight and time deposits %	
Financial Institution Rating (S&P)	**31-Dec-18**	**31-Dec-17**
AA-	-	64.1%
B-	100%	-
CCC+	-	35.9%
TOTAL	**100.0%**	**100.0%**

9 Restricted cash deposits

	31-Dec-18	31-Dec-17
Non-current assets	2,734,586	-
Total	**2,734,586**	-

The Committed Deposits are denominated in euro and concern reserves for future liabilities as set out in the Concession Agreement.

10 Share capital

	Number of Shares	Share capital	Total
1 January 2017	**425,100**	**4,251,000**	**4,251,000**
31 December 2017	**425,100**	**4,251,000**	**4,251,000**
1 January 2018	**425,100**	**4,251,000**	**4,251,000**
31 December 2018	**425,100**	**4,251,000**	**4,251,000**

On 31 December 2018 the total of the issued common shares amounted to 425,100 common shares with a nominal value of 10 euro each.

11 Trade and other payables

	31-Dec-18	31-Dec-17
Suppliers	35,497	49,374
Trade payables– Related parties (note 18)	1,026,523	746,670
Accrued costs	18,178	12,500
Social security and other taxes	6,010	72,093
Other payables	-	9,480
Accrued interest on loans by non-related parties	-	17,379
Accrued interest on loans by related parties (note 18)	1,846,395	1,421,145
Total	**2,932,603**	**2,328,642**
Current	2,932,603	2,328,642
Total	**2,932,603**	**2,328,642**

12 Deferred taxation

Deferred tax receivables and liabilities are compensated when there is an applicable legal right to compensate the current tax receivables against the current tax liabilities and when the deferred income taxes involve the same tax authority. Offset amounts are as follows:

	31-Dec-18	31-Dec-17
Deferred tax liabilities:		
Recoverable after 12 months	1,613,303	1,584,776
	1,613,303	**1,584,776**

Total change in deferred income tax is presented below.

	31-Dec-18	31-Dec-17

Balance at period start	**1,584,776**	**-**
Debit/ (credit) through profit and loss	28,528	1,584,776
Closing balance	**1,613,303**	**1,584,776**

Changes in deferred tax receivables and liabilities during the year, without taking into account offsetting of balances with the same tax authority, are the following:

Deferred tax receivables:

	Tax losses	Other	Total
1 January 2017	**1,061,369**	**-**	**1,061,369**
Income statement debit/(credit)	(1,061,396)	38,218	**(1,023,178)**
31 December 2017	**-**	**38,218**	**38,218**
1 January 2018	**-**	**38,218**	**38,218**
Income statement debit/(credit)	-	(12,445)	**(12,445)**
31 December 2018	**-**	**25,773**	**25,773**

Deferred tax liabilities:

	Accelerated tax depreciation	Borrowing Expenses	Total
1 January 2017	**952,947**	**108,450**	**1,061,396**
Income statement debit/(credit)	561,597	-	**561,597**
31 December 2017	**1,514,544**	**108,450**	**1,622,993**
1 January 2018	**1,514,544**	**108,450**	**1,622,993**
Income statement debit/(credit)	31,041	(14,959)	**16,083**
31 December 2018	**1,545,585**	**93,491**	**1,639,076**

13 Income tax

	31-Dec-18	31-Dec-17
Deferred tax	28,528	(1,584,775)
Total	**28,528**	**(1,584,775)**

Since FY 2011, Greek Sociétés Anonymes and Limited Liability Companies whose annual financial statements are mandatorily audited by legally appointed auditors, are required to obtain an 'Annual Certificate' under Article 82(5) of Law 2238/1994, which is issued following a tax audit performed by the legally appointed auditor or audit firm that audits the annual financial statements. Upon completion of the tax audit, the statutory

auditor or audit firm issues to the company a 'Tax Compliance Report' and then the statutory auditor or audit firm submits it to the Ministry of Finance electronically.

The Company's fiscal years have not been audited by the tax authorities since incorporation (December 2014). The management of the company and the signatories of the financial statements do not foresee significant findings to emerge in a possible tax audit that could have a material effect on the financial statements.

