TERNA SOCIETE ANONYME
TOURISM TECHNICAL SHIPPING COMPANY

85 Mesogeion Ave., 115 26 Athens
General Commerce Reg. No. 8554301000
S.A. Reg. No. 56330/01/B/04/506(08)

ANNUAL FINANCIAL REPORT

for the period

1 January to 31 December 2018

In accordance with the International Reporting Standards that have been adopted by the European Union

CONTENTS

I. INDEPENDENT AUDITOR'S REPORT

To the Shareholders of TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY

<u>Report on the Audit of the Separate and Consolidated Financial Statements</u>

Opinion

We have audited the accompanying separate and consolidated Financial Statements of TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY (the Company), which comprise the separate and consolidated statement of financial position as at December 31, 2018, the separate and consolidated statements of comprehensive income, changes in equity and cash flows statement for the year then ended, and a summary of significant accounting principles and methods and other explanatory notes.

In our opinion, the abovementioned separate and consolidated Financial Statements present fairly, in all material respects, the financial position of TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY and its subsidiaries (together the "Group") as at December 31, 2018, and its financial performance and the consolidated Cash Flows for the year then ended in accordance with International Financial Reporting Standards that have been adopted by the European Union.

Basis for Opinion

We performed our audit in accordance with the International Standards of Auditing (ISA), as these have been integrated to the Greek Legislation. Our responsibilities, under those standards are described in the "Auditor's Responsibilities for the Audit of the separate and consolidated financial statements" section of our report. During our audit, we remained independent of the Company and the Group, in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as incorporated in Greek legislation and the ethical requirements relevant to the audit of the separate and consolidated financial statements in Greece and we have fulfilled our responsibilities in accordance current legislation requirements and the requirements of the aforementioned IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for the other information. The other information comprises of the Board of Directors Report, for which reference is also made in section Report on Other Legal and Regulatory Requirements, but does not include the financial statements and our auditor's report thereon.

Our opinion on the separate and consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the separate and consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the separate and consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Management for the separate and consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these separate and consolidated financial statements in accordance with International Financial Reporting Standards, as adopted by the European Union, and for such internal control as management determines is necessary to enable the preparation of separate and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the separate and consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless, management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the separate and consolidated Financial Statement

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

As part of an audit in accordance with ISAs as incorporated in Greek Law, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the separate and consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate and consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the separate and consolidated financial statements, including the disclosures, and whether the separate and consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group, to express an opinion on the separate and consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on Other Legal and Regulatory Matters

Taking into consideration the fact that under the provisions of Par. 5, Article 2 (part B), Law 4336/2015, the management is responsible for the preparation of the Board of Directors' Report, the following is to be noted:

a) In our opinion, the Board of Directors' Report has been prepared in compliance with the effective legal requirements of Article 43a and 107A, CL 2190/1920, and its content corresponds to the accompanying separate and consolidated financial statements for the year ended as at 31/12/2018.

b) Based on the knowledge we obtained from our audit for the Company TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY and its environment, we have not identified any material misstatement to the Board of Directors report.

Athens, 23th April, 2019

The Chartered Accountant

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An instinct for growth

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II. ANNUAL REPORT OF THE BOARD OF DIRECTORS FOR THE FINANCIAL YEAR 2018

The present report of the Board of Directors for the closing period from 01/01/2018 to 31/12/2018, which includes the audited separate and consolidated financial statements, the notes on the financial statements and the audit report of the Certified Auditor, has been prepared according to the provisions of CL 2190/1920 (article 43a paragraph 3 article 107A par. 3 and article 136 par.2).

A. Financial Developments and Performance in the Reference Period

In 2018 the country's fiscal consolidation period continued, and with the completion of the Adjustment Program, the prospects for acceleration of the economy emerge positive. The Greek economy recorded GDP growth by 1.9% in 2018, while it achieved a partial upgrading of the Greek State's creditworthiness and came out with relative success in the markets through the issuance of successful long-term bond issues, which reflects the restoration of confidence in the potential and prospects of the Greek economy.

Nevertheless, the intense variability of the international environment and the effects of a series of events taking place, mainly at European Union level, combined with the continuing structural weaknesses of the Greek economy, create a volatile environment.

At the same time, the continuing effort to increase the Fiscal Scales, to the detriment of the Public Investment Program, the lack of elimination of the bureaucracy in the Greek state, and the continuing lag behind in the return of the amounts owed by the Greek State, deprive the market of productive capital by operating negatively to the objective of further development of the Greek economy.

In addition, the cost of financing and the cost of letters of guarantee, although lower than the previous year, remain still very high. At the same time, the limitation of the activity of the Greek Banks abroad and the non-acceptance in several cases of the letters of guarantee of the Greek Banks is an inhibiting factor in the development of the foreign markets.

In this context, TERNA Group continued its investment program in Greece and abroad for the execution of construction projects and in the field of industrial production of magnesia, as its capital structure remains satisfactory.

Our Group, in spite of the existing difficulties, continues its presence in countries outside Greece, as a significant part of the operating segments of construction comes from countries of the South Europe and the Middle East.

The main consolidated financial figures of 2018 based on the International Financial Reporting Standards as compared to the financial figures of 2017, are as follows:

Turnover from continuing operations to third parties amounted to approximately € 959 million, compared with € 895 million in 2017, a € 64.3 million increase of approximately 7.19%.

Turnover, which amounted to EUR 959 million, was attributed by 86.59% to activities in Greece (versus 86.4% in the previous period), by 5.99% to activities in Balkan countries (versus 2.8% in the previous period), by 6.34% (versus 10% previously) to activities in Middle East, and by 1.8% to activities in Malta, Libya and W. Europe (versus 0.8% previously).

The backlog of signed construction contracts on 31.12.2018 amounts to about EUR 1,507 million approximately versus EUR 1,583 million at the end of 2017. It is noted that 29.58% (versus 14% at the end of the previous year) of the backlog concerns projects executed abroad.

Operating profit before interest, taxes, depreciation and amortization (EBITDA) settled at EUR 22.7 million versus EUR 98.1 million in the previous year. At the same time, earnings before interest and tax (EBIT) settled at EUR 10.4 million versus EUR 79.1 million in the previous year.

The item “Operating results (EBIT)” is defined as Gross profit, minus Administrative and distribution expenses, minus Research and development expenses, plus/minus Other income/(expenses) except for the payment and valuation related Foreign exchange differences, the Recoveries of impairments (Impairments / eliminations) of fixed assets, the Recoveries of impairments (Impairments / eliminations) of inventories, the Provisions, the Recoveries of impairments (Impairments / eliminations) of trade receivables and of the Results from participations and securities as presented in the accompanying financial statements.

The item “EBITDA” is defined as the Operating results (EBIT), plus depreciations of fixed assets, minus the grants amortization, as presented in the attached financial statements.

The financial year 2018 resulted into earnings before taxes amounting to EUR 7.77 million versus earnings before taxes of EUR 58.71 million for financial year 2017.

Results after taxes and minority rights amounted to losses of EUR 8.6 million, versus earnings of EUR 28.84 million in the previous financial year.

Net Debt of TERNA Group (cash and cash equivalents less bank debt) settled on 31.12.2018 at approximately minus EUR 56.39 million compared to plus EUR 61.78 million on 31.12.2017.

The Group’s equity amounted to EUR 134.86 million, compared to EUR 151.78 million on 31.12.2017.

Total Assets of the Group amounted to EUR 1,162 million versus EUR 1,238 million on 31.12.2017.

The Board of Directors of the Company proposes the non-distribution of dividend concerning the year 2018.

B. Significant events for the fiscal year 2018

On January 30, 2018, the coverage, as a whole, of the 1.12.2017 signed Common Secured Bond Loan of the parent company GEK TERNA amounting to 193.95 million Euros, was undertaken by the Hellenic Credit Institutions and the purpose of refinancing the existing lending of the parent Company was fulfilled. Via the above loan, loans of TERNA S.A. amounting to 81.74 million Euros were repaid.

The Group signed on 02.02.2018 a contract with M.M. Makronisos Marina Ltd totaling € 163.4 million for the construction of two towers of 27-28 floors totaling 115m approximately that will constitute a residential complex consisting of 29 villas with a total area of 16,500 square meters, as well as a shopping mall with luxury shops, dining and entertainment, parking and event venues with a total area of 8,000 square meters, in the context of the Ayia Napa Marina’s development.

Upon the temporary receipt of the Megalopolis V AHS B Unit and in particular by the signed Interim Receipt Protocol of August 28, 2018, there are recorded between the Customer and the Contractor, by each other receivables of approximately 60 million and for the settlement of these disputes, the envisaged contractual procedure will be followed.

On 14.09.2018 the Association of Persons "TERNA SA" - GMR Airports Limited ", was declared as the Final Contractor of the project "Study, Construction, Financing, Operation, Maintenance and Exploitation of the New International Airport of Heraklion, Crete, as well as "Study, Construction and Financing of its Road Connections ". The relevant legal procedures were initiated to sign the concession contract. It is expected to be ratified by the House of Parliament.

On December 14, 2018, the construction consortium "VINCI TERNA CONSTRUCTION JV DOO BEOGRAND - STARIGRAD" signed the contract "New Nikola Tesla Airport". The consortium will implement the following projects: a) Terminals, b) External Airspace Service, and c) Outside Traveler Services. The completion time is 5 years, the conventional object amounts to 262 million and the participation percentage of the TERNA Group is 49%.

On December 28, 2018, the Group signed the Modification & Completion of the Contract for Studies and Constructions of the project "Central Greece Highway E-65", with the award of the execution of the part of Semi-node PATHE - A/K Xiniada, amounting to EUR 305.7 million and a construction time of 36 months.

During the period 01.01.2018 to 31.12.2018, the Group signed, in addition to the above contracts, new contracts and extensions of existing contracts with a total budget of 283 million euro.

After the adoption of the new IFRS 11, the company “HERON II S.A.” is being consolidated through the equity method. In the current period, the earnings after taxes which have been incorporated amounted to 2.2 million euro compared to 0.4 million euro in 2017.

The company TERNA was financed by Greek Credit Institutions with a long-term bond loan amounting to € 127.3 million at an interest rate of 3.75%, through which financed the acquisition of "FERROVIAL SA" participations in the Concession Companies "NEA ODOS SA" and "CENTRAL GREECE MOTORWAY SA "and in the Joint Venture under the name "FERROVIAL JOINT VENTURES SA ". - GEK TERNA HOLDINGS, REAL ESTATE SA by the parent company GEK TERNA. The above loan also refinanced the existing loan agreement, in which the IRIDIUM’s participation interest in the above companies and the Joint Venture were acquired in 2017.

The Group is engaged in the production of quarry products and in the extraction and processing of magnesite through the licenses and mining concessions it holds.

The Management estimating that the demand for caustic magnesia will be high in the coming years, has started a considerable investment program of total estimated amount of 100 mil euro in its self-owned facilities at Mantoudi Evia for the extraction and treatment of magnesium, for the production of caustic mag CCM, magnesia (DBM) and magnesium hydroxide (MDH) products through its subsidiary TERNA LEYKOLITHI (or TERNA MAG) SA.

By the decisions of the Board of Directors of the subsidiary companies TERNA SA and TERNA LEYKOLITHI (or TERNA MAG) SA of 29.06.2018, it was decided to initiate the merger by absorption of TERNA LEFKOLITHI SA by TERNA SA, in accordance with the provisions of article 54 of Law 4172/2002 and articles 68-77 of C.L. 2190/1920. The definite completion of the process of the proposed merger is subject to the competent authorities' approval according to the relevant legislation.
The turnover of TERNA LEFKOLITHOI S.A. settled at 10.4 million Euro versus 7 million Euro in 2017.

C. Significant Events after the end of the period 01.01 – 31.12.2018

On 5/2/2019, the Concession company under the name "INTERNATIONAL AIRPORT OF HERAKLION CRETE CONCESSION S.A." was established and at a later stage, on 21/02/2019, it signed a Concession Agreement with the Greek State. The Agreement has been filed for approval in the Parliament by the Greek State and once it is validated the starting date of the Concession will be released. TERNA SA participates with GMR Airports Limited in the particular Concession Company with 90% and 10% percentages respectively. It is noted that after the CCD and according to the concession agreement, participation percentages will be set at: TERNA 32.46% and GMR Airports Limited 21.64%, as well as the Greek State at 45.9%.

On 8/3/2019, TERNA SA, subsidiary of GEK TERNA Group, forming a joint venture with J&P AVAX (J&P AVAX – TERNA JV-MEDITERRANEAN CITY OF DREAMS) and with participation stake of 40%, signed an agreement valued at EUR 270 million with the company ICR CYPRUS RESORT DEVELOPMENT CO LIMITED concerning the construction of a thematic park and casino of a total area of 96,000 m2 and with a timetable of 30 months in terms of completion.

D. Risks and Uncertainties

The Group's activities are subject to several risks and uncertainties, such as the return to macroeconomic uncertainty, the market risk (volatility in exchange rates, interest rates, market prices, etc.), the credit risk, the liquidity risk, the special risks of the Greek market.

In order to encounter the financial risks, the Group has a risk management program that aims to minimize the sensitivity of the financial results of the group that emerges from the inability to predict the cost and sales variables.

The financial instruments used by the Group mainly consist of bank deposits, long-term and short-term loans as well as derivatives, trade debtors and creditors, other receivable and payable accounts.

Following, the effect of basic risks and uncertainties on the Group's activities is presented.

Market risk

The Group is exposed to a risk related to the change in the fair value of the "Financial assets available for sale" which may affect the Financial Statements.

Foreign exchange risk

Foreign exchange risk is the risk that results from the fact that the fair value of future cash flows of a financial instrument will be subject to fluctuations due to changes in exchange rates.

This type of risk may result, for the Group, from foreign exchange differences due to valuation and conversion into the Group's currency of financial assets, mainly receivables and financial liabilities from transactions agreed in currency other than the operating currency of the Group's entities as well as from operating currencies of the Group's entities other than the Euro which is the reporting currency of the financial statements. The transactions mainly concern purchases of fixed assets and inventories, commercial sales, investments in financial assets, loans, as well as net investments in foreign operations. The Group operates through branches and companies in Greece, the Middle East and the Balkans and thus it may be exposed to foreign exchange risk.

As regards to the construction projects in the Balkans: the contractual receivables, liabilities to basic suppliers (cement, iron products, asphalt, cobble, skids etc) and sub-contractors are realized mainly in euro and thus the exposure to foreign exchange risk is limited. Moreover, the Bulgarian lev (BGN) has a fixed exchange rate against the euro.

As regards to the construction projects in the Middle East, the contractual receivables, liabilities to basic suppliers (concrete, iron products, asphalt, cobble, skids etc) and sub-contractors are realized in local currencies, which are pegged to the US dollar (USD) and thus there is exposure to foreign exchange from change in the EUR/USD exchange rate.

Interest rate risk

The Group's policy is to minimize its exposure to interest rate risk as regards to long-term financing. Due to the limited exposure to such financing, the Group has not entered up until today into any interest rate swap agreements to cover interest rate risk.

Almost the entire long-term debt and financial leases held by the Group at the end of the present year from banks was based on floating rates by 100% (and by 99.5% at the end of the previous fiscal year). The remaining part was based on fixed rate.

Due to the short-term nature of the placements in cash reserves, these are based on floating interest rates, whereas the entire receivables from loans granted to affiliated companies are based on fixed rates.

The short-term debt of the Group is based by 98.57% on floating rates linked to Euribor and by 1.43% on fixed rates, and is agreed on local currencies for any Group company. Short-term loans are received mainly either as working capital or as funding for the Group's construction investments. The Group continues its current refinancing policy regarding its loan on long-term horizon, so that such loans can be aligned with the long-term nature of its revenues and income.

Such loans are repaid either directly from the collection of trade receivables, or with the receipt of the relevant government grants, or with the long-term loans at the completion of the construction and the commissioning of the investments. Therefore, the Group is exposed to interest rate risk due to changes that may occur in the interest rates.

Credit risk

The credit risk relates to the potential loss resulting from the inability of a counterparty participating in a financial transaction to fulfill its obligation and make the respective payment to the other counterparty.

The Group continuously monitors its receivables, either separately or by groups and it incorporates the resulting information in its credit control. When necessary, external reports or analyses are used as regards to existing or potential clients.

The Group is not exposed to significant credit risk from trade receivables. This is due to both the Group's policy that focuses on working with credible customers and also to the nature of the Group's activities.

Specifically, the total receivables in relation to either the broader public sector or the private clients with large financial capabilities both domestically and abroad, are being monitored in a special manner and the Management assesses on a constant basis the credibility of its clients, the size of each of them, regardless of type meaning public or private client, in relation to any impact that above might have on the Group's financial performance. In this manner, the Management takes all necessary actions in order to minimize any such effect on the Group.

It is noted though, that payments coming from the Public Sector and its related entities are characterized by significant delays.

The credit risk regarding the cash reserves as well as the other receivables is deemed as limited given that the counterparties are Banking institutions of high capital adequacy, the Greek State or the entities of the broader Public Sector and also very dynamic corporate groups.

The management views that all financial assets for which special impairments have been formed, are characterized of high credit quality.

Liquidity Risk

The Group manages its liquidity needs by carefully monitoring the evolution of long-term financial liabilities as well as payments that take place on a daily basis. The liquidity needs are monitored at different time zones, on a daily and weekly basis, as well as on the basis of a moving 30-day period. The liquidity needs for the next 6 months and the next year are set on a monthly basis.

The Company maintains cash and cash equivalents in banks to cover its liquidity needs for periods up to 30 days. Capitals for mid-term liquidity needs are released from term deposits.

Risks due to the current economic conditions prevailing in Greece

The continuous efforts to boost the country's Fiscal Performance to the expense of Public Investments Program, the still high levels of bureaucracy in various areas of Greek civil life as well as the continuous gap that exists with regard to the repayment of Greek State's obligations towards the private sector, have made the market deprived of productive capital and have also made difficult to rationalize a series of important actions needed in the market, thus leading to a higher production cost.

The limited lifting of the capital controls concerning payments abroad is additional factor that generates higher costs.

The continuous delays observed in the payments of the broader Public Sector entities towards the private sector and the consequent financial difficulties affect the conventional behavior of these entities with which our Group interacts, and as result they affect our financial performance and generate greater anxiety for the future.

The full realization of the impact deriving from the above conditions affects negatively the liquidity position and the results of the Group, at least with interest expenses incurred, and at the same time this impact cannot be predicted with accuracy.

Despite the existence of risks referring to the recovery of the future benefits of the asset portfolios and the adequacy of the cash flows, the activities of the Group continue at a normal pace.

In this context, the Management systematically assesses the broader situation and its potential effect, in order to ensure that all necessary measures and actions are taken for the minimization of the potential effects on the Group's activities. The Management of the Group aims at immediately informing the investor community about any significant effect generated by the constantly changing conditions.

Other risks and uncertainties

The activity of the Group in the Construction Sector might be negatively affected from the continuous reduction of the Public Investments Program in Greece as well as from the ambiguity of various decisions taken by institutional bodies and the Greek justice, which in turn have to release their final decisions with regard to the implementation of large scale public investments. The backlog of construction contracts is not necessarily indicative of future income from the Group's activity in this segment. Despite the fact that the backlog of such contracts represents projects that are considered certain, there is no guarantee that there shall be no cancellations or adjustments to their scope. The construction backlogs of the Group may become volatile due to the delays observed in the implementation of the construction projects, or/and the collection of receivables or the even the inability to fulfill the contractual obligations.

The Company TERNA and Terna Energy as well as almost all Hellenic Construction Companies and a significant number of foreign companies have been ex officio audited by the Hellenic Competition Commission (GGE) on their own actions, which could be considered that lead to a violation of the relevant rules.

Subsequently, our Company pursuant to article 25a of Law 3959/2011 and the no. 628/2016 Decision of the Plenary Session of the HCC, after a lot of concern, submitted on the grounds of obvious corporate interest and in order to benefit from the application of Article 25A and 14, par. 2, case n (ee) of Law 3959/2011 and Decision no. 628/2016 of HCC with regards to the terms, conditions and procedure for the settlement of disputes in cases of horizontal partnerships in breach of Article 1 of Law. 3959/2011 and / or Article 101 of the Treaty on the Operation of the European Union, a request for inclusion in the dispute settlement procedures provided for, i.e. for consensual proceedings solution.

On August 3, 2017, the Company was notified with the no. 642/09.03.2017 Decision of the HCC under which a fine and / or penalty was imposed on the company TERNA SA of EUR 18,612 was imposed for breach of Art. 1 of Law 3959/2011 and Art. 101 of TFEU (for the period from 11.5.2005 to 4.1.2007 and from 4.6.2011 to 26.11.2012). The settlement procedure for the company TERNA was finalized and the amount of the fine amounted to 18,612, which was fully paid **within 2018**. It should be noted that, according to the provisions of art. 44 par. 3 of Law 3959/2011, the full payment of the fine implies, inter alia, **complete exemption** from other administrative sanctions, which is undoubtedly the exclusion from the ongoing and future tendering procedures of Article 74 of Law 4412/2016 as applicable to the award of public contracts for a reasonable time period with provision of the maximum period regarding the exclusion.

Furthermore, in article 73 of Law 4412/2016, the provisions of Article 57 of Directive 2014/24 were incorporated in Greek law, providing for the grounds for exclusion from participation in the public procurement process.
The grounds for exclusion, which include as reason the conclusion of agreement with other entities to distort competition have been established by the Community legislator as **potential (optional)** and is left to the National Legislator's discretion, whether such (National Legislator) shall render such mandatory for the awarding authority or not. Within the frame of the abovementioned discretion, the Greek Legislator opted not to require awarding authorities to provide in their respective tenders, the optional grounds for exclusion; as a result, provision of such grounds for exclusion remains with each awarding authority.
Also, by adding of paragraph 10 in article 73, the Greek legislator inserted in the provisions of article 73, which determine the conditions and procedure for the exclusion of an economic operator from a particular tender procedure (by decision of the body which conducts such), a provision, which determines the period of time during which application of the compulsory grounds for exclusion and the potential (respectively) grounds for exclusion is considered (3 years from the date of the relevant event), provided though that the exclusion period has not been set by an irrevocable decision.
Based on the wording of that paragraph, the <u>three-year period</u> within which examination of the potential grounds <u>commences from the time of infringement (consequently, according to the above provisions, the respective period for TERNA has lapsed as from 26.11.2015).</u> The above statement, on a common acceptance and understanding basis, was also reflected in the European Single Procurement Document (ESPD) in the tender procedures.
On October 2018, decision with no. C-124/17 of the CJEU was issued, which is alleged to rule that, in case sanctions have been imposed by a decision of the competent Competition Authority, the exclusion period of three years from the procedures for the award of public contracts commences on the date of the decision imposing the sanctions.

This development has given rise to a new set of facts and concerns, against a clear distinction between situations that the authorities and economic stakeholders reasonably supported, in relation to the timing of the above mentioned exclusion and the relevant statements in the EUCD. The aforementioned crucial issue has not yet been resolved at the level of court rulings of the Supreme Court (the Supreme Court). In view of the company's interest and the protection of its shareholders and the investing public, the Group monitors and participates in court proceedings in view of open competitions that TERNA SA has participated either before or after the adoption of the ICJ decision.

Regardless of the above mentioned, it should be noted that there is no automatic reason for exclusion from tendering procedures, but the contracting authority owes, according to the provisions of Article 73, par. 7 of Law 4412/2016 to ask the candidate to provide evidence to show that the measures he has taken are sufficient to prove his credibility, and if these are deemed sufficient, the above reason is deleted; otherwise, but the candidate is also excluded from the event, and in case that the tenderer is also a temporary sponsor, his tender is rejected and the letter of guarantee is forfeited.

It should be noted that the Group and its companies, as well as TERNA, have voluntarily received a set of compliance and remedy measures that are constantly evolving and updated, further demonstrating their credibility and solvency as defined in no. 73 par. 7 of Law 4412/2016.

E. Alternative Performance Measures (APMs)

The Group uses Alternative Performance Measures in decision making regarding its financial, operational and strategic planning as well as for the evaluation and publication of its performance. These APMs serve to better understand the financial and operating results of the Group and its financial position. Alternative indicators should always be taken into account in conjunction with the financial results prepared in accordance with IFRSs and under no circumstances replace them.

When prescribing the Group's performance, the following indicators are been used:

- **“Net debt / (Surplus)”** is an index used by Management in order to assess the cash flow of an operating segment at every point in time. It is defined as the total liabilities from loans and leasing contracts minus Cash and cash equivalents (with the exception of the amounts of grants to be rebated (Note 19), less restricted deposits (they are included in the item “Prepayments and Other receivables (Note 19).

The reconciliation of Net debt / Surplus with the items of the Financial Statements is presented below:

	GROUP	
	1.1-31.12.2018	**1.1-31.12.2017**
Long-term loans	171,445	21,189
Liabilities from finance leases	6,547	11,674
Short term loans	81,255	87,808
Long term liabilities payable during the next financial year	24,636	112,948
Minus: Cash and cash equivalents	(227,490)	(295,404)
Net Debt (Surplus)	**56,393**	**(61,785)**

It should be noted that the above calculations do not include the restricted deposits amounting to 1,371 (1,318 for 31.12.2017). These amounts are classified in the statement of financial position under "Prepayments and other receivables" (see note 17).

- The item **"Operating results (EBIT)"**, is an index used by Management to judge the operating performance of an activity. It is defined as Gross profit, minus Administrative and distribution expenses, minus Research and development expenses, plus/minus Other income/(expenses) except of the payment and valuation related Foreign exchange differences, the Impairments of fixed assets, the Impairments of inventories, the Other impairments and provisions, and the Impairments / write-offs of trade receivables, as presented in the accompanying financial statements.

The item "EBITDA" is defined as the Operating results (EBIT), plus depreciations of fixed assets, minus the grants amortization, as presented in the attached financial statements.

The item "adjusted EBITDA" is defined as the EBITDA, increased by any non-cash items included therein.

F. Non-Financial Information Report 2018

Introduction

This Non-Financial statement relates to the fiscal year ended on the 31st of December 2018. The Statement has been prepared in accordance with the provisions of the Law 4403/2016 and includes information on the performance of the TERNA Group of Companies related to the following areas, as outlined in Section 7 "Non-Financial Statement" of Circular 62784/2017:

- Anti-corruption issues
- Supply Chain issues
- Respect for human rights
- Social and labor issues
- Environmental issues

The statement presents information on the main risks related to the above areas and the Group's activities, the due diligence policies as well as other policies applied by the Group for each of the above areas. For a better understanding of the Group's performance, the results of these policies are referenced and relevant non-financial performance indicators are listed. In addition, a brief description of the Group's business model is provided.
The requirements of the Global Reporting Initiative (GRI) standards, version 2016, were taken into account for selecting the non-financial indicators.

Business Model

TERNA Group is one of the leading business Groups in Greece with additional operations in Central and Southeast Europe, USA and the Middle East.

The Group's expertise spans from infrastructure, energy production and supply, mining activities to real estate development & management.

The current construction backlog of the Group settles at the high level of €1.507 billion.

Construction

TERNA Group (www.terna.gr) is actively involved in a broad spectrum of public and private projects of considerable budget and of complex know-how, such as the construction of railway and highway networks, high - quality office buildings, hospitals, museums, resorts, hydro-electric plants, dams, harbors, industrial facilities, power plants etc.

Thermal Energy

TERNA Group is also involved in **thermal energy production** through its participation in HERON II VIOITIA S.A., having partnered with two international leading energy players, ENGIE and Qatar Petroleum.
HERON S.A. (www.heron.gr) operates in the sectors of electric energy production and supply. It owns two thermal power plants with an installed capacity of 435 MW in Viotia, Greece.

Mining

The Group is also involved in mining activities through **TERNA MAG S.A.**, (www.ternamag.com), a mining and commercial company based in North Evoia, Greece, specializing in magnesia production. TERNA GROUP is realizing a €100 million investment plan for quarrying activities in Mantoudi, Evoia, Greece.

Anti-corruption

Major risks and risk management

The Group recognizes as a risk in the performance of its business and operational activities and operations, the occurrence of corruption incidents, such as bribery in the course of concluding contracts. Potential occurrence of such incidents may have negative impacts for the Group, both at a financial level (e.g. fines), at an operating level (e.g. interruption of business) as well as at the level of weakening the Group's reputation and disrupting its relationship with the various groups of stakeholders with whom it interacts.
In order to identify risks related to corruption, bribery and regulatory compliance, the Group applies a specific process that takes into account various parameters such as the type of activity, the geographical location, the parties involved, etc.

Due diligence and other policies

TERNA Group is committed to zero tolerance of corruption, bribery and extortion, and as such aims to prevent such phenomena in all aspects of its operation. To this end, the Group acts through the development of policies and procedures as well as through the development of control mechanisms and by remaining compliant with these policies.

The Code of Conduct of the Group reflects the fundamental principles, beliefs, corporate culture, business ethics and voluntary moral commitments that characterize it. Issues related to corruption and bribery, fighting against these issues and inappropriate behavior are at the core of the Code.

The Code comprises the basic framework of principles and values that must characterize the professional behavior of all the people of the Group. It concerns employees and management and extends to partners, subcontractors and suppliers. The implementation of the Code extends to Group companies, concerns all subsidiaries and all sectors of activity in all countries of operations and is taken into account in the partnerships and joint ventures in which it participates. To monitor the implementation of the Code of Conduct, a Regulatory Compliance Committee has been established, which reports directly to the Board of Directors.

In addition, the Group maintains a program of internal audits led by the Compliance Officer for the implementation of the Code of Conduct, while staff training is conducted on a yearly basis to raise awareness and constantly inform them of corruption issues and ways for combating these issues.

Employees of the Group are required to inform TERNA of any deviations or concerns about potential deviations in the implementation of the Code, which are perceived by them, by means of a written, printed letter to the Regulatory Compliance Officer.

The objective of the Group is to strengthen and improve the procedures for preventing and combating potential risks of corruption, compliance with relevant legislation and intensification of relevant controls.

Furthermore, the Group is in the process of certification according to the ISO 37001 Anti-Bribery Standards and ISO 19600 for Regulatory Compliance, which is expected to be completed within 2019.

Results of the above policies and non-financial performance indicators

GRI 205-3

During 2018, no confirmed incident of corruption came to the attention of the Group's Management either through complaints or through the audits that the Group performs in the context of preventing and combating corruption incidents.

Supply Chain

Major risks and risk management

In the construction sector of the Group, most of the expenses relate to the procurement of materials, the purchase of construction and transport equipment, as well as collaborations with subcontractors. Consequently, a potential change in the construction activity may bring about a direct proportional change in demand to suppliers. Accordingly, the achievement of the Group's profitability in construction works, directly affects the rate of renewal of the construction equipment, which the Group is supplied with for the completion of its projects. In the field of electricity generation, the cooperation with suppliers mainly concerns high technology companies outside Greece.

Regarding human rights in the Group's supply chain, the Group identifies as a risk the occurrence of violation of international standards or legislation related to human rights, labor, social, environmental, governance and corruption issues within its suppliers that do not respect international standards and sustainable development practices, neither adopt common policies and values with the Group. The occurrence of such incidents may have significant negative impacts to the Group, on a financial level (e.g. fines), operational (e.g. disruption of supply chain, discontinuing of long-term strategic partnerships, interruption of projects) as well as on a non-financial level (e.g. impact on the reputation of the Group and / or the environment by not implementing good environmental practices) and social impacts related to human and labor rights (such as uninsured workers child labor, etc.).

In addition, the Group recognizes potential risks to local communities from not supporting local and national suppliers such as loss of social cohesion and lack of economic growth.

Due Diligence and other policies

Terms of cooperation with suppliers

The Group seeks to promote and ensure the protection of human rights and to improve the labor, environmental and other relevant standards of its suppliers, by communicating to them the minimum requirements and following a series of practices that ensure the desired outcome in each cooperation which it establishes. Since 2017, the Group has published a Code of Conduct, which is the basic framework of principles and values that must characterize, among others, the suppliers, subcontractors and associates of the Group.

The Group adheres to:

- the relevant insurance and labor laws.
- the Health and Safety at work regulatory framework.
- the principles of human rights protection.
- Internal Policies, Procedures, Standards and Management Systems.

In this respect, the necessary terms for cooperation with any supplier are the strict compliance with the basic standards, the full compliance with the Health and Safety regulatory framework and adhering to the Group's Code of Conduct.

Selection of domestic suppliers

TERNA Group chooses to support the regions in which it operates and to stimulate local economies, contributing decisively to strengthening social cohesion and further developing them by selecting to cooperate with local suppliers as well as through the social programs it applies in each area of operation.

Respect for Human Rights

Major risks and risk management

The Group recognizes the risks associated with human rights, both within the working environment of its own operations, as well as within its supply chain, such as the potential discrimination of employees due to race, religion, gender, nationality, age etc., the violation of the privacy of employees and other stakeholders, as well as forced and child labor. Potential violation of human rights may have negative impacts to the Group such as the imposition of fines or penalties, as well as negative impacts to its employees, the Group's reputation and / or the trust of its stakeholders.

Due Diligence and other policies

The responsible behavior of the Group towards the prevention of the occurrence of human rights violations and the policies it implements for the protection of these rights lead to the prevention and the treatment of such incidents, if and when they occur, throughout its activities.

Respect of international standards and principles

The Group applies international human rights principles and respects national and local operating frameworks in the countries in which it operates. The Universal Declaration of Human Rights, the UN Global Compact and the high corporate values advocated by the Group, form a rigorous operating framework with respect for human rights throughout the range of its activities.

The Group protects every person's right to education and freedom of speech as well as any other human rights that may be violated as a result or in the context of its operations and implements audit procedures that ensure that there is no violation of fundamental human rights.

Moreover, the decisions taken by the Group are not related to any kind of discrimination regarding gender, nationality, language, religion, political beliefs, disabilities, sexual orientation of the employee or other elements of diversity.

Control mechanisms

The Human Resources Division of the Group ensures compliance with the law regarding the age limits of employees, overtime work, minimum wages, protection of diversity within its broader scope of action so that there is no violation of fundamental human and labor rights. The Recruitment Policy along with the relevant procedures, among others, ensure the above.

Results of the above policies and non-financial performance indicators

GRI 406-1

Throughout the years of TERNA Group's operation no cases of violation and / or infringement of human rights and no incidents of discrimination based on race, religion, sex, age, disability, nationality, political beliefs, etc., have been reported, including incidents of harassment, within its operations.

Social and Labor Issues

Major risks and risk management

The Group identifies the risk of the violation of labor rights on issues relating, among other, to equal opportunities, remuneration, education and the appropriate health and safety conditions.

Particularly, for health and safety issues, the Group seeks to minimize the likelihood of occurrence of an accident at work through the continuous identification of risks, the risk assessment and the implementation of the necessary control measures, as well as the commitment it undertakes to ensure health and safety of workers in all workplaces and areas of operations. By applying specific occupational risk assessment studies, the potential health and safety risks for each job have been identified. A potential occurrence of a work related accident may result in negative impacts both at an operational (e.g. interruption of work) and financial level (e.g. fines, indemnities and other penalties), while at the same time having a negative impact to the human capital of the Group.

In addition, the Group identifies potential social and environmental risks for the local communities when implementing its operations and towards this direction impact assessments are carried out to assess the potential environmental and social impacts of any scheduled operation, prior to the beginning, including among others, the assessment of potential impacts on human rights and the health of the citizens in the areas of operation, as well as the engagement with the local communities and local authorities on issues that could potentially degrade the environment and the quality of life of citizens.

Due Diligence and other policies

TERNA Group actively participates, supports and values the investment to its people as a top priority, providing the necessary resources to promote continuous improvement of the working environment, through continuous training, skills development, protection of their labor rights, access to equal opportunities and support of employee diversity.

The Group consciously acts for the provision of a balanced and secure work environment that rewards innovation, contributes to the realization of its vision, broadens international prospects and contributes to business success and excellence. The Group has formed a working environment that places the employee at the center, follows specific processes for the employee's development and is distinguished for its corporate culture and ethical values.

Equal opportunities at work

The Group manages the issues of human resources impartially and ensures that each employee is treated fairly, based on merit as well as on his / her skills and performance.

In particular, the Group's policy imposes equal pay for men and women for the same job position and leaves no room for discrimination or preferential treatment at the level of pay or benefits on the basis of gender or other characteristics of the employee.

Due to the nature of TERNA Group's activity, the workforce is mainly composed of male employees. However, the Group's consistent policy is to increase the representation of women in its companies. One step towards this direction is to record and monitor the distribution of women by geographical area of activity, by age and by level.

By this way, it is intended to increase the proportion of women in the total number of employees.

Compensation and Benefits

TERNA Group complies with the applicable legislation in the areas where it operates. All employees of the Group are covered by the current social security regulatory framework.

Employee wages and benefits are determined by a specific internal policy that guarantees transparency and meritocracy. Within this framework, the Group operates with criteria and evaluation indicators regarding the severity of the job, the responsibilities of each post, the educational background, the experience, the skills, the ability to achieve the objectives and the level of performance of employees.

The Group, having examined the cost of living in the countries in which it operates, offers higher wages than the minimum wage laid down in the relevant legislative framework. In the overwhelming majority, employees of the Group are paid with salaries that exceed the minimum wage. In particular, the remuneration of the Group's workers in the 'workers' category' in Greece is on average 25% higher than the one foreseen in the collective agreement.

Additional benefits such as corporate travel vehicle, laptop, company mobile phone connection, etc. are provided according to the needs and requirements of the jobs.

Training and Education

The Group recognizes the decisive contribution of human resources to the achievement of its goals. The high level of its employees' professionalism, the scientific and technical knowledge they possess and the dedication they exhibit in the exercise of their profession create an added value in their services.

For TERNA Group, the achievement of corporate goals and strategies requires thorough training of its human resources. Maintaining the prestige of the Group in Greece and establishing its position abroad are both based on the interpersonal skills and the high know-how of its executives.

Through education opportunities, the Group strengthens the culture and the team spirit while promoting innovation. The Group applies specialized education and training programs, which are related to the subject of the position, its strategic planning and the needs of the human resources. Internal trainings are carried out on a yearly basis by supervisors, specialized colleagues, as well as training by specialist external bodies.

Health and Safety

TERNA Group's strategy incorporates the non-negotiable principle of ensuring health and safety at work. This principle is a prerequisite for every Group business operation and equally applies to employees, subcontractors and its partner network.

Health and Safety Policy Objectives

Safeguarding Health and Safety is a priority for the Group which continually improves the strategic framework within which health and safety issues of all stakeholders are managed.
The Group complies with the provisions of applicable national, European and international legislation and, through a strict Health and Safety Management System that it maintains, aims at the early identification and minimization of risks related to all its operations. The Health and Safety Policy applies to the entire Group and all those directly or indirectly related to its operations.

Strengthening the Health and Safety Policy and securing zero accidents are objectives related to:

- the implementation of an internationally certified Health and Safety Management System,
- full compliance with the legal and other national, community and international conventions, directives and provisions relating to Health and Safety,
- the implementation, monitoring, evaluation and improvement of Health and Safety actions,
- the identification of occupational hazards and the development of an integrated prevention methodology,
- the prevention of injuries, illnesses and adverse health and safety incidents,
- the provision of appropriate, adequate training on health and safety,
- the immediate investigation of each accident / incident to evaluate the factors that led to it and the undertaking of preventative measures,
- the integration of technologies, good practices and operational procedures that guarantee safety conditions for employees, subcontractors and third parties.

The Group's commitment to health and safety issues is demonstrated by the implementation of the certified Health and Safety Management System in line with the requirements of OHSAS 18001: 2007 and the new International Standard ISO 45001.

Health and Safety Framework at Work

Given that Health and Safety are a primary concern for TERNA Group, education and corporate culture in relation to these issues serve the adoption of a responsible attitude. The Group systematically informs its staff, subcontractors and visitors about the general principles regarding occupational hazards and their prevention as well as the protection of health and safety of all.

Apart from training, the integration of the basic principles of Health and Safety into the working culture supports the elimination of accidents at work and occupational diseases, which makes the strengthening of this culture a priority for the Group.