Tax losses transferred from previous years, to the extent that they are accepted by the tax authorities, may be set off with the profits of the five following years.

The tax on the Company's profits before taxes is different from the notional amount which would have resulted had we used the average weighted tax rate of the company's country, as follows:

	31-Dec-18	31-Dec-17
Accounting profit / (losses) before tax	**951,619**	**912,319**
Tax rate	**29%**	**29%**
Tax calculated in line with the applicable tax rate at the company's registered office.	275,970	264,572
Tax losses for which no deferred tax receivables were recognised	6,134	1,320,203
Expenses not deductible for tax purposes	4,553	-
Effect of gradual change to tax rate from 29% to 25%	(258,128)	-
Taxes	**28,528**	**1,584,775**

14 Expenses per category

	1-Jan to 31-Dec-18		
	Cost of sales	Administrative expenses	Total
Operating lease rents	-	1,584	**1,584**
Premiums	206,885	91,921	**298,806**
Subcontractor fees	6,251,640	-	**6,251,640**
Other third party fees & expenses	37,500	395,100	**432,600**
Taxes - Duties	1,181	14,580	**15,761**
Transportation and travelling expenses	-	95,471	**95,471**
Depreciation of operation permit	-	113	**94**
Other	-	9,262	**9,262**
Total	**6,497,206**	**608,029**	**7,105,236**

1-Jan to 31-Dec-17

	Cost of sales	Administrative expenses	Total
Operating lease rents	-	1,584	**1,584**
Premiums	171,044	42,510	**213,554**
Subcontractor fees	2,027,907	-	**2,027,907**
Other third party fees & expenses	3,695,614	289,825	**3,985,438**
Taxes - Duties	-	15,449	**15,449**
Transportation and travelling expenses	-	23,673	**23,673**
Depreciation of operation permit	-	94	**94**
Other	-	14,206	**14,206**
Total	**5,894,565**	**387,340**	**6,281,904**

15 Financial income / (expenses)

	Note	1-Jan to 31-Dec-18	31-Dec-17
Financial income			
Unwind of guaranteed receipt discount	6	3,196,893	3,459,537
Total financial income		**3,196,893**	**3,459,537**
Financial expenses			
Interest expenses involving bank loans		(1,914,556)	(1,862,055)
Interest expenses		**(1,914,556)**	**(1,862,055)**
Miscellaneous bank charges		(42,883)	(114,473)
Other financial expenses		**(42,883)**	**(114,473)**
Total financial expenses		**(1,957,439)**	**(1,976,528)**

16 Borrowings

	31-Dec-18	31-Dec-17
Long-term borrowings		
Bank loans	21,145,243	23,347,440
Bond loan from shareholders (note 18)	12,718,132	12,718,132
Total long-term borrowings	**33,863,375**	**36,065,572**
Short-term borrowings		
Bank loans	2,202,197	1,388,211
Bonds	-	184,109
Total short-term borrowings	**2,202,197**	**1,572,320**
Total borrowings	**36,065,572**	**37,637,892**

Exposure to interest rate changes is deemed to be low, as most of the loans were obtained on the basis of a fixed rate. Following is a breakdown of loans:

	Fixed rate	Floating rate up to 6 months	Total
31 December 2017			
Total borrowings	37,453,783	184,109	**37,637,892**
	37,453,783	**184,109**	**37,637,892**
31 December 2018			
Total borrowings	36,065,572	-	**36,065,572**
	36,065,572	**-**	**36,065,572**

The fair value of Borrowings on 31/12/2018 was 35,411,482 euro (31/12/2017: 35,834,227 euro)

The maturities of long-term borrowings are as follows:

	31-Dec-18	31-Dec-17
1 to 2 years	1,688,304	2,202,197
2 to 5 years	5,617,090	4,998,905
Over 5 years	26,557,980	28,864,470
	33,863,374	**36,065,571**

The total borrowings on 31.12.2018 amounting to 36.0 million euro pertains to fixed rate loans with an average interest rate of 4.76%. As at 31.12.2017 borrowings amounting to 37.5 million euro had an average interest rate of 4.75% and borrowings amounting to 184 thousand euro had a floating rate (Euribor plus spread).