Health and Safety oriented Partnerships

Ensuring a work environment without accidents requires the compliance with the policies and management systems of all the parties involved. Contractors and partners, suppliers and all stakeholders have to fully comply with the requirements set by the Group in terms of Health and Safety.

Local Community

The modern infrastructure and energy projects of the Group promote Sustainable Development, contributing to the social welfare and the promotion of Greece internationally.

The multiple benefits of the Group's business activity are translated into thousands of jobs, the strengthening of the national economy and the GDP through payment of taxes and insurance contributions, the strengthening of local communities through partnerships with local suppliers and service providers as well as the improvement of the investment reputation of our country abroad and to institutional investors. The indirect positive impacts of the Group's activities are associated with transportation safety, upgrading of the urban infrastructures, access to places of art and culture, improvement of citizens' quality of life and the preservation and protection of the natural environment.

Each activity has an environmental footprint to the areas where construction works are carried out. The Group's concern is that this footprint is the minimum possible as well as manageable, in order for the environment to be protected and the complete environmental rehabilitation and restoration to be achieved, after completion of each work.

Results of the above policies and non-financial performance indicators

Social Contribution

In 2018 the Group maintained its partnerships and multiplied the significant value it creates through a wide network of collaborations and synergies. True to its vision of strengthening the Greek economy, the Group continues to stimulate local communities, focusing mainly on the following areas of social support:

1. Infrastructure

TERNA Group and its subsidiaries significantly support the regions of Greece and implement a series of actions that have a direct, visible and substantial impact.

In 2018, the Group undertook the implementation of infrastructure projects and the completion of interventions to improve the day-to-day lives of residents in areas affected by extreme weather events and the areas where the Group operates, worth €540,000.

2. Employment

The Group considers supporting the employment of young people and creating professional prospects as being very important. In this context, the Group financially supports distinguished postgraduate students on a regular basis, and each year the Group also offers internship opportunities to young people within the company.

3. In-kind Assistance, Financial Aid and Donations

The Group’s sponsorships and donations primarily focus on programs for education, training, arts and sports. Sponsorships are targeted to the entire country. Improving the quality of life and creating new opportunities are the main motivations of the Group for supporting solidarity actions.

In 2018, the companies of TERNA Group carried out a significant program of social support and distribution of economic value, which through sponsorships, donations and infrastructure projects exceeded €1.5 million.

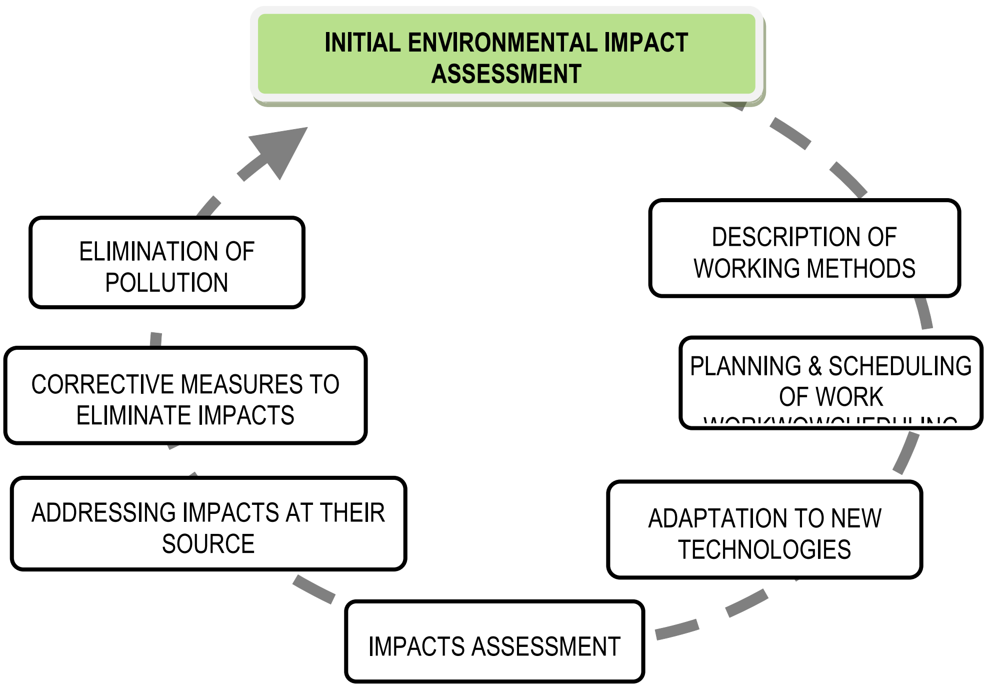
The Group's social contribution for 2018 included among others:

- Free construction of infrastructure projects and interventions to improve the daily life of the local citizens in our hosted areas,
- Targeted actions in schools as well as sponsorship programs for sports and cultural organizations, in areas where we operate in Greece and abroad,
- Programs to support youth entrepreneurship and grant scholarships to young people, support of scientific research programs, conferences etc.,
- Financial support to non-governmental organizations and government agencies that focus their efforts on improving the quality of life of vulnerable social groups (ELIZA, Doctors Without Borders) as well as targeted donations to the Greek Police and the Fire Brigade,
- Support of cultural initiatives.

Environmental Management

Major risks and risk management

The Group identifies and prioritizes the environmental risks associated with its activities which may cause negative impacts both on the Group’s stakeholders (e.g. local communities) as well as on the wider natural environment. The strategy of mitigating the environmental impacts is based on the following cycle:



In addition, the Group identifies the risks related to Climate Change, which to some extent determines the Group's business strategy, through the strategic development of renewable energy projects and the adoption of mitigation measures of its environmental footprint. Such risks may considerably affect the Group's business model (e.g. need for immediate independence from conventional energy sources, increased operating costs to adopt new environment friendly technologies, regulatory sanctions due to increased requirements).

Due Diligence and other policies

Environmental protection is an integral part of the Group's business strategy and is expressed through the Group's policies, strategic and business decisions and actions. By adopting a responsible behavior, TERNA Group is constantly aiming to reduce the environmental footprint of its activities through responsible resource management as well as the adoption of a broader responsible environmental behavior concerning all of its operations and the life cycle of its products.

Adaptation to Climate Change

Climate change adaptation constitutes a necessity, not a luxury, and therefore the Group focuses on the transition to a less fossil fuel dependent economy that will ensure sustainable cities and societies. TERNA Group has the expertise and willingness to utilize climate change related challenges in favor of Sustainable Development and the Green Economy.

Although climate change affects almost all of the Group's activities, the related business opportunities created, can contribute towards both the Group's economic growth and the mitigation of potential negative impacts. The Group responds to climate change related challenges and creates value from its operation, through the construction of pumped storage projects that will secure the country's energy system while enabling the clean energy storage, the development of waste treatment plants using cutting-edge technologies and the construction of innovative projects and new highways of international standards.

Environmental Strategy

The Group's environmental strategy includes provisions for:

- the compliance with legal and other regulatory requirements,
- the implementation and upgrade of the Environmental Management System,
- the prevention of environmental impacts and the utilization of new technologies,
- the training of employees on environmental issues and the engagement with stakeholders,
- the integrated management of the environmental footprint (natural resources, energy, materials use, waste) for all of the Group's its activities,
- the synergies to combat climate change and foster an environmental culture.

As a result, the Group acts in a targeted manner, adopting measures that evidently lead to the mitigation of its overall environmental footprint.

Applying an up to date and integrated Environmental Management System, the Group monitors the environmental impacts of its activities and is able to take the necessary measures in a timely manner, to mitigate its environmental footprint and to constantly improve its performance.

Inspections for the Protection of the Environment

TERNA Group conducts annual audits to all of its operations, in order to fulfill the requirements arising from external certifications, internal systems and legal and other regulatory frameworks.

Internal audits aim to the:

- Evaluation of the responsiveness to the requirements of the current legislation,
- Evaluation of the responsiveness to the Group's customer requirements,
- Evaluation of the Group companies' compliance with the system requirements,

- Evaluation of the responsiveness to the requirements of the international standard ISO 14001:2015,
- Identification of points that need improvement and reinforcement,
- Improvement of the implementation of the Management Systems and the Risk Management Systems.

Environmental Training

The proper information and systematic training of the Group's employees are preconditions for the prevention and mitigation of the environmental impacts. In pursuing the development of a corporate culture on environmental issues and the improvement of the overall environmental footprint, the Group plans environmental trainings on an annual basis.

The training subjects meet both the needs and requirements of the projects undertaken by the Group, as well as the roles and tasks of the employees. For reasons of balance and proper operation of the Group, full information is also provided to site visitors.

The delivery of the training is undertaken by the Environment Directorate as well as by external bodies. A detailed training file is kept on all sites and main offices.

G. Outlook and Prospects

As it is derived from the analysis of the separate business segments, the prospects of the Group, despite the considerable issues and problems of the broader economic environment, appear to be positive.
The diversification of the Group’s business activities offers a more effective allocation of risk implying at the same time lower dependence of profitability on certain business segments.

In 2019, TERNA will continue to implement its strategy for continuous growth in the Greek and international markets in the Construction sector. The objective is to maintain its leading position in the Greek market and to seek its sustainable development in the foreign markets in order to achieve a satisfactory dispersion of the business risk and maintain the return on its capital at a satisfactory level. The prospects for achieving the 2019 targets are positive given that:

In the Construction sector:

The construction backlog amounting to EUR 1.5 billion on 31.12.2018 as well as the undertaking of new projects to be executed, including the one to be sanctioned by the Parliament, the project for the construction of Kasteli Airport, which is worth 480 million euros.

Admittedly, despite the above positive outlook, the Management is aware that external factors such as political developments that are the cause of important decisions, especially in pre-election periods, may adversely affect the operation of the market and cause further delays in the implementation of the Group's investment program in GREECE. To address this and in order to mitigate its negative impact on the Group's financial results, the Management continues to examine the expansion of the Group's operations abroad, continuously monitors developments in the Greek economy, discusses and co-operates with financiers and specialists analysts of international markets and, in direct, continuous and systematic cooperation with the relevant Managing Directors of the Group, designs and implements measures in order to address any identified risk.

As a result of the above strategy, the Company maintains satisfactory capital adequacy, profitability and liquidity at the reporting date of the Annual Consolidated Financial Statements, and continues to be fully consistent with its obligations to suppliers, government, insurance companies and other creditors and successfully implements its investment program.

As results, the Group's prospects, despite the existing economic crisis, are considered positive mainly due to the geographic dispersion of its business activities.

2018 was a year during which the Group continued its stable trend. Moreover, the Group carefully continues its investment plan, by maintaining at the same time adequate liquidity.

Athens, 22 April 2019
For the Board of Directors

Michail Gourzis
Chairman of BOD

III. ANNUAL FINANCIAL STATEMENTS SEPARATE AND CONSOLIDATED OF 31 DECEMBER 2018 (1 January - 31 December 2018)

According to the International Financial Reporting Standards

The Financial Statements were approved by the Board of Directors of TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY on 22nd April 2019 and have been published by being posted on the internet at the website http://www.terna.gr where such will remain available for at least 10 years from their issue and publication.

STATEMENT OF FINANCIAL POSITION

TERNA GROUP
31st DECEMBER 2018
(All amounts are expressed in thousand Euro, unless stated otherwise)

	Note	GROUP		COMPANY	
		31 December 2018	31 December 2017*	31 December 2018	31 December 2017*
ASSETS					
Non-current assets					
Goodwill	7	3,183	3,183	0	0
Intangible fixed assets	8	34,274	35,721	859	901
Tangible fixed assets	9	106,354	105,835	60,690	68,892
Investment property	10	8,390	3,001	7,766	2,377
Participations in subsidiaries	5, 11	0	0	104,058	110,248
Participations in joint-ventures	5, 12	21,191	20,657	23,722	21,006
Investments in equities	18	11,125	14,925	6,148	7,828
Other long-term assets	13	158,822	150,530	169,164	114,461
Deferred tax assets	28	25,232	39,857	15,711	30,012
Total non-current assets		**368,571**	**373,709**	**388,118**	**355,725**
Current assets					
Inventories	14	24,450	23,023	8,675	6,170
Trade receivables	15	227,846	197,434	212,664	204,078
Receivables from construction contracts	16	191,760	149,213	168,101	132,535
Advances and other receivables	17	92,287	154,135	91,748	168,700
Income tax receivables		29,902	44,961	27,065	41,483
Cash and cash equivalents	19	227,490	295,404	150,541	264,033
Total current assets		**793,735**	**864,170**	**658,794**	**816,999**
TOTAL ASSETS		**1,162,306**	**1,237,879**	**1,046,912**	**1,172,724**
EQUITY AND LIABILITIES					
Shareholders’ equity					
Share capital	21	52,210	52,210	52,210	52,210
Share premium account		54,252	54,252	54,252	54,252
Reserves	21	53,914	55,550	52,281	53,699
Earnings carried forward		(37,534)	(25,555)	28,698	34,756
Total		**122,842**	**136,457**	**187,441**	**194,917**
Non-controlling interests		12,025	15,319	0	0
Total equity		**134,867**	**151,776**	**187,441**	**194,917**

Non-current liabilities					
Long-term loans	20	171,445	21,189	160,152	20,000
Loans from financial leases	20	6,547	11,674	6,478	11,262
Other long-term liabilities	26	78,765	276,501	85,491	280,853
Provisions for staff leaving indemnities	22	6,621	6,350	4,000	3,724
Other provisions	23	22,209	9,990	21,009	8,790
Grants	24	14,318	14,451	0	0
Deferred tax liabilities	28	0	45	0	45
Total non-current liabilities		**299,905**	**340,200**	**277,130**	**324,674**
Current liabilities					
Suppliers	25	250,286	200,622	224,117	181,458
Short term loans	27	81,255	87,808	49,342	60,705
Long term liabilities payable during the next 12 months	20	24,636	112,948	23,728	112,461
Liabilities from construction contracts	16	314,278	301,049	238,373	261,212
Accrued and other short term liabilities	26	56,145	43,036	46,215	37,165
Income tax payable		934	440	566	132
Total current liabilities		**727,534**	**745,903**	**582,341**	**653,133**
Total Liabilities		1,027,439	1,086,103	859,471	977,807
TOTAL EQUITY AND LIABILITIES		**1,162,306**	**1,237,879**	**1,046,912**	**1,172,724**

* The Group and the Company did not proceed into any adjustment of the comparative amounts of fiscal year 2017 during the adoption and application of IFRS 9 and IFRS 15. Instead they recognized their aggregate impact on the accounting item: “Balance of earnings carried forward” (or “Retained earnings”) on 01/01/2018 (note 2.6.3). For comparability purposes certain reclassifications of items occurred as presented in note 2.6.3.

The accompanying notes constitute an integral part of the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

TERNA GROUP
31st December 2018

(All amounts are expressed in thousand Euro, unless stated otherwise)

		GROUP		COMPANY	
	Note	**1.1 – 31.12**	**1.1 – 31.12**	**1.1 – 31.12**	**1.1 – 31.12**
Results for the year		**2018**	**2017***	**2018**	**2017***
Continued operations					
Turnover	29	958,945	894,561	879,269	791,019
Cost of sales	30	(916,827)	(794,718)	(836,347)	(680,033)
Gross profit		**42,118**	**99,843**	**42,922**	**110,986**
Administrative and distribution expenses	30	(31,637)	(24,227)	(23,679)	(17,400)
R&D expenses	30	(531)	(361)	(191)	(94)
Other income/(expenses)	33	5,021	(13,020)	(45)	(5,675)
Net financial income / (expenses)	34	(4,624)	(3,173)	(1,809)	(3,165)
Profit / (loss) from sale and valuation of participations and other securities	11,18	(396)	0	(9,803)	0
Income from participations and other securities	35	0	0	9,500	0
Share in the results of joint ventures consolidated with the equity method	12	(2,178)	(348)	0	0
EARNINGS BEFORE TAXES		**7,773**	**58,714**	**16,895**	**84,652**
Income tax	28	(19,118)	(31,510)	(18,193)	(32,108)
Net Earnings/(losses) after taxes from continued operations / activities		**(11,345)**	**27,204**	**(1,298)**	**52,544**
Other Comprehensive Results					
a) Other Comprehensive Results which are transferred to Income Statement of subsequent periods					
Earnings/Losses from the valuation of financial assets at fair	18,37	(704)	1,288	(704)	1,288
Translation differences from incorporation of foreign entities		(1,126)	485	(805)	(448)
Various other comprehensive income	18,37	0	0	0	0
Income tax corresponding to the other comprehensive income for the period	28	304	(442)	296	(443)
		(1,526)	**1,331**	**(1,213)**	**397**
b) Other Comprehensive Results which are not transferred to Income Statement of subsequent periods					
Actuarial gains/(losses) on defined benefit pension plan	22	(239)	235	(205)	238
Proportion in Other comprehensive income of joint ventures NON re-classified in the net results	12	(4)	0	0	0
Net Other Comprehensive Income		**(1,769)**	**1,566**	**(1,418)**	**635**

	Note				
TOTAL COMPREHENSIVE INCOME		**(13,114)**	**28,770**	**(2,716)**	**53,179**
Net earnings/(losses) attributed to:					
Owners of the parent from continued operations,	21	(8,559)	28,849		
Non-controlling interests from continued operations		(2,787)	(1,645)		
		11,345	**27,204**		
Total comprehensive income attributed to:					
Owners of the parent from continued operations		(10,321)	30,418		
Non-controlling interests from continued operations		(2,794)	(1,648)		
		(13,115)	**28,770**		
Earnings/(losses) per share (in Euro):					
From continued operations attributed to owners of the parent	21	(16,3934)	55,2557		
Weighted average number of shares:					
Basic	21	522,100	522,100		

* The Group and the Company did not proceed into any adjustment of the comparative amounts of fiscal year 2017 during the adoption and application of IFRS 9 and IFRS 15. Instead they recognized their aggregate impact on the accounting item: “Balance of earnings carried forward” (or “Retained earnings”) on 01/01/2018 (note 2.6.3). For comparability purposes certain reclassifications of items occurred as presented in note 2.6.3.

The accompanying notes constitute an integral part of the financial statements.

STATEMENT OF CASH FLOWS

TERNA GROUP

31st December 2018

(All amounts are expressed in thousand Euro, unless stated otherwise)

		GROUP		COMPANY	
	Note	**1.1 – 31.12 2018**	**1.1 – 31.12 2017**	**1.1 – 31.12 2018**	**1.1 – 31.12 2017**
Cash flows from operating activities					
Profit before tax from continued operations		7,773	58,714	16,895	84,652
Adjustments for the agreement of the net flows from the operating activities					
Depreciation of fixed assets	8,9,10	12,253	18,995	7,236	7,967
Amortization of fixed assets' grants	24,33	(125)	(104)	0	0
Impairments /Reversal of impairments		(1,889)	12,676	6,979	6,874
Eliminations of liabilities	33	(2,194)	(31)	(1)	(31)
Provisions		12,859	2,718	13,010	2,204
Interest and related income	34	(5,339)	(8,184)	(5,775)	(6,540)
Interest and other financial expenses	34	9,965	11,524	7,585	9,753
Results from associates and joint ventures	12	2,178	348	0	0
Results from participations and securities	33	396	(3)	(9,425)	(3)
Results from fixed assets and investment property		695	(1,151)	186	(678)
Foreign exchange differences		107	5,159	393	626
Operating profit before changes in working capital		**36,679**	**100,661**	**37,083**	**104,824**
(Increase)/Decrease in:					
Inventories		(2,897)	281	(2,433)	815
Investment Property		(5,674)	0	(5,674)	0
Trade receivables		(43,680)	(13,478)	(16,242)	76,167
Prepayments and other short term receivables		84,374	13,978	83,308	2,369
Increase/(Decrease) in:					
Suppliers		35,168	12,463	24,330	9,084
Accruals and other short term liabilities		(194,094)	(102,146)	(215,970)	(87,441)
Collection / (rebate) of grants	24	0	0	0	0
Other long-term receivables and liabilities		(11,583)	(65,502)	(19,613)	(64,162)
Receipts / (payments) from income tax		12,281	(60,120)	12,257	(56,266)
Net cash flows from operating activities		**(89,426)**	**(113,862)**	**(102,954)**	**(14,611)**
Cash flows from investing activities					
Payments for fixed assets		(12,789)	(14,057)	(427)	(3,482)
Sales of fixed assets		1,679	1,218	1,675	613
Interest and related income received		7,764	1,603	7,011	1,465
Purchases of participations and securities	12	(2,716)	(931)	(2,716)	(931)
Sales of participations and securities		900	803	900	803
Receipt of dividends		0	0	9,500	0
Granting of cash facilities and other inter-company loans to third parties		(85,698)	(42,500)	(91,118)	(51,330)
Collections from repayment of cash facilities and other inter-company loans to third parties		71,302	7,731	38,810	(5)
Initial cash balance of companies acquired or which recorded change in their consolidation percentage rate		0	0	0	0
Net cash flows from investing activities		**(19,558)**	**(46,133)**	**(36,365)**	**(52,867)**
Cash flows from financing activities					
Share capital increase (return)		0	(15,005)	0	(15,005)

Payments for changes of participations in subsidiaries without loss of control	11	0	0	(3,537)	(918)
Net change of short-term loans	20	3,588	41,249	(11,503)	35,094
Cash collections from issued / received long-term loans	20	172,417	5,826	172,307	5,000
Payments of long-term loans	20	(122,065)	(399)	(121,807)	(301)
Payments of loans from financial leases	20	(4,853)	(4,456)	(4,597)	(4,208)
Dividends paid		(500)	0	0	0
Interests and other financial expenses payable		(8,583)	(10,636)	(6,323)	(9,018)
Net cash flows for financing activities		**40,004**	**16,579**	**24,540**	**10,644**
Effect of foreign exchange differences in cash		1,065	(2,767)	787	(2,100)
Net increase /(decrease) of cash and cash equivalents		**(67,914)**	**(146,183)**	**(113,492)**	**(58,934)**
Cash and cash equivalents at the beginning of the year		295,404	441,587	264,033	322,967
Cash and cash equivalents at the end of the year		**227,490**	**295,404**	**150,541**	**264,033**

The accompanying notes constitute an integral part of the financial statements.

(Amounts in thousands Euro, unless stated otherwise)

STATEMENT OF CHANGES IN EQUITY

COMPANY

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
1 January 2018	**52,210**	**54,252**	**53,699**	**34,756**	**194,917**
Change in accounting policy (note 2.6.3)	0	0	0	(4,712)	**(4,712)**
Revised balances 1/1/2018	**52,210**	**54,252**	**53,699**	**30,044**	**190,205**
Total comprehensive income for the period	0	0	(1,418)	(1,298)	**(2,716)**
Share capital increase	0	0	0	0	**0**
Share capital return	0	0	0	0	**0**
Formation/(Distribution) of reserves/transfers	0	0	0	(48)	**(48)**
31 December 2018	**52,210**	**54,252**	**52,281**	**28,698**	**187,441**

	Share Capital	Share Premium	Reserves	Retained Earnings	Total
1 January 2017	**52,210**	**69,376**	**53,063**	**(17,788)**	**156,861**
Total comprehensive income for the period	0	0	636	52,544	**53,180**
Share capital increase	15,005	(15,124)	0	0	**(119)**
Share capital return	(15,005)	0	0	0	**(15,005)**
Formation/(Distribution) of reserves/transfers	0	0	0	0	**0**
31 December 2017	**52,210**	**54,252**	**53,699**	**34,756**	**194,917**

(Amounts in thousands Euro, unless stated otherwise)

STATEMENT OF CHANGES IN EQUITY
TERNA GROUP
31st December 2018
(All amounts are expressed in thousand Euro, unless stated otherwise)

	Share Capital	Share Premium	Reserves	Retained Earnings	Sub-total	Non-controlling interests	Total
1 January 2018	**52,210**	**54,252**	**55,549**	**(25,555)**	**136,456**	**15,319**	**151,775**
Change in accounting policy (note 2.6.3)	0	0	0	(3,246)	**(3,246)**	0	**(3,246)**
Revised balances 1/1/2018	**52,210**	**54,252**	**55,549**	**(28,801)**	**133,210**	**15,319**	**148,529**
Total comprehensive income for the period	0	0	(1,762)	(8,559)	**(10,321)**	(2,794)	**(13,115)**
Share capital increase	0	0	0	0	**0**	0	**0**
Share capital return	0	0	0	0	**0**	0	**0**
Formation/(Distribution) of reserves/transfers	0	0	126	(174)	**(48)**	(500)	**(548)**
31 December 2018	**52,210**	**54,252**	**53,913**	**(37,534)**	**122,841**	**12,025**	**134,866**

	Share Capital	Share Premium	Reserves	Retained Earnings	Sub-total	Non-controlling interests	Total
1 January	**52,210**	**69,376**	**53,875**	**(54,299)**	**121,162**	**17,599**	**138,761**
Total comprehensive income for the period	0	0	1,569	28,849	**30,418**	(1,648)	**28,770**
Share capital increase	15,005	(15,124)	0	0	**(119)**	0	**(119)**
Share capital return	(15,005)	0	0	0	**(15,005)**	0	**(15,005)**
Formation/(Distribution) of reserves/transfers	0	0	105	(105)	**0**	(632)	**(632)**
31 December 2017	**52,210**	**54,252**	**55,549**	**(25,555)**	**136,456**	**15,319**	**151,775**

The accompanying notes constitute an integral part of the financial statements.

NOTES ON THE FINANCIAL STATEMENTS

1. ESTABLISHMENT AND ACTIVITY OF THE COMPANY AND THE GROUP

"TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY" (the "Company" or "TERNA"), as renamed from LITHOS SOCIETE ANONYME COMPANY by virtue of the decision dated 6.11.2008 by the Extraordinary General Shareholders Meeting, which was published in the Government Gazette Issue 14207/30.12.2008 (SA & LTD Issue), is registered in General Commerce Register of the Ministry of Development under Reg. No. 8554301000 and in the Société Anonyme Registrar of the Athens Prefecture, under Reg. No.56330/01/B/04/506(08). The company's duration has been set to ninety (90) years.
On 23.12.2008, the merger through absorption of part of the construction activities of the company TERNA SOCIETE ANONYME TOURISM TECHNICAL SHIPPING COMPANY, was approved by virtue of the decision by the Ministry of Development under Reg. No. K2-15458/23.12.2008 together with the increase of the share capital by 28,388,000.00 euro and therefore the share capital amounted to euro 28,910,000.00 divided into 289,100 common registered shares, with a nominal value of 100.00 euro each.
On 28.06.2013 the merger through acquisition of the company HERON HOLDINGS S.A. was approved, as well as the increase of the share capital by 11,100,000 euro, which now amounted to a total of euro 40,010,000.00 divided into 400,100 common registered shares with a nominal value of 100.00 euro each.
The Extraordinary General Meeting of the Company's shareholders on 23.12.2015 approved the increase of the share capital by an amount of twelve million two hundred thousand (12,200,000) Euros via the issuance of one hundred twenty two thousand (122,000) new common registered shares, with nominal value of one hundred (100) Euros per share and with offering price of three hundred seventy five (375) Euros per share or equivalent with capital proceeds of forty five million seven hundred fifty thousand Euros (45,750,000 €). The difference between the nominal value and the offering price of the shares was credited in the "Share premium" account.

With the decision of the Ordinary General Meeting of Shareholders on 27 June 2017, it was approved the reduction of the share capital by an amount of fifteen million five thousand and one hundred fifty four Euros (15,005,154) through the reduction of the nominal value per share from one hundred (100) Euro to seventy one Euro and twenty six cents (71.26) and the return of the amount of reduction, namely twenty eight Euros and seventy four cents (28.74) per share, to the Shareholders with a simultaneous share capital increase of the Company by the amount of fifteen million five thousand and one hundred fifty four Euros (15,005,154) via the capitalization of part of the share premium related special reserve and with the increase of the nominal value per share from seventy one Euro and twenty six cents (71.26) to one hundred (100) Euro. Following the above, the Company's share capital amounted to fifty two million two hundred and ten thousand Euros (52,210,000) divided into five hundred twenty two thousand and one hundred (522,100) common registered shares with a nominal value of one hundred (100) Euros per share

The basic sector in which the Company and Group are active is constructions. TERNA S.A. holds a 7th grade construction certificate and its main activity is to undertake and carry out public and private construction projects of any kind. According to the legislation in effect, companies that hold a 7th grade construction certificate may undertake public projects of over 35 million Euros. There is no upper limit to the budget of the projects that the Group may independently undertake. The Group's construction activities now extend beyond Greece, in the Balkans and the Middle East.

Moreover, TERNA owns and manages a quarry and trades and supplies its construction segment with inert materials.

The Group is engaged in the production of quarry products and in the extraction and processing of magnesite, namely in the production of magnesite based products, through the licenses and mining concessions it holds via the subsidiary company TERNA MAG SA (or TERNA LEFKOLITHI SA).

The Management estimating that the demand for caustic magnesia will be high in the coming years, has already implemented the largest part of a considerable investment program of total estimated amount of 100 mil euro in its self-owned facilities at Mantoudi Evia for the extraction and processing of magnesite, the production of caustic magnesia (CCM), DBM and MDH through its subsidiary TERNA MAG SA.

Furthermore, the Group, via HERON II VIOTIA, continues its activities in the production of electric energy from thermal sources.

The consolidated financial statements of TERNA are included in the consolidated financial statements of its parent GEK TERNA SA, which during the balance sheet date, owned 100% of its share capital.

2. BASIS FOR THE PREPARATION OF THE FINANCIAL STATEMENTS

2.1 Basis for the Presentation of the Financial Statements

The Company's consolidated and separate Financial Statements as of 31.12.2018 covering the financial year starting on January 1st until December 31st 2018, have been prepared according to the International Financial Reporting Standards (IFRS), which were published by the International Accounting Standards Board (IASB) and according to their interpretations, which have been published by the International Financial Reporting Interpretations Committee (IFRIC) and have been adopted by the European Union until 31.12.2018.
The Group applies all the International Accounting Standards, International Financial Reporting Standards and their Interpretations, which apply to the Group's activities. The relevant accounting policies, a summary of which is presented below in Note 4, have been applied consistently in all periods presented.

Going concern
The Group's management estimates that the Company and its subsidiaries hold sufficient resources, which ensure their operation as "Going Concern" in the foreseeable future.

2.2 Basis of measurement
The accompanying separate and consolidated financial statements as of December 31st 2018 have been prepared according to the principle of historical cost, apart the from investment property and investments in equity securities which are measured at fair value.

2.3 Presentation currency
The presentation currency is Euro (the currency of the Group's parent domicile) and all the amounts are presented in thousand Euro unless otherwise mentioned.

2.4 Comparability

Comparative figures recorded in the Group's and the Company's Financial Position as of 31.12.2017 have been restated in order to present certain reclassifications of items, in the context of the application of IFRS 15.
These reclassifications were performed for presentation purposes and had no impact on equity, non-controlling interests, turnover, profits after tax and cash flows of the Group and the Company (see Note 2.6.3).

2.5 Use of estimates

The preparation of the financial statements according to IFRS requires the use of estimates and judgments on the application of the Company's accounting policies. Opinions, assumptions and Management estimates affect the valuation of several asset and liability items, the amounts recognized during the financial year regarding specific income and expenses as well as the presented estimates on contingent liabilities.

The assumptions and estimates are assessed on a continuous basis according to historic experience and other factors, including expectations on future event outcomes that are considered as reasonable given the current conditions. The estimates and assumptions relate to the future and, consequently, the actual results may deviate from the accounting calculations.

The aspects requiring the highest degree of judgment as well as the aspects mostly affecting the consolidated Financial Statements are presented in Note 3 to the Financial Statements.

2.6 New Standards, Interpretations and Amendments to Standards

The accounting principles applied for the preparation of the financial statements are the same as those applied for the preparation of the annual financial statements of the Group and the Company for FY ended as at 31 December 2017, apart from the adoption of several new accounting standards, whose application was mandatory in the European Union for FYs beginning as at January 1st, 2018 (see Noted 2.6.3).

2.6.1. New Standards, Interpretations, Revisions and Amendments to existing Standards that are effective and have been adopted by the European Union

The following new Standards, Interpretations and amendments of IFRSs have been issued by the International Accounting Standards Board (IASB), are adopted by the European Union, and their application is mandatory from or after 01.01.2018.

- **IFRS 9 "Financial Instruments" (effective for annual periods starting on or after 01.01.2018)**

In July 2014, the IASB issued the final version of IFRS 9. The package of improvements introduced by the final version of the Standard, includes a logical model for classification and measurement, a single, forward-looking "expected loss" impairment model and a substantially-reformed approach to hedge accounting. The Group has examined the effect of the new Standard on the consolidated Financial Statements. Analytical reference is presented in Note 2.6.3.

- **IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods starting on or after 01.01.2018)**

In May 2014, the IASB issued a new Standard, IFRS 15. The Standard fully converges with the requirements for the recognition of revenue in both IFRS and US GAAP. The key principles on which the Standard is based are consistent with much of current practice. The new Standard is expected to improve financial reporting by providing a more robust framework for addressing issues as they arise, increasing comparability across industries and capital markets, providing enhanced disclosures and clarifying accounting for contract costs. The new Standard will supersede IAS 11 "Construction Contracts", IAS 18 "Revenue" and several revenue related Interpretations. The Group has examined the effect of the new Standard on the consolidated Financial Statements. Analytical reference is presented in Note 2.6.3.

- **Clarification to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods starting on or after 01.01.2018)**

In April 2016, the IASB published clarifications to IFRS 15. The amendments to IFRS 15 do not change the underlying principles of the Standard, but clarify how those principles should be applied. The amendments clarify how to identify a performance obligation in a contract, how to determine whether a company is a principal or an agent and how to determine whether the revenue from granting a license should be recognized at a point in time or over time. The Group has examined the effect of the new Standard on the consolidated Financial Statements. Analytical reference is presented in Note 2.6.3.

- **Amendment to IFRS 2: "Classification and Measurement of Share-based Payment Transactions" (effective for annual periods starting on or after 01.01.2018)**

In June 2016, the IASB published narrow scope amendment to IFRS 2. The objective of this amendment is to clarify how to account for certain types of share-based payment transactions. More specifically, the amendments provide requirements on the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, for share-based payment transactions with a net settlement feature for withholding tax obligation, as well as, a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled. The amendments do not affect the consolidated Financial Statements.

- **Amendments to IFRS 4: "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" (effective for annual periods starting on or after 01.01.2018)**

In September 2016, the IASB published amendments to IFRS 4. The objective of the amendments is to address the temporary accounting consequences of the different effective dates of IFRS 9 Financial Instruments and the forthcoming insurance contracts Standard. The amendments to existing requirements of IFRS 4 permit entities whose predominant activities are connected with insurance to defer the application of IFRS 9 until 2021 (the "temporary exemption") and also permit all issuers of insurance contracts to recognize in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued (the "overlay approach"). The amendments do not affect the consolidated Financial Statements.

- **Annual Improvements to IFRSs – 2014-2016 Cycle (effective for annual periods starting on or after 01.01.2018)**

In December 2016, the IASB issued Annual Improvements to IFRSs – 2014-2016 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2014-2016 cycle. The issues included in this cycle and are effective for annual periods starting on or after 01.01.2018 are the following: **IFRS 1:** Deletion of short-term exemptions for first-time adopters, **IAS 28:** Measuring an associate or joint venture at fair value. The amendments do not affect the consolidated Financial Statements.

- **Amendments to IAS 40: "Transfers of Investment Property" (effective for annual periods starting on or after 01.01.2018)**

In December 2016, the IASB published narrow-scope amendments to IAS 40. The objective of the amendments is to reinforce the principle for transfers into, or out of, investment property in IAS 40, to specify that (a) a transfer into, or out of investment property should be made only when there has been a change in use of the property, and (b) such a change in use would involve the assessment of whether the property qualifies as an investment property. That change in use should be supported by evidence. The amendments do not affect the consolidated Financial Statements.

- **IFRIC 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods starting on or after 01.01.2018)**

In December 2016, the IASB issued a new Interpretation, IFRIC 22. IFRIC 22 provides requirements about which exchange rate to use in reporting foreign currency transactions (such as revenue transactions) when payment is made or received in advance. The amendments do not affect the Consolidated Financial Statements.

2.6.2 New Standards, Interpretations, Revisions and Amendments to existing Standards that have not been applied yet or have not been adopted by the European Union

The following new Standards, Interpretations and amendments of IFRSs have been issued, but their application has not started yet or they have not been adopted by the European Union.

- **IFRS 16 "Leases" (effective for annual periods starting on or after 01.01.2019)**

In January 2016, the IASB issued a new Standard, IFRS 16. The objective of the project was to develop a new Leases Standard that sets out the principles that both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'), apply to provide relevant information about leases in a manner that faithfully represents those transactions. To meet this objective, a lessee is required to recognize assets and liabilities arising from a lease contract.

IFRS 16 replaces the effective accounting treatment of leases under IAS 17 "Leases", IFRIC 4 "Determination of lease agreements", SIC 15 "Operating leases - Incentives" and SIC 27 "Evaluating the Substance of Transactions Involving the Legal Form of a Lease". The new Standard requires lessees to recognize more leases in their financial statements, since it introduces a new uniform model for the presentation of all leases in the financial statements of financial entities.

The Standard provides exemptions for short-term leases of fixed assets and leases of low-value fixed assets. The accounting treatment of leases for lessors remains the same as that applied under the effective model, that is to say, the lessors will continue to classify their leases into operating and finance leases. IFRS 16 is effective for annual periods beginning on or after 1 January 2019. The Standard has been adopted by the European Union with effective date on 1 January 2019, with earlier adoption is permitted.

The Group intends to adopt IFRS 16 for the first time on 1 January 2019, applying the modified retrospective approach. Based on this approach, the Group will recognize a liability measured at its present value, as arising from discounting the remaining leases through the incremental borrowing cost effective on the date of the Standard's initial application. Furthermore, it will recognize a right to use an asset by measuring that right at an amount equal to the corresponding liability that will be recognized, adjusted for any lease payments immediately effective prior to the date of first application. Comparative information will not be reworded, and no effect is expected to arise following the application of the new Standard on Equity under the first time adoption.

Moreover, the Group has decided to adopt the exemption provided in the Standard with respect to determination of leases, and, in particular, the applicable practices under IFRS 16, according to which the Entity does not need to reassess whether a contract is or contains a lease at the first transition date.

This practically means that IFRS 16 will be applied to contracts that have already been recognized as leases under the application of IAS 17 "Leases" and IFRIC 4 "Determining whether an Arrangement contains a Lease".

Finally, the Group will also make use of exemptions to the Standard in respect of short-term leases and low value fixed assets leases. With respect to the discount rate, the Group has decided to apply a single discount rate to every category of leases with similar characteristics and depending on the residual duration of every lease.

The Management is in the process of assessing the full impact of the Standard. Adoption of IFRS 16 is expected to have the following significant results for the Group:

(i) As at the reporting date, the Group holds operating leases in respect of land, buildings, equipment and machinery and vehicles. The Standard will mainly affect the accounting treatment of the Group's operating leases. In particular, when adopting IFRS 16, liabilities arising from operating leases - which, in accordance with IAS 17, should be disclosed in the Notes to the financial statements - will be presented as assets (rights to use) and liabilities from leases in the statement of financial position. The increase in the lease obligations will lead to a corresponding increase in the Group's net borrowings. Estimates indicate that the rights to use to be recognized on 01.01.2019 is expected to amount to approximately 29.5 million, with a corresponding increase to be recorded in lease liabilities.

(ii) The nature of the expenses associated with these leases is also to be changed, since following the application of IFRS 16, operating cost of lease is depreciated at amortized cost for the rights-related assets and interest expense on the arising liabilities. This will lead to an improvement in "Operating Profit before Financial and Investment Activities, Depreciation and Amortization". The decrease in expenses from expenses from fir FY 2019 is expected to stand approximately at 5.0 million.

(iii) No effect is expected to arise in the statement of changes in equity under the first implementation since the Group will recognize an equal liability.