To secure the loans obtained from the borrowing banks, the following guarantees were provided *inter alia:*

- the Company's bank accounts;
- the Partnership Agreement;
- the Design & Construction Agreement;
- the Operation & Maintenance Agreement;
- the Independent Engineer Agreement.

All Company loans are expressed in Euro,

17 Potential liabilities and capital commitments undertaken

Contingent liabilities:

The Company has no disputes in litigation or in arbitration, nor are there any pending decisions by judicial or arbitration bodies that may have a significant impact on its financial standing or operation.

One person was employed during the fiscal year 2018.

Finally, there are no other contingent liabilities relating to other issues arising out of its ordinary course of business.

Capital commitments undertaken

As at 31/12/2018 there are no contractual commitments for future capital expenses for the construction of the project, since the project was completed on 10/6/2017.

18 Company transactions with affiliates

The aggregate amounts of sales and purchases from year start, as well as the closing balances of receivables and liabilities at year end, which have resulted from transactions with related parties under IAS 24, are as follows:

		1 Jan to	
		31-Dec-18	**31-Dec-17**
a)	**Purchases of goods and services**	**7,207,580**	**6,440,623**
	- Purchases from shareholders	**953,412**	**2,837,569**
	Cost of sales	-	2,027,908
	Administrative expenses	178,391	126,009
	Financial expenses	775,021	683,652
	- Purchases from related parties	**6,254,168**	**3,603,054**
	Cost of sales	6,251,640	3,600,018
	Administrative expenses	2,528	3,036
(b)	**Closing balance (Liabilities)**	**15,591,051**	**14,885,947**
	- Payables to shareholders	**14,619,606**	**14,247,788**
	Suppliers	55,079	108,511
	Loans from shareholders	12,718,132	12,718,132
	Accrued interest	1,846,395	1,421,145
	- Payables to other related parties	**971,445**	**638,159**
	Suppliers	971,445	638,159

Services from related parties, are performed in accordance with the price lists that apply to non-related parties. Amounts payable to and from related parties are not subject to securities, have no specific repayment terms and are interest-free.

(d) Loans from related parties

	31-Dec-18	31-Dec-17
Balance as of 1 January	**14,139,277**	**13,455,854**
Loans taken out (Capital)	-	-

Interest payments	(350,000)	-
Capitalised/accrued interest during the year	775,250	683,423
Balance as of 31 December	**14,564,527**	**14,139,277**

The repayment of borrowings taken out by Company shareholders including relevant interest will be realized in 2042, together with the end of the concession, according to the terms of the borrowing agreement between the parties. In the meanwhile however, the said borrowing agreement provides that the Company has the contractual right to early repayment of the borrowings and the corresponding interest, without however such repayment exceeding 1 million euro per year in capital. During the year 2018, 350,000 euro was paid against interest to shareholders.

19 Remuneration of members of the Board of Directors

During the year, no members of the Board of Directors have received any remuneration as representation expenses.

20 Other notes

The total fee of the Statutory Auditors of the Company for the statutory audit of year 2018 amounted to 18,000 euro (15,000 euro for 2017), for the Tax Compliance Report amounted to 9,000 euro (8,000 euro for 2017) and for other services amounted to 1,125 euro (1,500 euro for 2017).

21 Events after the date of the Statement of Financial Position

On 22/5/2019, two hundred and twelve thousand five hundred fifty (212,550) ordinary shares and six million three hundred and fifty-nine thousand and sixty-six (6,359,066) ordinary shares of the Company, held by the company Aktor Concessions SA, were transferred to the company Elektor SA, which now holds 100% of the Company's share capital.

Kozani, 5 July 2019

The Chairman of the BoD & CEO	The Chief Financial Officer	The Chief Accountant
Leonidas Bobolas ID Card No. Σ 237945	Marilena Nitsopoulou ID Card No. AI 505920	Konstantinos Mertis ID Card No X 049447