(iv) In the statement of cash flows, the component relating to repayment of lease payments will reduce the cash flows from financing activities and will no longer be included in net cash flows from operating activities. Only interest payments will continue to be included in net cash flows from operating activities.

(v) The conclusion reached by the Group is that no significant effect regarding the effective finance leases will be recognized in the Statement of Financial Position.

IFRS 16 has not made any significant changes to the accounting for lessors, and therefore the Group does not expect any changes for leases where they are acting as a lessor.

- **Amendments to IFRS 9: “Prepayment Features with Negative Performance Compensation” (effective for annual periods starting on or after 01.01.2019)**

In October 2017, the IASB published narrow-scope amendments to IFRS 9. Under the existing requirements of IFRS 9, an entity would have measured a financial asset with negative performance at fair value through profit or loss as the “negative performance” feature would have been viewed as introducing potential cash flows that were not solely payments of principal and interest.

Under the amendments, companies are allowed to measure particular prepayable financial assets with negative performance at amortized cost or at fair value through other comprehensive income if a specified condition is met. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have been adopted by the European Union with effective date of 01.01.2019.

- **IFRIC 23 “Uncertainty over Income Tax Treatments” (effective for annual periods starting on or after 01.01.2019)**

In June 2017, the IASB issued a new Interpretation, IFRIC 23. IAS 12 “Income Taxes” specifies how to account for current and deferred tax, but not how to reflect the effects of uncertainty. IFRIC 23 provides additional requirements to the requirements in IAS 12 by specifying how to reflect the effects of uncertainty in accounting for income taxes. The Group will examine the impact of the above on its Financial Statements. The above have been adopted by the European Union with effective date of 01.01.2019.

- **Amendments to IAS 28: “Long-term Interests in Associates and Joint Ventures” (effective for annual periods starting on or after 01.01.2019)**

In October 2017, the IASB published narrow-scope amendments to IAS 28. The objective of the amendments is to clarify that companies account for long-term interests in an associate or joint venture –

to which the equity method is not applied – using IFRS 9. The Group will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union..

- **Annual Improvements to IFRSs – 2015-2017 Cycle (effective for annual periods starting on or after 01.01.2019)**

In December 2017, the IASB issued Annual Improvements to IFRSs – 2015-2017 Cycle, a collection of amendments to IFRSs, in response to several issues addressed during the 2015-2017 cycle. The issues included in this cycle are the following: **IFRS 3 - IFRS 11:** Previously held interest in a joint operation, **IAS 12:** Income tax consequences of payments on financial instruments classified as equity, **IAS 23:** Borrowing costs eligible for capitalization. The amendments are effective for annual periods beginning on or after 1 January 2019. The Group will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

- **Amendments to IAS 19: "Plan Amendment, Curtailment or Settlement" (effective for annual periods starting on or after 01.01.2019)**

In February 2018, the IASB published narrow-scope amendments to IAS 19, under which an entity is required to use updated assumptions to determine current service cost and net interest for the remainder of the reporting period after an amendment, curtailment or settlement to a plan. The objective of the amendments is to enhance the understanding of the financial statements and provide useful information to the users.

The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Revision of the Conceptual Framework for Financial Reporting (effective for annual periods starting on or after 01.01.2020)**

In March 2018, the IASB issued the revised Conceptual Framework for Financial Reporting (Conceptual Framework), the objective of which was to incorporate some important issues that were not covered, as well as update and clarify some guidance that was unclear or out of date. The revised Conceptual Framework includes a new chapter on measurement, which analyzes the concept on measurement, including factors to be considered when selecting a measurement basis, concepts on presentation and disclosure, and guidance on derecognition of assets and liabilities from financial statements. In addition, the revised Conceptual Framework includes improved definitions of an asset and a liability, guidance supporting these definitions, update of recognition criteria for assets and liabilities, as well as clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting. The Group will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

- **Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods starting on or after 01.01.2020)**

In March 2018, the IASB issued Amendments to References to the Conceptual Framework, following its revision. Some Standards include explicit references to previous versions of the Conceptual Framework. The objective of these amendments is to update those references so that they refer to the revised Conceptual Framework and to support transition to the revised Conceptual Framework. The Group will examine the impact of the above on its Financial Statements. The above have not been adopted by the European Union.

- **Amendments to IFRS 3: "Definition of a Business" (effective for annual periods starting on or after 01.01.2020)**

In October 2018, the IASB issued narrow-scope amendments to IFRS 3 to improve the definition of a business. The amendments will help companies determine whether an acquisition made is of a business or a group of assets.
The amended definition emphasizes that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **Amendments to IAS 1 and IAS 8: "Definition of Material" (effective for annual periods starting on or after 01.01.2020)**

In October 2018, the IASB issued amendments to its definition of material to make it easier for companies to make materiality judgments. The definition of material helps companies decide whether information should be included in their financial statements. The updated definition amends IAS 1 and IAS 8. The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS Standards. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

- **IFRS 17 "Insurance Contracts" (effective for annual periods starting on or after 01.01.2021)**

In May 2017, the IASB issued a new Standard, IFRS 17, which replaces an interim Standard, IFRS 4. The aim of the project was to provide a single principle-based standard to account for all types of insurance contracts, including reinsurance contracts that an insurer holds.
A single principle-based standard would enhance comparability of financial reporting among entities, jurisdictions and capital markets. IFRS 17 sets out the requirements that an entity should apply in reporting information about insurance contracts it issues and reinsurance contracts it holds. The Group will examine the impact of the above on its Financial Statements, though it is not expected to have any. The above have not been adopted by the European Union.

2.6.3 Effect on the Financial Statements as of 31.12.2018 from the application of IFRS 9 and IFRS 15

As a result of changes in accounting policies, described above, the published Statement of Financial Position of the Group and the Company as at 31.12.2017 as it was previously published should be reworded for comparability purposes. More specifically, the comparative figures of the Group and Company Financial Position of 31.12.2017 have been restated by the effect of IFRS 15 in order to present certain reclassifications. These reclassifications were made for presentation purposes and had no impact on equity, non-controlling interests, turnover, earnings after taxes and cash flows of the Group and the Company.

Furthermore, with respect to IFRS 9, the Group and the Company have applied the new Standard from 01.01.2018 retrospectively, without reviewing comparative information from previous years. Therefore, the adjustments arising from the new classification of financial assets and the new impairment regulations are not recorded do in the Statement of Financial Position as of 31.12.2017 but were recognized in the Statement of Financial Position as of 01.01.2018.

The effect of changes due to the application of IFRS 9 on the Group and the Company is recorded as follows:

(Amounts in thousands Euro, unless stated otherwise)

	Retained Earnings	
	Group	**Company**
Balance at 31.12.2017 IAS 39	**(25,555)**	**34,756**
Impact of impairment of long-term loans (General approach)	(3,099)	(3,099)
Impact of Impairment of Construction Contracts (Simplified Approach))	65	163
Impact of impairment of trade receivables (simplified approach	(212)	(1,776)
Adjustments in the retained earnings following the adoption of IFRS 9 on 1st January 2018	**(3,246)**	**(4,712)**
Restated balance 1/1/ 2018 -ΔΠΧΑ 9	**28,801**	**30,044**

The Group and the Company did not proceed into any restatement of the comparative amounts of 2017 during the adoption of IFRS 9 and IFRS 15, and recognized their entire effect in the item of "retained earnings". For comparability purposes, reclassifications were made in the comparative amounts of the Statement of Financial Position of 31.12.2017. The following table summarizes the reclassifications and adjustments made for each item of the Statement of Financial Position as of 31.12.2017 and 01.01.2018.

Group

	PUBLICATION 31/12/2017	**RECLASSIFICATIONS IFRS 15**	**RESTATED 31.12.17**	**RECLASSIFICATIONS IFRS 9**	**ADJUSTMENTS IFRS 9**	**RESTATED 01.01.2018**
ASSETS						
Non-current assets						
Goodwill	3,183		3,183			3,183
Intangible fixed assets	35,721		35,721			35,721
Tangible fixed assets	105,835		105,835			105,835
Investment property	3,001		3,001			3,001
Participations in joint ventures	20,657		20,657			20,657
Investments in equities	14,925		14,925			14,925
Other long-term assets	150,530		150,530			150,530
Deferred Tax Assets	39,857		39,857			39,857
Total non-current assets	**373,709**	**0**	**373,709**	**0**	**0**	**373,709**
Current assets						
Inventories	23,023		23,023			23,023
Trade receivables	197,434		197,434		(211)	197,223
Trade receivables from contracts with customers	0	149,213	149,213		65	149,278

(Amounts in thousands Euro, unless stated otherwise)

Receivables from construction contracts	149,213	(149,213)	0			0
Advances and other receivables	154,135		154,135		(3,099)	151,036
Income tax receivables	44,961		44,961			44,961
Cash and cash equivalents	295,404		295,404			295,404
Total current assets	**864,170**	**0**	**864,170**	**0**	**(3,245)**	**860,925**
TOTAL ASSETS	**1,237,879**	**0**	**1,237,879**	**0**	**(3,245)**	**1,234,634**
EQUITY AND LIABILITIES						
Share capital	52,210		52,210			52,210
Share premium account	54,252		54,252			54,252
Reserves	55,550		55,550			55,550
Profit / (loss) carried forward	(25,555)		(25,555)		(3,245)	(28,800)
	136,457	**0**	**136,457**	**0**	**(3,245)**	**133,212**
Non-controlling interests	15,319		15,319			15,319
Total equity	**151,776**	**0**	**151,776**	**0**	**(3,245)**	**148,531**
Non-current liabilities						
Long-term loans	21,189		21,189			21,189
Loans from finance leases	11,674		11,674			11,674
Provisions for staff leaving indemnities	6,350		6,350			6,350
Other provisions	9,990		9,990			9,990
Grants	14,451		14,451			14,451
Other long-term liabilities	276,501		276,501			276,501
Deferred tax liabilities	45		45			45
Total non-current liabilities	**340,200**	**0**	**340,200**	**0**	**0**	**340,200**
Current liabilities						
Suppliers	200,622		200,622			200,622
Short term loans	87,808		87,808			87,808
Long term liabilities payable during the next financial year	112,948		112,948			112,948
Liabilities from contracts with customers	0	301,049	301,049			301,049
Liabilities from construction	170,178	(170,178)	0			0

(Amounts in thousands Euro, unless stated otherwise)

contracts						
Accrued and other short term liabilities	173,907	(130,871)	43,036			43,036
Income tax payable	440		440			440
Total current liabilities	**745,903**	**0**	**745,903**	**0**	**0**	**745,903**
Liabilities directly related to the non-current assets held for sale	0		0			0
Total Liabilities	**1,086,103**	**0**	**1,086,103**	**0**	**0**	**1,086,103**
TOTAL EQUITY AND LIABILITIES	**1,237,879**	**0**	**1,237,879**	**0**	**(3,245)**	**1,234,634**

Company

	PUBLICATION 31/12/2017	RECLASSIFICATIONS IFRS 15	RESTATED 31.12.17	RECLASSIFICATIONS IFRS 9	ADJUSTMENTS IFRS 9	RESTATED 01.01.2018
ASSETS						
Non-current assets						
Goodwill	0		0			0
Intangible fixed assets	901		901			901
Tangible fixed assets	68,892		68,892			68,892
Investment property	2,377		2,377			2,377
Participations in subsidiaries	110,248		110,248			110,248
Participations in joint ventures	21,006		21,006			21,006
Investments in equities	7,828		7,828			7,828
Other long-term assets	114,461		114,461			114,461
Deferred Tax Assets	30,012		30,012			30,012
Total non-current assets	**355,725**	**0**	**355,725**	**0**	**0**	**355,725**
Current assets						
Inventories	6,170		6,170			6,170
Trade receivables	204,078		204,078		(1,776)	202,302
Trade receivables from contracts with customers	0	132,535	132,535		163	132,698
Receivables from construction	132,535	(132,535)	0			0

(Amounts in thousands Euro, unless stated otherwise)

contracts						
Advances and other receivables	168,700		168,700		(3,099)	165,601
Income tax receivables	41,483		41,483			41,483
Investments available for sale	0		0			0
Cash and cash equivalents	264,033		264,033			264,033
Total current assets	**816,999**	**0**	**816,999**	**0**	**(4,712)**	**812,287**
Non-current assets held for sale	0		0			0
TOTAL ASSETS	**1,172,724**	**0**	**1,172,724**	**0**	**(4,712)**	**1,168,012**
EQUITY AND LIABILITIES						
Share capital	52,210		52,210			52,210
Share premium account	54,252		54,252			54,252
Reserves	53,699		53,699			53,699
Profit / (loss) carried forward	34,756		34,756		(4,712)	30,044
Total equity	**194,917**	**0**	**194,917**	**0**	**(4,712)**	**190,205**
Non-current liabilities						
Long-term loans	20,000		20,000			20,000
Loans from finance leases	11,262		11,262			11,262
Provisions for staff leaving indemnities	3,724		3,724			3,724
Other provisions	8,790		8,790			8,790
Other long-term liabilities	280,853		280,853			280,853
Deferred tax liabilities	45		45			45
Total non-current liabilities	**324,674**	**0**	**324,674**	**0**	**0**	**324,674**
Current liabilities						
Suppliers	181,458		181,458			181,458
Short term loans	60,705		60,705			60,705
Long term liabilities payable during the next financial year	112,461		112,461			112,461
Liabilities from contracts with customers		261,212	261,212			261,212
Liabilities from construction contracts	142,290	(142,290)	0			0

(Amounts in thousands Euro, unless stated otherwise)

Accrued and other short term liabilities	156,087	(118,921)	37,165			37,165
Income tax payable	132		132			132
Total current liabilities	**653,133**	**0**	**653,133**	**0**	**0**	**653,133**
Total Liabilities	**977,807**	**0**	**977,807**	**0**	**0**	**977,807**
TOTAL EQUITY AND LIABILITIES	**1,172,724**	**0**	**1,172,724**	**0**	**(4,712)**	**1,168,012**

There were no changes in the Statement of Comprehensive Income and in the Statement of Cash Flows, from the above effects.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND MANAGEMENT ASSESSMENTS

The preparation of Financial Statements in accordance with the International Financial Reporting Standards (IFRS) requires the Management to make judgments, estimates and assumptions which affect assets and liabilities, contingent receivables and liabilities disclosures as well as revenue and expenses during the presented periods.

In particular, amounts included in or affecting the financial statements, as well as the related disclosures, are estimated through making assumptions about values or conditions that cannot be known with certainty at the time of preparation of the financial statements and therefore actual results may differ from what has been estimated. An accounting estimate is considered significant when it is material to the financial position and income statement of the Group and requires the most difficult, subjective or complex judgments of the Management. Estimates and judgments of the Management are based on past experience and other factors, including expectations for future events that judged to be reasonable in the circumstances. Estimates and judgments are continually reassessed on the basis of all the available data and information.

Key estimates and evaluations referring to data whose development could affect the financial statements items in the upcoming 12 months are the following:

3.1 Significant judgments of the Management

Key judgments carried out by the Management, applied while implementing the Group and the Company accounting policies which have the most significant impact on the financial statements (besides the judgments associated with estimates, outlined in Note 3.2) relate mainly to the following:

i) Recognition of Deferred Tax Assets

The extent to which deferred tax assets are recognized for unused tax losses is based on the judgment regarding the extent to which it is probable that sufficient taxable profits will be offset with these tax losses. . In order to determine the amount of a deferred tax asset for recognition, significant judgments and estimates are required from the Group's Management, based on future tax profits combined with future tax strategies to be pursued (for further information please refer to Note 28).

ii) Impairment of non-financial assets

Non-financial assets are tested for impairment whenever events or changes in the effective conditions demonstrate that their book value may not be recoverable in accordance with the accounting policy described in Note 4.8).

3.2 Uncertainty of estimates and assumptions

Specific amounts that are included or affect the Financial Statements and the related disclosures are estimated through requirement to make assumptions about values or conditions that cannot be known with certainty at the Financial Statements preparation date. An accounting estimate is considered significant when it is material to the financial position and results of the Group and requires most difficult, subjective or complex management judgments. The Group assesses such estimates on an ongoing basis, based on historical results and experience, while meetings with specialists, applying trends and other methods considered reasonable in the circumstances, as well as projections retrograding potential changes in the future.

i) Recognition of revenue from construction contracts

Managing the revenue and costs of a construction contract, depends on whether the final result from the execution of the contract work can be reliably estimated (and is expected to bring profit to the manufacturer, or the result from execution is loss-making). When the outcome of a construction contract can be reliably estimated, then the revenue and expense of the contract are recognized over the life of the contract, respectively, as revenue and expense.
The Group uses the completion stage to determine the appropriate amount of income and expense which he will recognize in a specific period. Specifically, based on the IFRS 15 input method, the manufacturing cost at each reference date, is compared to the total budgeted cost to be determined at the integration rate. The completion stage is measured on the basis of the contractual costs incurred by the reference date in relation to the total estimated cost of each project. The Group therefore makes significant estimates regarding the gross result with which the executed construction contract will be executed (total budgeted cost of the construction contract)

ii) Useful lives of depreciated assets

In order to calculate depreciation, in every reporting period, the Group examines the useful life and residual value of tangible and intangible assets in the light of technological, institutional and economic developments as well as the experience arising from their exploitation. As at 31.12.2018, the Management estimates that useful lives represent the expected usefulness of assets.

iii) Revaluation of Investment Property

In order to measure the value of its investment property, in cases, when active market prices are available, the Group determines the fair value based on the valuation reports prepared by independent valuers. If no objective data is available, in particle due to economic conditions, the Management measures such fair values based on its past experience, taking into account the available data.

iv) Fair value measurement

The Management uses valuation techniques to determine the fair value of financial instruments (when no active market prices are available) and non-financial assets. This procedure involves making estimates and assumptions about the price that market participants would pay to acquire these financial instruments.
The Management bases its assumptions on observable data, but this is not always feasible. In such cases, the Management uses the best available information for its estimates, based on its past experience and taking into account available information. Estimated fair values may differ from the actual values that would be made in the ordinary course of trade at the reporting date of the financial statements (further information in Note 37).

v) Inventory
To facilitate valuation of inventories, the Group estimates, based on statistical valuation reports and market conditions, the expected selling prices and the costs of processing and disposing them, per inventory category.

vi) Estimates when calculating value in use of Cash Generating Units (CGU)
The Group conducts a related impairment test of investments in subsidiaries and associates whenever there is evidence of impairment in accordance with the provisions of IAS 36. If it is established that there are reasons for impairment, it is necessary to calculate value in use and fair value less costs to sell regarding every CGU.
Recoverable amounts of CGUs are determined for impairment tests purposes, based on the value in use calculation, which requires making estimates. For the purpose of calculating value in use, estimated cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money as well as the risks associated with particular CGU.

vii) Provision for personnel compensation
Based on IAS 19, the Group, makes estimates of the assumptions underlying the actuarial valuation of provision for personnel compensation.
The provision amount for personnel compensation is based on an actuarial study. The actuary’s study includes specific assumptions on discount rate, employees’ remuneration increase rate, consumer price index increase and the expected remaining working life. The assumptions used incorporate significant uncertainty and the Group’s Management continuously reassesses these assumptions (for further information please refer to Note 22).

viii) Provision for income tax
The provision for income tax based on IAS 12 is calculated by estimating the taxes to be paid to tax authorities and includes the current income tax for every financial year and a provision for additional taxes that might emerge in tax audits.
The Group’s companies are subject to various income taxation legislations. To determine the total provision for income tax, as presented in the Statement of Financial Position, significant estimates are required.
For specific transactions and calculations, the final tax determination is uncertain. The Group recognizes liabilities for the forecasted tax issues based on calculations as to the extent to which additional tax will arise. In cases where the final tax amount differs from what had been initially recognized, the differences affect the provisions for income tax and deferred tax for the period when it had been determined (for further information please refer to Note 28).

ix) Contingent liabilities and receivables
The existence of contingent liabilities and receivables requires the management to make assumptions and judgments on on-going basis about the probability that future events will occur or not occur as well as the possible consequences that these events may have on the Company's and the Group's operations. Determining contingencies and requirements is a complex process that includes judgments about future events, laws, regulations, etc. Changes in crises or interpretations are likely to lead to an increase or decrease in the Company's contingent liabilities in the future. When additional information becomes available, the Group's Management reviews the facts on which it may also be led to review its estimates (see Note 39).

x) Provisions for expected credit losses from receivables from clients
The Group and the Company apply the simplified approach under the provisions of IFRS 9 for calculation of expected credit losses. Under the aforementioned approach, provision for impairment is measured at

an amount equal to the expected lifetime loss for the receivables from customers and the contractual assets. The Group and the Company have made provisions for bad debts in order to adequately cover the loss that can be reliably estimated and arises from these receivables. At every reporting period date, the provision that has been made is adjusted and potential changes are recognized in the income statement (further information is presented in Notes 13, 15 and 16).

xi) Acquisition of a company or business

Determination of fair value and useful life of acquired tangible and intangible assets in cases when use of estimates is required. Future events could cause changes to the assumptions used by the Group, which could have an impact on the Group's income statement and equity.

4. SUMMARY OF KEY ACCOUNTING PRINCIPLES

4.1 Basis for consolidation

The key accounting policies adopted under the preparation of the accompanying consolidated and separate financial statements are as follows:

The accompanying consolidated financial statements include the financial statements of TERNA and its subsidiaries as at 31.12.2018. The date of preparation of the financial statements of the subsidiaries coincides with that of the parent.

Intra-group transactions and balances have been eliminated in the accompanying consolidated financial statements. Where required, the accounting policies of subsidiaries have been amended to ensure consistency with the accounting policies adopted by the Group. Note 5 provides a complete list of consolidated subsidiaries in line with the participating interest, held by the Group.

Subsidiaries are consolidated from the date the Group acquires control over them and cease to be consolidated at the date of termination of this control.

Non-controlling interests constitute the component of equity of a subsidiary not directly or indirectly attributable to the parent. Losses relating to non-controlling interests (minority interests) of a subsidiary may exceed the rights of non-controlling interests in the subsidiary's equity.
Gains or losses and each component of other comprehensive income are accounted for both by the owners of the parent and the non-controlling interests, even if as a result, such non-controlling interests present deficit.

(a) Subsidiaries

Subsidiaries are all the companies, which the Parent has the power to control directly or indirectly through other subsidiaries and they are fully consolidated (full consolidation). The Company has and exercises control through its ownership of the majority of the subsidiaries' voting rights. In order to define the control, the following conditions are examined, as defined in IFRS 10:

i. The parent company has authority over the investee, since it can direct the related (operational and financial) activities. This is achieved through appointing the majority of the members of the Board of Directors and the directors of the subsidiary by the Management of the parent.
ii. The parent company holds rights with variable returns from its investment in the subsidiary. Other non-controlled investments are greatly dispersed and therefore cannot materially influence decision-making.

iii. The parent company may exercise its authority over the subsidiary to influence the amount of its profits. This is the result of decision-making on affiliate matters through controlling decision-making bodies (Board of Directors and Directors).

Changes in a parent's ownership interest in a subsidiary

In case of changes in a parent's ownership interest in a subsidiary, it is examined whether the changes result in a loss of control or not.

- Changes in a parent's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). In such circumstances, the carrying amounts of the controlling and non-controlling interests shall be adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received shall be recognized directly in equity.
- In case the parents' ownership interest changes in such a way that there is loss of control, then the parent shall record the necessary accounting entries and recognize the result from the sale (derecognition of the assets, goodwill and liabilities of the subsidiary as of the date of loss of control, derecognition of the book value of non-controlling interests, determination of the result from the sale).
- When determining the sale result, any amount previously recognized in other comprehensive income in respect of that company is accounted for using the same method as would be applied by the Group in the event of direct sale of its assets or liabilities. That is to say, the amounts previously recognized in other comprehensive income are reclassified to the income statement.
- Following loss of control of a subsidiary, any investment in the former subsidiary is recognized according to the provisions of IFRS 9.

Investments in subsidiaries in the separate financial statements

Investments of the parent in its consolidated subsidiaries are measured at cost less any accumulated impairment losses. Impairment test is carried out in accordance with the provisions of IAS 36.

(b) Joint arrangements

The Group applies IFRS 11 to all its joint arrangements. Under IFRS 11, joint arrangements are classified as joint operations or joint ventures, depending on the contractual rights and obligations of each investor. Jointly controlled entities are incorporated using the proportionate consolidation method in Company (if it is a joint operation) or the equity method (if it is a joint venture) in Group.

Joint operations: Joint operations are accounted for using the proportional consolidation method. In particular, the Group recognizes in the consolidated financial statements: (i) its assets (including its share in any of its assets it holds jointly), (ii) its liabilities (including its share of any jointly held liabilities), (iii) its share in the proceeds of the sale from disposal of joint venture, and (iv) its expenses (including its share in any jointly incurred expenses). Essentially, these are, mostly, tax joint operations, which are do not constitute a separate entity within the framework of the IFRS. Their assets and liabilities are incorporated according to the effective proportions in the financial statements of the Company or the equity method (if it is a consortium) to the Group.

Joint ventures: Joint ventures are accounted for using the equity method, under which participating interests in joint ventures are initially recognized at cost and subsequently readjusted in compliance with the Group's share of the profits (or losses) and other comprehensive income of the joint ventures. Under the joint venture model, joint venture schemes are the ones in which members have rights over the net assets of the investments and are liable up to the extent of their contribution to the capital of the company. If the Group's participating interest in joint venture losses exceeds the value of the participating interest, the Group discontinues recognizing further losses unless it has entered into commitments or has made payments on behalf of the joint venture. Allocation of operating results and other comprehensive results is proportional to the participating interest.

Unrealized gains on transactions between the Group and joint ventures are eliminated according to the Group's interest in joint ventures. Unrealized losses are also eliminated unless there is evidence of the transaction for impairment of the asset transferred.

Consolidation takes into account the percentage held by the Group and is effective as at consolidation date. The structure of the business scheme is the key and determining factor in determining accounting treatment.
The accounting policies of jointly controlled entities have been differentiated where deemed necessary to be consistent with those adopted and applied by the Group. The date of preparation of the financial statements of jointly controlled entities coincides with that of the parent Company.

Investments in jointly controlled operations in the separate financial statements
Investments of the parent in joint operations are included in the separate financial statements in proportion. In particular, assets and liabilities are proportionally incorporated in the Company's financial statements.

Investments in joint ventures in the separate financial statements
Investments of the parent in joint ventures are measured at cost less any accumulated impairment losses. Impairment test is carried out in accordance with the provisions of IAS 36.

(c) Associates
Associates are entities over which the Group exercises significant influence, but does not exercise control. The Group's investments in associates are accounted for using the equity method. The assumptions used by the Group suggest that holding participating interest of between 20% and 50% of a company's voting rights implies a significant influence over the investee unless it can be clearly demonstrated that this is not the case. Investments in associates are initially recognized at cost and then consolidated using the equity method. According to this method, investments in associates are recognized at cost plus any changes in the Group's participating interest after the initial acquisition date, excluding any provisions for impairment of those participating interests.

Consolidated statement of comprehensive income includes the proportion of the Group in the total income of associates. If the Group's participating interest in an Associate's loss exceeds the value of the participating interest, the Group discontinues recognizing further losses unless it has settled liabilities or made payments on the part of the affiliate and, in general, settled the payments arising from shareholding. If the associate subsequently produces profits, the investor starts recognizing its share of profits only if its share of profits equals the share of losses it had not recognized.

Unrealized gains on transactions between the Group and associates are eliminated according to the Group's participating interest in associates. Unrealized losses are eliminated unless the transaction provides evidence of impairment of the transferred asset.

Accounting policies followed by associates do not differ from those used by the Group and the date of preparation of the financial statements of associates is the same as that of the parent.

Investments in associates in the separate financial statements
Investments of the parent in consolidated associates are measured at cost less any accumulated impairment losses. Impairment test is carried out in accordance with the provisions of IAS 36.

4.2 Business combinations

Subsidiaries are fully consolidated (full consolidation) applying the acquisition method from the date when control over them has been acquired and cease to be consolidated from the date when such control is no longer effective. The acquisition of a subsidiary by the Group is accounted for using the acquisition method. As at the acquisition date, the acquirer recognizes the goodwill arising on the acquisition transaction as the excess between:

- the aggregation of (i) the transferred consideration, measured at fair value; (ii) the amount of any non-controlling interests in the acquiree (measured at fair value or the proportion of non-controlling interests in its net identifiable assets (iii) in a business combination that is completed in stages, the fair value at the date of acquisition of the acquirer's shareholding previously acquired in the acquiree, less
- the net fair value of the acquiree's identifiable assets and liabilities as at the acquisition date,

Goodwill is tested for potential impairment on annual basis and the balance between its carrying amount and recoverable amount is recognized as an impairment loss, burdening the income statement for the period.
The costs arising under acquisition of investments in subsidiaries (e.g. fees of consultants, lawyers, accountants, appraisers and other professional and advisory fees) are recognized as expenses and burden the income statement for the period when they are incurred.
Otherwise, when the acquiree acquires participating interest, in which, at the acquisition date, net value of assets and assumed liabilities exceeds the transferred consideration, then the issue is classified as a market opportunity. Following the necessary reviews, the excess arising from the above balance is recognized as profit in the income statement for the period.

4.3 Foreign currency translation

Functional and reporting currency
The consolidated financial statements are presented in Euro, which is the functional currency and the Group's and Parent Company's reporting currency.

Transactions in Foreign Currency
Foreign currency transactions are converted into the functional currency by using the exchange rates applicable on the date when the said transactions were performed. The monetary assets and liabilities which are denominated in foreign currency are converted into the Group's functional currency on the Statement of Financial Position reporting date using the prevailing exchange rate on that day. Any gains or losses due to translation differences that result from the settlement of such transactions during the period, as well as from the conversion of monetary assets denominated in foreign currency based on the prevailing exchange rates on the Statement of Financial Position reporting date, are recognized in the Income Statement.

The non-monetary assets which are denominated in foreign currency and which are measured at fair value are converted into the Group's functional currency using the prevailing exchange rate on the date of their fair value measurement. The FX translation differences from non-monetary items measured at fair value are considered as part of the fair value and thus are recorded in the same account as the fair value differences.

Gains or losses deriving from transactions in foreign currency as well as from the end of period valuation of monetary assets, denominated in foreign currency, which meet the criteria for cash flow hedges are recognized in other comprehensive income and cumulatively in equity.

Foreign operations
The functional currency of the Group’s foreign subsidiaries is the official currency of the country in which every subsidiary operates. For the preparation of consolidated financial statements, assets and liabilities of foreign subsidiaries, including goodwill and fair value adjustments due to business combinations, are translated into Euro at the exchange rates effective at the Statement of Financial Position reporting sate. Revenue and expenses are translated into the presentation currency of the Group based on the average exchange rates for the reported period. Any differences arising from this procedure are charged / (credited) to the balance sheet of foreign currency subsidiaries' transition balance sheet reserves, equity, and recognized in other comprehensive income in the Statement of Comprehensive Income. Upon the disposal, write off or derecognition of a foreign subsidiary, the above reserves are transferred to profit or loss for the period.

4.4 Goodwill

Goodwill arises from acquisition of subsidiaries and associates or acquisition of control in a company.
Goodwill is recognized as the balance between acquisition cost and fair value of assets, liabilities and contingent liabilities of the acquiree as at the acquisition date. In the case of a subsidiary's acquisition, goodwill is recorded as a separate asset, while in the case of an associate's acquisition, goodwill is included in the value of the Group's investments in associates.
As at the acquisition date (or at the date of the completion of the relative consideration allocation), acquired goodwill is allocated to the cash-generating units or groups of cash-generating units that are expected to benefit from that business combination. After initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is not amortized but is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that a potential impairment may have been incurred (see Note 4.9 regarding the procedures used to review goodwill impairment).

If a segment of a cash-generating unit, to which goodwill has been allocated, is disposed of, then the goodwill attributable to the disposed segment is included in the carrying amount of that segment to facilitate determination of gains or losses. The value of goodwill attributable to the disposed segment is determined based on the relative values of the disposed segment and the remaining segment of the cash-generating unit.

4.5 Intangible assets

The intangible assets of the Group concern
- i) Rights to use quarries and mines and operational development costs of land ,
- ii) acquired software programs

Upon initial recognition, the intangible assets acquired separately are recorded at cost. Intangible assets acquired as part of business combinations are recognized at fair value at the acquisition date.

Following initial recognition, the intangible assets are measured at cost less accumulated amortization and any impairment loss. Amortization is recorded based on the straight-line method during the useful life of the said assets. The Group's intangible assets have a definite useful life.

The period and method of amortization is redefined at least at the end of every reporting period. Changes in the expected useful life of each intangible asset are accounted for as a change in accounting estimates.

Methods of amortization and useful lives of the Group's intangible assets can be summarized as follows:

Category	Methods of amortization	Useful life in years
Software	Fixed	3
Rights to use quarries and mines	Fixed	50

Amortization of concession arrangements rights obtained, is made based on the execution rate of the specific construction contracts.
Gains or losses arising from the write-off due to disposal of an intangible asset are calculated as the difference between the net proceeds of the divestment and the current value of the asset and are recognized in profit or loss for the period.

(a) Software
The maintenance of software programs is recognized as an expense when the expense is realized. In the contrary, the costs incurred for improving or prolonging the return of software programs beyond their initial technical specifications, or respectively the costs incurred for the modification of the software, are incorporated in the acquisition cost of the intangible asset, only if they can be measured reliably.

(b) Rights to use quarries and mines
The value of the rights-of-use regarding quarries and mines includes the acquisition cost of these assets less the accumulated depreciation and any potential impairment.

(c) Expenses incurred under Operational Development of Quarries –Mines Land Plots Exploitation
Such expenses concern query-mining operation development costs and mainly include procedures in respect of galleries surfacing costs, galleries opening coats and extracting sterile soil costs. During the operational development phase (before production starts), galleries surfacing costs are usually capitalized as part of the amortized cost of queries development and construction. Amortization of operating expenses incurred for development of mineral-ore extraction areas is calculated using the percentage recovery method of commercially recoverable mine. Amortization – expenses of capitalized operating costs arising from development of mines- queries include the costs of minerals mining and extraction costs. Operating costs arising from development of mines - queries are capitalized if, and only if, the following conditions are met:

- the Group will receive future economic benefits (improvement of access to mines) associated with the galleries surfacing activity.
- the Group can utilize the segment of the mine, the access to which has been improved, and
- the cost of the galleries surfacing activity associated with this segment can be measured reliably.

The asset arising from the galleries surfacing activity is added to the cost of the mine and is therefore valued at cost less accumulated depreciation and potential impairment.

4.6 Tangible assets

Tangible fixed assets are recognized in the financial statements at cost, less accumulated depreciation and any potential impairment losses. The acquisition cost includes all direct costs stemming from the acquisition of the assets.
Subsequent expenses are recorded as an increase in the book value of tangible assets or as a separate asset only to the degree that the said expenses increase the future financial gains anticipated from the use of the fixed asset and their cost can be measured reliably.

The cost of repair and maintenance works is recognized in the Income Statement when the said works are realized.
Tangible assets are written off when they are sold or withdrawn or when no further economic benefits are expected from their continued use. Profit or loss arising from the write-off of tangible fixed assets are included in the income statement for the year in which the asset is written off.
Assets under construction include fixed assets and are carried at cost. Assets under construction are not depreciated until the fixed asset is settled and put into operation.
Depreciation of tangible fixed assets (excluding land, which is not depreciated) is calculated based on the straight-line method over their estimated useful life as follows:

Property, plant and equipment	**Useful life (in years)**
Building and technical works	8 - 30
Machinery and technical installations	3 - 36
Vehicles	5 - 24
Furniture and fixtures	3 - 12

The useful life of the tangible fixed assets are re-assessed at least at the end of every FY.

When the book values of the tangible fixed assets are higher than their recoverable value, then the difference (impairment) is recognized directly as an expense in the Income Statement (see note 4.8). Upon sale of tangible assets, the differences between the sale price and their book value are recognized as profits or losses in the Income Statement.

Interest accrued on loans specifically or generally issued in order to finance the construction of tangible fixed assets is capitalized in the year when tangible assets are incurred when the recognition criteria are met (please refer to Note 4.7).

4.7 Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, which will require considerable time until the asset is ready for the suggested use or disposal, form part of the acquisition cost of that asset until the asset it ready for the suggested use or disposal. In other cases, the borrowing costs burden profit or loss of the period when incurred.

4.8 Impairment of non-current assets (intangible, goodwill and tangible assets/investments in consolidated companies)

In respect of the tangible and intangible fixed assets subject to amortization/depreciation, an impairment test is performed when events or changes in circumstances indicate that their carrying amount may no longer be recoverable. When the net book value of tangible and intangible fixed assets exceeds their recoverable amount, then the excess amount relates to an impairment loss and is recognized directly as an expense in the income statement. Respectively, the non-financial assets that are subject to impairment testing (if indicated) are assets measured at cost of acquisition or equity method (investments in subsidiaries, associates and joint operations). The recoverable amount of investments in subsidiaries and associates is determined in the same way as that in respect of other non-financial assets.

For the purpose of impairment testing, assets are grouped to the lowest level for which cash flows can be separately identified. The recoverable amount of an asset is the higher of the asset's fair value less costs to sell and value in use. For the purpose of calculating value in use, Management estimates the future cash flows from the asset or cash-generating unit and chooses the appropriate discount rate to calculate the present value of future cash flows.

An impairment loss is recognized for the amount where the book value of an asset or a Cash Generating Unit. Discounting factors are determined individually for each Cash Generating Unit and reflect the corresponding risk data that has been determined by the Management for each of them.
Further assumptions are made that prevail in the market e.g. the energy market. The period considered by the management exceeds five years, a period that is encouraged by IAS 36, especially as for renewable energy units and the motorway concession companies , even a longer period will be judged to be quite satisfactory.

Impairment losses of Cash Generating units first reduce the book value of goodwill allocated to them. The residual impairment losses are charged pro rata to the other assets of the particular Cash Generating Unit. With the exception of goodwill, all assets are subsequently reviewed for indications that their previously recognized impairment loss is no longer effective.

Besides Goodwill, the Group do not possess non amortized non-current assets with indefinite useful life.

An impairment loss is reversed if the recoverable value of a Cash Generating unit exceeds its book value. In such a case, the increased book value of the asset will not exceed the book value that would have been determined (net depreciation), if no impairment loss had been recognized, in the asset in previous years.

4.9 Investment property

Investment property relates to investments in properties which are held (either through acquisitions or through development) by the Group, either to generate rent from its lease or for the increase in its value (increased capital) or for both purposes and are not held: a) to be used for production or distribution of raw materials / services or for administrative purposes; and b) for the sale as part of the company’s ordinary activities.

Investment property is initially valued at purchase cost including transaction expenses. Subsequently, it is measured at fair value. Independent appraisers with adequate experience in the location and in the nature of investment properties measure the fair value..

The book value recognized in the Group’s Financial Statements reflects the market conditions on the date of the reporting date of the Statement Financial Position. Every profit or loss derived from the fair value revaluations of the investment is recognized in the Income Statement for the period in which it has been recognized. Repairs and maintenance are recognized as expenses in the period in which they are incurred. Significant subsequent expenses are capitalized when they increase the useful life of the property and its production capacity or reduce their operating costs.

Property transfers from investment property to fixed assets take place only when there is a change in the use of the said property which is proven by the Group’s own use of the property or by the Group’s commencement to develop this property for sale.

An investment property is derecognized (eliminated from the Statement of Financial Position) when it is sold, it is permanently retired or when the investment is not expected to generate future economic benefits from its sale. The profits or losses from the retirement or sale of investment properties are derived from the difference of the net proceeds from the sale and the book value of the asset and are recognized in the Income Statement for the period in which the asset was sold or withdrawn.

Constructed or developed investment property items are monitored, as well as completed items, at fair value.

4.10 Inventory

Inventory items include constructed or real estate property items kept for sale, idle mines and quarries materials, building materials, spare parts and raw and auxiliary materials. Inventories are measured at the lower amount between the cost and net realizable value. The cost of raw materials, semi-finished and finished products is determined applying the weighted average cost method.

The cost of finished and semi-finished products includes all the costs incurred in order to bring the products to their current state, condition and processing stage and contains raw materials, labor, general industrial expenses and other costs directly affecting acquisition of materials.

The net realizable value of finished products is their estimated selling price during the Company's normal course of business less the estimated costs for their completion and the estimated necessary costs for their sale.
The net realizable value of raw materials is their estimated replacement cost during the normal course of business.

Appropriate provisions are formed for devalued inventory, if necessary. Impairment of inventory in net realizable value and other losses from inventory are recognized in profit or loss for the period in which they are incurred.

4.11 Cash & cash equivalents

Cash and cash equivalents include cash in hand, sight deposits, term deposits, bank overdrafts and other highly liquid investments that are directly convertible into particular amounts of cash equivalents which are not subject to significant value change risk.

The Group considers term deposits and other highly liquid investments less than three months maturity as cash available, as well as time deposits over three months maturity for which it has the right to early liquidation without loss of capital.

For the purposes of preparing the consolidated Statement of Cash Flows, cash and cash equivalents consist of cash in hand, bank deposits as well as cash equivalents as defined above.

The Group's restricted deposits, irrespective of the nature of their commitment, are not included in the cash and cash equivalents but are classified in the item "Prepayments and other receivables" (please refer to Note 17).

4.12 Financial instruments
4.12.1 Recognition and derecognition

Financial assets and financial liabilities are recognized in the Statement of Financial Position when and only when the Group becomes a party to the financial instrument.
The Group ceases to recognize a financial asset when and only when the contractual rights to the cash flows of the financial asset expire or when the financial asset is transferred and the substance substantially transfers all the risks and benefits associated with the specific financial asset. A financial

liability is derecognized from the Statement of Financial Position when, and only when, it is repaid - that is, when the commitment set out in the contract is fulfilled, canceled or expires.

4.12.2 Classification and initial recognition of financial assets

With the exception of trade receivables that do not include a significant finance item and are measured at the transaction price in accordance with IFRS 15, other financial assets are initially measured at fair value by adding the relevant transaction cost except in the case of financial assets measured at fair value through profit or loss.
Financial assets, except those defined as effective hedging instruments, are classified into the following categories:

- Financial assets at amortized cost,
- Financial assets at fair value through profit & loss, and
- Financial assets at fair value through other comprehensive income

Classification of every asset is defined according to:
- the Group's business model regarding management of financial assets, and
- the characteristics of their conventional cash flows.

All income and expenses related to financial assets recognized in the Income Statement are included in the items "Other financial results", "Financial expenses" and "Financial income", except for the impairment of trade receivables included in operating results.

4.12.3 Subsequent measurement of financial assets

Financial assets at amortized cost
A financial asset is measured at amortized cost when the following conditions are met:
i. financial asset management business model includes holding the asset for the purposes of collecting contractual cash flows,
ii. contractual cash flows of the financial asset consist exclusively of repayment of capital and interest on the outstanding balance (“SPPI” criterion).

Following the initial recognition, these financial assets are measured at amortized cost using the effective interest method. In cases where the discount effect is not significant, the discount is omitted.
The amortized cost measured category includes non-derivative financial assets such as loans and receivables with fixed or pre-determined payments that are not traded on an active market, as well as cash and cash equivalents, trade and other receivables.

Financial assets classified at fair value through total income (investment in equity interests)
In accordance with the relevant provisions of IFRS 9, at initial recognition, the Group may irrevocably choose to disclose to other profit or loss directly in equity the subsequent changes in the fair value of an equity investment that is not for trading.

Profits and loss from these financial assets are never recycled to the income statement. Dividends are recognized as other income in the income statement when the payment entitlement has been proved, unless the Group benefits from such income as a recovery of part of the cost of the financial asset, then such profit is recognized in the statement of comprehensive income. Investment in equity interests designated at fair value through total income are not subject to an impairment test. This option is effective for each security separately.

The Group has chosen to classify investments in this category (please refer to Note 18).

4.12.4 Impairment of financial assets

Adoption of IFRS 9 led to a change in the accounting treatment of impairment losses for financial assets, as it replaced the treatment of IAS 39 for recognition of realized losses by recognizing the expected credit losses.
Impairment is defined in IFRS 9 as an Expected Credit Loss (ECL), which is the difference between the contractual cash flows attributable to the holder of a particular financial asset and the cash flows expected to be recovered, i.e. cash deficit arising from default events, discounted approximately at the initial effective interest rate of the asset.
The Group and the Company recognize provisions for impairment for expected credit losses for all financial assets except those measured at fair value through profit or loss. The objective of the IFRS 9 impairment provisions is to recognize the expected credit losses over the life of a financial instrument whose credit risk has increased since initial recognition, regardless of whether the assessment is made at a collective or individual level, using all the information that can be collected on the basis of both historical and present data, as well as data relating to reasonable future estimates of the financial position of customers and the economic environment.

To facilitate implementation of this approach, a distinction is made among:

- financial assets whose credit risk has not deteriorated significantly since initial recognition or which have a low credit risk at the reporting date (Stage 1) and for which the expected credit loss is recognized for the following 12 months,
- financial assets whose credit risk has deteriorated significantly since initial recognition and which have no low credit risk (Stage 2). For these financial assets, the expected credit loss is recognized up to their maturity.
- financial assets for which there is objective evidence of impairment at the reporting date (Stage 3) and for which the expected credit loss is recognized up to maturity.

Impairment of financial assets according to the provisions IAS 39 (comparative FY 2017)
In the previous FY, impairment of financial assets was reviewed in the light of the provisions of IAS 39. In accordance with the provisions of this Standard, financial assets subject to impairment testing (if relevant) are elements of Assets valued at cost of acquisition or equity method (participations in subsidiaries and associates), assets valued at amortized cost (long-term receivables) and available-for-sale investments.
In the case of financial instruments at fair value (debt, equity and available-for-sale), the decrease in fair value of the component recognized in other comprehensive income and cumulatively in equity is transferred to profit or loss for the period. The amount of the impairment loss is equal to the difference between the acquisition cost of the asset and its fair value. Subsequent reversal of an impairment loss on an security may not be carried out through the results. On the other hand, if at a later date the fair value of a debit security increases and is related to objective events that occurred after the provision was formed, the reversal of the impairment provision is recognized through the income statement. The recoverable amount of investments in subsidiaries and associates is determined in the same way as for non-financial assets.
The recoverable / receivable value of other financial assets for the purpose of carrying out the related impairment testing is generally determined on the basis of the present value of the estimated future cash flows discounted either based on the original discount rate of the asset or group of assets, current return on a similar financial asset. The resulting impairment losses are recognized in the results of the reporting period.

Trade receivables, other receivables and receivables from contracts with customers

The Group and the Company apply the simplified approach of IFRS 9 to trade and other receivables. The Group and the Company apply the simplified approach of IFRS 9 to trade and other receivables as well as to receivables from on construction contracts and receivables from leases, estimating the expected credit losses over the life of the above items. In this case, the expected credit losses represent the expected shortfalls in the contractual cash flows, taking into account the possibility of default at any point during the life of the financial instrument.
In calculating the expected credit losses, the Group uses a provisioning table by grouping the above financial instruments based on the nature and maturity of the balances and taking into account available historical data in relation to the debtors, adjusted for future factors in relation to the debtors and the economic environment. Further analysis is presented in Note 15 and 16.

4.12.5 Classification and measurement of financial liabilities

As the accounting requirements for financial liabilities remained broadly similar to those set in IAS 39, the Group's accounting policies regarding financial liabilities were not affected by the adoption of IFRS 9.

The Group's financial liabilities include mainly borrowings, suppliers and other liabilities. They include financial liabilities that are initially recognized at cost, which is the fair value of the consideration received outside borrowing costs. After initial recognition, financial liabilities are measured at amortized cost using the effective interest method, with the exception of derivatives that are subsequently measured at fair value with changes recognized in profit or loss.
Financial liabilities are classified as short-term liabilities unless the Group has the unconditional right to transfer the settlement of the financial liability for at least 12 months after the financial statements reporting date.

In particular:

i) Loan liabilities
The Group's loan liabilities are initially recognized at cost, which reflects the fair value of the amounts payable minus the relative costs directly attributable to them, where they are significant.
After initial recognition, interest bearing loans are measured at amortized cost using the effective interest method. Amortized cost is calculated by taking into account issuing expenses and the difference between the initial amount and the maturity. Gains and losses are recognized in profit or loss when the liabilities are derecognized or impaired through the amortization process.

Loan commitments with early repayment option
In the case of bond loans issued by the Group, which are entitled to early repayment, the management assesses whether this option is closely related to the bond loan. The Option is described as directly related when (a) its exercise price resembles the unamortized cost of the bond at each date on which the option can be exercised; or (b) the exercise price of the option compensates the lender with a similar amount with the present value of the unpaid interest on the remaining maturity of the bond loan.

When the option is designated as directly related to the bond loan, it is recognized in combination with the bond as a combined debt instrument, which is measured at amortized cost based on the effective interest rate. In particular, the aforementioned composite instrument is initially recognized at fair value plus any direct transaction costs. For the determination of the effective interest rate, the expected cash flows and the estimated duration of the instrument shall be determined taking into account the early repayment right, where:

- If it is initially estimated that the option will be exercised, the estimated cash flows will include capital and interest payments, as at the exercise date, and the exercise price of the option; or
- If the option is not expected to be exercised then the estimated cash flows will include capital and interest payments for the entire contractual period.

In the next year the assessment of the probability of exercising the option may change. This will affect the expected cash flows and the estimated useful life of the financial instrument. The alterations arising from these changes are calculated by discounting the revised flows based on the original effective interest rate and any effect occurring for the net book value is recognized in the income statement of the relevant reporting period.

ii) Trade and other liabilities

Balance from suppliers and other liabilities is initially recognized at their fair value and subsequently measured at amortized cost using the effective interest method.
Trade and other short-term liabilities are not interest-bearing accounts and are usually settled on the basis of the agreed credits.

4.12.6 Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount is shown in the Statement of Financial Position only if there is the present legal right to offset the recognized amounts and intends to clear them on a net basis or to require the asset and settle the liability simultaneously.

4.13 Employee benefits

Short-term benefits: Short-term benefits to personnel (except for termination of employment benefits) in cash and in kind are recognized as an expense when considered accrued. Any unpaid amount is recognized as a liability, whereas in case the amount already paid exceeds the benefits’ amount, the entity identifies the excess as an asset (prepaid expense) only to the extent that the prepayment shall lead to a future payments’ reduction or refund.

Retirement Benefits: Benefits following termination of employment include lump-sum severance grants, pensions and other benefits paid to employees after termination of employment in exchange for their service. The Group’s liabilities for retirement benefits cover both defined contribution plans and defined benefit plans. The defined contribution plan’s accrued cost is recognized as an expense in the financial year where it relates. Pension plans adopted by the Group are partly financed through payments to insurance companies or state social security funds.

(a) Defined Contribution Plan

Defined contribution plans pertain to contribution payment to Social Security Organizations and therefore, the Group does not have any legal obligation in case the Fund is incapable of paying a pension to the insured person. The employer’s obligation is limited to paying the employer’s contributions to the Funds. The payable contribution by the Group in a defined contribution plan is identified as a liability after the deduction of the paid contribution, while accrued contributions are recognized as expenses in the income statement.

(b) Defined Benefit Plan (non-funded)

Under Laws 2112/20 and 4093/2012, the Company must pay compensation upon retirement or termination to its employees. The amount of compensation paid depends on the years of service, the level of wages and the way of leaving service (dismissal or retirement). The entitlement to participate in these plans is usually based on years of service of the employee until retirement.

The liability recognized in the Statement of financial Position for defined benefit plans is the present value of the liability for the defined benefit less the plan assets' fair value (reserve from payments to an insurance company), the changes deriving from any actuarial profit or loss and the service cost. The defined benefit commitment is calculated on an annual basis by an independent actuary through the use of the projected unit credit method. Regarding FY 2017, the selected rate follows the tendency of iBoxx AA Corporate Overall 10+ EUR indices, which is regarded as consistent with the provisions of IAS 19, i.e. is based on bonds corresponding to the currency and the estimated term relative to employee benefits as well as appropriate for long-term provisions.

A defined benefit plan establishes, based on various parameters, such as age, years of service and salary, the specific obligations for payable benefits. Provisions for the period are included in the relative staff costs in the accompanying separate and consolidated Income Statements and comprise of the current and past service cost, the relative financial cost, the actuarial gains or losses and any possible additional charges. Regarding unrecognized actuarial gains or losses, the revised IAS 19 is applied, which includes a number of changes to accounting for defined benefit plans, including:

i) recognition of actuarial gains / losses in other comprehensive income and their permanent exclusion from the Income Statement,
ii) non-recognition of the expected returns on the plan investment in the Income Statement but recognition of the relative interest on net liability / (asset) of the benefits calculated based on the discount rate used to measure the defined benefit obligation,
iii) recognition of past service cost in the Income Statement at the earliest between the plan modification date or when the relative restructuring or terminal provision are recognized,
iv) other changes include new disclosures, such as quantitative sensitivity analysis.

(c) Equity settled payments
The Group provides remuneration to its employees in the forms of equity instruments. In particular, such kind of remuneration is based on a stock option approved by the General Meeting of shareholders and includes call options regarding the Company's treasury shares.

These remunerations are settled through disposal of treasury shares by the Company provided that employees meet certain vesting conditions and exercise their options. The total amount of expenses during the vesting period is determined based on fair value of the plan during the period when the options are distributed. Non-market conditions are included in the assumptions for determining the number of options expected to be exercised.

In each reporting period, the Group reassesses its estimations for the number of rights to be executed. Subsequently it recognizes the impact of reassessment of initial estimations, if any, in profit and loss statement with proper adjustment in equity.

4.14 Leases

Finance leases
Finance leases, which essentially transfer to the Group all the risks and returns related to the leased fixed asset, are capitalized during the inception of the lease based on the leased asset's fair value or, if it is lower, on the present value of the minimal leases. Payments for finance leases are allocated between the financial expenses and the reduction of the financing liability, in order to achieve a fixed interest rate on

the remaining portion of the liability. The financial expenses are debited directly to the net earnings. Capitalized leased fixed assets are depreciated based on straight lime method during the useful life of the asset.

Operating leases
Leases where the lessee maintains all the risks and benefits of owning the asset are recognized as operating lease payments. The operating lease payments are recognized as an expense in the Income Statement on a constant basis during the lease term.

The Group as a lessor
The Group receives rents from the operating leases of its investment property items. Income from rentals is recognized gradually over the lease term.

4.15 Government grants

Government grants related to grants for assets are recognized at fair value when there is reasonable assurance that the grant will be received and that all the relevant conditions attached will be met.

Grants referring to tangible assets, are recognized when there is certainty that the grant will be collected and all relevant pre-qualifications will be met. These grants are recognized as deferred income, which is recognized in the profits or loss of each reporting period in equal installments based on the useful life of the asset.

Grants relating to expenses are recorded in transit accounts and recognized in the income statement over the period necessary to balance the expenses they are intended to compensate.
The Group, concerning the grant for concession contracts of motorways, recognized the total of public financial contribution, approved through the concession agreement, in total as financial asset reducing the value of intangible asset, that had been created through the same concession agreement, and is amortized at the same period and with a way similar to the transfer in profit and loss statement of the book value of the intangible asset.

4.16 Provisions, Contingent Assets and Liabilities
Provisions are recognized when the Group has present legal or imputed liabilities as a result of past events; their settlement is possible through resources' outflow and the exact liability amount can be reliably estimated. The provisions are reviewed on the date of the Financial Statements and are adjusted accordingly to reflect the present value of the expense expected for the settlement of the liability. Restructuring provisions are identified only if there is a detailed restructuring plan and if Management has informed the affected parties on the plan's key points. When the effect of the time value of money is significant, the provision is calculated as the present value of the expenses expected to be incurred in order to settle this liability.

If it is no longer probable that an outflow will be required in order to settle a liability for which a provision has been formed, then it is reversed.
In cases where the outflow due to current commitments is considered improbable or the provision amount cannot be reliably estimated, no liability is recognized in the financial statements. Contingent liabilities are not recognized in the financial statements but are disclosed unless the probability of an outflow of resources embodying economic benefits is minimal. Potential inflows from economic benefits for the Group which do not meet the criteria of an asset are considered a contingent asset and are disclosed when the inflow of the economic benefits is probable.

4.17 Revenue

IFRS 15 established the core principle by applying the following steps for identifying revenue from contracts with customers:

1. Identify the contract(s) with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognize revenue when (or as) the entity satisfies a performance obligation

Revenue is recognized at the amount by which an entity expects to have in exchange for the transfer of the goods or services to a counterparty. When awarding a contract, account shall be taken of the additional costs and the direct costs required to complete the contract.
Income is defined as the amount that an entity expects to be entitled to in exchange for the goods or services it has transferred to a customer. If the promised consideration in a contract includes a variable amount, the entity estimates the consideration amount that would be entitled to the transfer of the promised goods or services to customer. The consideration amount may vary due to discounts, price subsidies, refunds, credits, price reductions, incentives, additional performance benefits, penalties or other similar items. Promising consideration may also change if the entity's entitlement to the consideration depends on the occurrence or non-occurrence of a future event. For example, a consideration amount will be variable if the product has been sold with a refund or if a fixed amount promise has been given as an additional performance benefit to achieve a specific milestone.

The volatility associated with the consideration promised by a customer may be expressly stated in the contract. An entity shall measure the amount of the variable consideration using one of the following methods, whichever method it considers best suited to the amount of consideration to which it will be entitled to:

(a) Estimated value - the estimated value is equal to the sum of the probability-weighted amounts in a range of possible consideration amounts. Estimated value is an appropriate estimate of the variable amount if the entity has a large number of contracts with similar characteristics.

(b) Potential amount - the most probable amount is the only most probable amount in a range of possible consideration amounts (i.e., the only likely outcome of the contract). The most probable amount is an appropriate estimate of the variable amount if the contract has only two possible outcomes (for example, the entity provides additional performance or not).

The Group and the Company recognize income when it satisfies the performance of the contractual obligation by transferring the goods or services on the basis of this obligation. Acquisition of control by the client occurs when it has the ability to direct the use and to derive virtually all the economic benefits from this good or service. Control is passed over a period or at a specific time. Revenue from the sale of goods is recognized when the goods are transferred to the customer, usually upon delivery to the customer, and there is no obligation that could affect the acceptance of the good by the customer.

Commitments for implementation performed over time
The Group recognizes revenue for a performance obligation that is performed over time only if it can reasonably measure its performance in full compliance with the obligation. The Group is not in a position to reasonably measure progress in meeting a performance obligation when it does not have the reliable information required to apply the appropriate method of measuring progress. In some cases (e.g. during the initial stages of a contract), the entity may not be able to reasonably measure the outcome of a

performance obligation, but at least expects to recover the costs incurred to meet it. In such cases, an entity shall recognize revenue only on the extent of the cost incurred until it is able to reasonably measure the outcome of the execution obligation.
Income from of services is recognized in the accounting period in which the services are provided and measured according to the nature of the services to be provided. The receivable from client is recognized when there is an unconditional right for the entity to receive the consideration for the contractual obligations performed to the client.

A conventional asset is recognized when the Group or the Company has satisfied its liabilities to the counterparty before it pays or before the payment is due, for example when the goods or services are transferred to the customer prior to the right of the Group or the Company to issue an invoice. The contractual obligation is recognized when the Group or the Company receives a consideration from the counterparty as an advance or when it reserves the right to a price which is postponed before the performance of the contractual obligations and the transfer of the goods or services. The contractual obligation is derecognized when the contract obligations are met and the income is recorded in the income statement.

Commitments for implementation performed at a specific time
When an implementation commitment is not met over time (as outlined above), then the entity enforces the implementation commitment at a particular time. In determining when the client acquires control of a promising asset and the entity performs an implementation commitment, the entity examines the requirements for the acquisition control, as analytically recorded in IFRS 15.

The main categories of income recognized from implementation commitments fulfilled over time for the Group are as follows:

(i) Revenue from contracts with customers related to construction operations
It relates to revenue from contracts with customers and results from implementation commitments that are fulfilled over time. Subsidiaries and joint ventures engaged in the implementation of constructions recognize revenue from construction contracts in their tax records on the basis of customer invoices resulting from relevant sectional project implementation certifications issued by accredited engineers and responsive to the work carried out until the closing date. For the purpose of complying with IFRS, the proceeds from the construction activity are accounted for in the accompanying financial statements progressively during construction, based on the imput method of measurement in accordance with the provisions of IFRS 15 "Revenue from Contracts with Customers".

The imput method recognizes revenue based on the entity's efforts or inflows towards fulfilling an implementation commitment (for example, the resources consumed, the hours worked, the costs incurred the time spent or the hours of operation of the machines consumed) in relation to the total expected inputs to fulfill this implementation commitment.

(ii) Sale of goods
Revenue from the sale of goods, after deduction of sales discounts, sales incentives and related VAT are recognized when the significant risks and rewards of ownership of the goods are transferred to the buyer.

(iii) Income from rentals
The income in question pertains to revenue from contracts with customers and arises from implementation commitments that are fulfilled over time. Rental income (operating leases) is recognized using the straight-line method according to the terms of the lease.

(iv) Dividends

Dividends are accounted for when the right of recovery is finalized by the shareholders by decision of the General Meeting of Shareholders.

(v) Interests

Interest income is recognized on an accrual basis.

During the operating phase, the revenue is recognized in the period in which the related services are provided by the Group. In the case that a concession agreement includes revenue for more than one service, the consideration is allocated to the different services based on the relative fair values of the services provided.

4.18 Income Tax

Income taxes charges for the year consists of current taxes, deferred taxes and tax differences from previous years.

Current Tax

The current taxes are calculated based on the Financial Statements of each of the companies included in the consolidated Financial Statements, according to the tax regulation effective in Greece or other tax frameworks under which the foreign subsidiaries operate. The expenses for current Income tax is calculated based on the earnings of each company as such are reformed on the companies' tax reports and provisions for additional income taxes and is calculated in accordance with statutory or substantially institutionalized tax rates.

Deferred Tax

Deferred taxes are taxes or tax relief that are related to the financial burdens or benefits accruing in the year but have already been accounted for or accounted for by the tax authorities in different years.

Deferred income tax is determined using the liability method that results from the temporary differences between the carrying amount and the tax base of the assets and liabilities. Deferred income tax is not accounted for if it arises from the initial recognition of an asset or liability in a transaction other than a business combination that, when the transaction took place, did not affect either the accounting or the tax profit or loss.

Deferred income taxes are measured using the liability method in all temporary differences at the date of the financial statements between the tax base and the carrying amount of assets and liabilities. Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are measured at each reporting date and are reduced to the extent that it is unlikely that there will be sufficient taxable profits against which part or all of the deferred income tax assets may be used.

Deferred tax assets and obligations are measured at the tax rates that are expected to be in force for the year in which the asset is incurred or the liability will be settled and are based on the tax rates (and tax laws) that are in effect or effectively in force at the date of reporting of the financial statements. In the event that the temporary reversal of temporary differences cannot be clearly identified, the tax rate applicable on the next day of the statement of financial position is used.

Income tax related to items that are recognized in other comprehensive income is also recognized in other comprehensive income.

4.19 Earnings per share

Basic earnings per share are calculated by dividing net earnings by the weighted average number of ordinary shares outstanding during the period, excluding the average number of the ordinary shares acquired by the Group as treasury shares.

Earnings per share are measured by dividing the net profit attributable to shareholders by the weighted average number of shares outstanding during the year.

4.20 Share capital, reserves and distribution of dividends

Common registered share are recorded as equity. Costs, directly attributable to a component of equity net of tax effect, are monitored as a deduction to the Balance of Retained Earnings in equity. Otherwise, this amount is recognized as an expense in the period in question.

In cases when the Company or its subsidiaries acquire part of the Company's share capital (treasury shares), the amount paid, including any expense, net of tax, is deducted from equity until the shares are derecognized or sold. The number of treasury shares held by the Company does not reduce the number of shares in circulation but affects the number of shares included in the calculation of earnings per share. Treasury shares held by the Company do not incorporate a right to receive a dividend.

In particular, the reserves are divided into:

Statutory reserves

In compliance with the Greek Commercial Law, companies shall transfer at least 5% of their annual net profits to a statutory reserve until such reserve equals 1/3 of the paid-up share capital. This reserve cannot be distributed during the Company's operations.

Development and tax legislation reserves

These reserves refer to profits not taxed at the applicable tax rate in accordance with the applicable tax framework in Greece and include reserves arising from taxable profits and pertaining to the company's participation in development laws. These reserves will be taxable at the tax rate applicable at the time of their distribution to the shareholders or their conversion into equity under certain circumstances.

Cash flows risk hedging reserves

The risk hedge reserve is used to record profits or losses on derivative financial products, which can be classified as future cash flow hedges and are recognized in other comprehensive income.

Foreign currency translation differences from incorporation of foreign operations

Foreign exchange differences arising on foreign currency translation are recognized in other comprehensive income and accumulated in other reserves. The cumulative amount is transferred to the income statement of the year when the amounts were transferred.

Other reserves

Other reserves mainly include actuarial losses of pension schemes.
The category of other reserves comprises:

1) Actuarial gains/(losses) from defined benefit pension schemes arising from (a) actual adjustments (the effect of differences between previous actuarial assumptions and those eventually occurring) and (b) changes in actuarial assumptions.
2) Changes in fair value of investments classified as equity investments.

Dividends distributed to the Company's shareholders are recognized in the financial statements as a liability in the period in which the distribution proposal of the Management is approved by the Annual General Meeting of the Shareholders.

Also, at the same time, the financial statements reflect the effect of the disposal of the results approved by the General Meeting and the possible formation of reserves.

(Amounts in thousands Euro, unless stated otherwise)

5. GROUP AND COMPANY STRUCTURE

The participations of the parent company TERNA SA, direct and indirect, in economic entities during 31.12.2018 are as follows:

5.1 Company Structure

Joint companies of which the assets, liabilities and results are incorporated in the Company according to its participation stake.

ECONOMIC ENTITY	DOMICILE	DIRECT PARTICIPATION %	INDIRECT PARTICIPATION %	TOTAL PARTICIPATION %	TAX UNAUDITED FISCAL YEARS
J/V TERNA SA- AKTOR - POWELL (CHAIDARI METRO)	Greece	66.00	0.00	66.00	2013-2018
J/V TERNA SA - IMPEGILO SPA (TRAM)	Greece	55.00	0.00	55.00	2013-2018
J/V ALPINE MAYREDER BAU GmbH-TERNA SA (ANCIENT OLYMPIA BYPASS)	Greece	50.00	0.00	50.00	2013-2018
J/V ATHANASIADIS SA-TERNA SA (THESSAL. CAR PARKS)	Greece	50.00	0.00	50.00	2013-2018
J/V TERNA SA-AKTOR SA-J&P-AVAX SA (CONSTR. OF CONCERT HALL)	Greece	69.00	0.00	69.00	2013-2018
J/V TERNA SA - WAYSS (PERISTERI METRO)	Greece	50.00	0.00	50.00	2013-2018
J/V ETETH-TERNA-AVAX -PANTECHNIKI HORSE RIDING CENTRE	Greece	35.00	0.00	35.00	2013-2018
TERNA SA-PANTECHNIKI SA (O.A.K.A. SUR. AREA)	Greece	83.50	0.00	83.50	2013-2018
J/V TERNA SA AKTOR SA J&P AVAX (CONCERT HALL H/M)	Greece	37.00	0.00	37.00	2013-2018
J/V TERNA-MICHANIKI AGRINIO BY-PASS	Greece	65.00	0.00	65.00	2013-2018
J/V THALES ATM SA-TERNA (TACAN STATION IMPROV.)	Greece	50.00	0.00	50.00	2013-2018
J/V ALPINE MAYREDER BAU GmbH-TERNA SA (CHAIDARI METRO PART A')	Greece	50.00	0.00	50.00	2013-2018
J/V ALPINE MAYREDER BAU GmbH-TERNA SA (PARADEISIA TSAKONA)	Greece	49.00	0.00	49.00	2013-2018
J/V AKTOR SA-DOMOTECHNIKI SA-THEMELIODOMI SA-TERNA SA-ETETH SA (MUNIC. HALL OF THESSALON.)	Greece	25.00	0.00	25.00	2013-2018
J/V TERNA-AKTOR (SKA SUBURBAN RAILWAY)	Greece	50.00	0.00	50.00	2013-2018
J/V TERNA SA- AKTOR SA (R.S. LIANOKLADI - DOMOKOS)	Greece	50.00	0.00	50.00	2013-2018
J/V TERNA SA-THALES AUSTRIA (ETCS SYSTEM PROCUREMENT)	Greece	37.4	0.00	37.4	2013-2018
J/V TERNA SA-AKTOR ATE J&P AVAX PIRAEUS –TREIS GEFYRES	Greece	33.33	0.00	33.33	2013-2018
J/V METKA-TERNA	Greece	90.00	0.00	90.00	2013-2018
J/V APION KLEOS	Greece	17.00	0.00	17.00	2013-2018
J/V TERNA SA-SICES CONSTRUCTIONS (HELPE UPGR. REFIN.)	Greece	50.00	0.00	50.00	2013-2018
J/V AKTOR-TERNA-PORTO KARRAS (Florina-Niki road)	Greece	33.33	0.00	33.33	2013-2018
J/V AKTOR-TERNA (PATHE at Stylida road)	Greece	50.00	0.00	50.00	2013-2018
J/V TERNA - AEGEK Constructions (Promachonas road)	Greece	50.00	0.00	50.00	2013-2018
J/V AKTOR-TERNA (Harbor of Patras)	Greece	70.00	0.00	70.00	2013-2018
J/V AKTOR ATE-J&P AVAX - TERNA SA (Koromilia-Kristalopigi project)	Greece	33.33	0.00	33.33	2013-2018

(Amounts in thousands Euro, unless stated otherwise)

J/V IMPREGILO SpA-TERNA SA (Cultural center of Stavros Niarchos Foundation)	Greece	49.00	0.00	49.00	2013-2018
J/V AKTOR ATE – TERNA SA (Lignite works)	Greece	50.00	0.00	50.00	2014-2018
J/V AKTOR ATE – TERNA SA (Thriasio Phase B')	Greece	50.00	0.00	50.00	2014-2018
J/V AKTOR SA-J&P AVAX-TERNA SA (R.S. TITHOREA-DOMOKOS)	Greece	33.33	0.00	33.33	2014-2018
J/V AKTOR SA-J&P AVAX -TERNA SA (BRIDGE SG26 R.N. TITHOREA-DOMOKOS)	Greece	44.56	0.00	44.56	2014-2018
J/V AKTOR ATE – TERNA SA (H/M Thriasio B')	Greece	50.00	0.00	50.00	2015-2018
J/V AKTOR ATE – TERNA SA (ERGOSE Joint venture No. 751)	Greece	50.00	0.00	50.00	2015-2018
J/V TERNA GCC WAC	Qatar	30.00	0.00	30.00	2016-2018
J/V TERNA-Al OMAIER	Saudi Arabia	60.00	0.00	60.00	-
J/V RENCO-TERNA (Construction of compressor stations TAP in Greece and Albania)	Greece	50.00	0.00	50.00	2016-2018
J/V J&P AVAX SA – TERNA SA – AKTORS SA – INTRAKAT (Temenos)	Greece	25.00	0.00	25.00	2016-2018
JV TERNA GCC WAC	Qatar	50.00	0.00	50.00	-
JV TERNA GCC WAC	Qatar	50.00	0.00	50.00	-
VINCI TERNA JV DOO	Serbia	49.00	0.00	49.00	-

5.2 Group Structure

Subsidiaries consolidated with the Group via the full consolidation method

ECONOMIC ENTITY	DOMICILE	DIRECT PARTICIPATION %	INDIRECT PARTICIPATION %	TOTAL PARTICIPATION %	
J/V EUROIONIA	Greece	100.00	0.00	100.00	2014-2018
J/V CENTRAL GREECE MOTORWAY E-65	Greece	100.00	0.00	100.00	2014-2018
VRONTIS QUARRY PRODUCTS SA	Greece	100.00	0.00	100.00	2013-2018
TERNA MAG SA	Greece	48.98	0.00	48.98	2013-2018
MANDOUDI BUSINESS PARK	Greece	0.00	100	100.00	2014-2018
TERNA OVERSEAS LTD	Cyprus	100.00	0.00	100.00	2013-2018
TERNA QATAR LLC *	Qatar	0.00	35.00	35.00	2013-2018
TERNA BAHRAIN HOLDING WLL	Bahrain	0.00	99.99	99.99	-
TERNA CONTRACTING CO WLL	Bahrain	0.00	100.00	100.00	-
TERNA VENTURES WLL	Bahrain	0.00	100.00	100.00	-
TERNA SAUDI ARABIA LTD	Saudi Arabia	60.00	0.00	60.00	-
CEMENT PRODUCTION AND EXPORT FZC	Libya	0.00	75.00	75.00	-
MALCEM CONSTRUCTION MATERIALS LTD	Malta	0.00	75.00	75.00	2013-2018
QE ENERGY EUROPE LTD	Cyprus	0.00	100	100.00	2013-2018

Joint entities whose assets, liabilities and results are incorporated into a subsidiary of the Group based on the corresponding percentage

ECONOMIC ENTITY	DOMICILE	DIRECT PARTICIPAT	INDIRECT PARTICIPAT	TOTAL PARTICIPATION %

		ION %	ION %		
J/V TERNA - CGCE (AMAS 1)	Bahrain	0.00	50.00	50.00	-
J/V TERNA - CGCE (AMAS 2)	Bahrain	0.00	50.00	50.00	-

Associates which are consolidated with the Group via the equity method

ECONOMIC ENTITY	DOMICILE	DIRECT PARTICIPATION %	INDIRECT PARTICIPATION %	TOTAL PARTICIPATION %	
GEKA SA	Greece	0	33.34	33.34	2013-2018

Joint Ventures which are consolidated with the Group via the equity method

ECONOMIC ENTITY	DOMICILE	DIRECT PARTICIPATION %	INDIRECT PARTICIPATION %	TOTAL PARTICIPATION %	
HERON II THERMOELECTRIC STATION VOIOTIA SA	Greece	25.00	0.00	25.00	2013-2018

* The company TERNA QATAR LLC is fully consolidated according to IFRS 10 “Consolidated Financial Statements” since the Group based on a contract possesses the control of the management and the results.

The voting rights of TERNA SA in all the above participations are identical with the percentage rate it holds in the share capital of the companies.

The following table presents the joint entities for the construction of technical projects, in which the Group participates. Such joint ventures have already concluded the projects they were established for, the guarantee period has expired, their relations with third parties have been settled and their final liquidation is pending. Therefore such are not included in the consolidation.

COMPANY NAME	TOTAL PARTICIPATION % (Indirect)
J/V EVINOU-AEGEK-METON SA-TERNA SA-EYKLEIDIS SA	33.33%
J/V MAIN ARROGATION CANAL D 1	75.00%
J/V AKTOR, AEGEK, TERNA, EKTER, AIRPORT INSTAL. SPATA	20.00%
J/V TERNA SA / AKTOR SA - GOULANDRIS MUSEUM	50.00%
J/V DEPA PROJECT	10.00%
J/V ARTA-FILIPPIADA BY-PASS	98.00%
J/V FRAGMATOS PRAMORITSA	33.33%
J/V VIOTER SA-TERNA SA	50.00%
J/V TERNA-AKTOR-EMPEDOS-J&P ABAX-IMEC GmbH	24.00%
J/V EUROPEAN TECHNICAL-HOMER-TERNA	50.00%
J/V J&P AVAX SA-TERNA SA-EYKLEIDIS	35.00%
J/V AVAX-VIOTER-TERNA (OLYMPIC VILLAGE CONSTRUCTION)	37.50%
J/V TERNA-MOCHLOS-AKTOR TUNNEL KIATO-AIGIO	35.00%
J/V J&P AVAX-TERNA-AKTOR (TRAPEZA PLATANOS CONTRUCTION OF TUNNELS)	33.33%

(Amounts in thousands Euro, unless stated otherwise)

COMPANY NAME	TOTAL PARTICIPATION % (Indirect)
J/V J&P ABAΞ SA-VIOTER SA-TERNA SA (CANOE KAGIAK)	33.33%
J/V ALPINE MAYREDER BAU GmbH-TERNA SA (PROJECT PARADEISIA-TSAKONA)	49.00%
J/V AKTOR-TERNA (BANQUET HALL)	50.00%
J/V TERNA SA-NEON STAR SA-RAMA (OPAP 1)	51.00%
J/V AEGEK-TERNA (SIATISTA – KRYSTALLOPIGI CONNECTION)	45.00%

During the fiscal year 2018 the following joint ventures were liquidated:

COMPANY NAME	TOTAL PARTICIPATION % (Indirect)
J/V IMPREGILO Spa – TERNA SA-ALTE SA (EXECUTIONS)	33.33%
J/V TERNA SA-NEON STAR SA-RAMA (OPAP)	51.00%
J/V EVAGGELISMOS PROJECT C’	50.00%
J/V ATHINA-PANTECHNIKI-TERNA-PLATAMONAS PROJECT	39.20%

6. GEOGRAPHIC SEGMENTS

The following table presents selective information on the Group per geographic segment. The other regions include Malta, Libya and Western Europe.

Geographic segments 31.12.2018	Greece and Cyprus	Balkans	Middle East	Other regions	Consolidated totals
Turnover	830,349	57,444	60,799	10,352	**958,944**
Non-current assets (excl. deferred tax and financial instruments)	148,468	32,607	2,653	1,040	**184,768**
Capital expenditure	13,747	243	125	19	**14,134**

Geographic segments 31.12.2017	Greece and Cyprus	Balkans	Middle East	Other regions	Consolidated totals
Turnover	773,088	24,918	89,506	7,049	**894,561**
Non-current assets (excl. deferred tax and financial instruments)	173,069	1,178	5,647	0	**179,894**
Capital expenditure	12,169	468	1,739	0	**14,376**

(Amounts in thousands Euro, unless stated otherwise)

7. GOODWILL

At 31.12.2018, the Group has recognized in the consolidated financial statements a goodwill of 3.183 (in the previous year the company TERNA SA acquired the remaining 66.7% of the construction consortiums EUROIONIA and E-65, with which it would carry out an additional significant construction work on existing construction contracts). The analysis of the movement of goodwill for the years 2018 and 2017 is as follows:

Amounts in € '000	**Construction Segment**
Net book value at 01.01.2017	**9,759**
Impairment of Goodwill	(6,576)
Net book value at 31.12.2017	**3,183**
Net book value at 01.01.2018	**3,183**
Impairment of Goodwill	-
Net book value at 31.12.2018	**3,183**
Gross book value on 31.12.2018	9,759
Accumulated impairment losses	(6,576)
Net book value at 31.12.2018	**3,183**

An impairment test is based on the determination of the recoverable amount, which has been determined on a value-by-use basis. This determination is made using the discounted cash flow method based on the remaining estimated cash flow expected to complete the construction work of the joint ventures.

This methodology for determining value in use is affected by the following key assumptions as adopted by the Management to determine future cash flows: (a) the revenue earmarked under the existing construction contracts of the two joint ventures, b) the operating profit margins of construction projects, which are also calculated on the basis of the results of the last years.

Based on the impairment test carried out at the end of the reported reporting period, no recognition of impairment losses of recognized goodwill has arisen in 2018.

8. INTANGIBLE FIXED ASSETS

The account of intangible fixed assets on 31 December 2018, in the accompanying financial statements, is analyzed as follows:

	GROUP				
	Concessions and Rights	**Rights from construction contract**	**Software**	**Research and development**	**Total**
Net book value 1.1.2018	**27,458**	**3,725**	**336**	**4,202**	**35,721**
Additions	20	-	274	380	**674**

(Amounts in thousands Euro, unless stated otherwise)

Transfers	-	-	-	738	**738**
Acquisition cost of sold – written off assets	(18)	-	(210)	-	**(227)**
Accumulated amortization of sold – written off assets	15	-	10	-	**25**
Other changes of acquisition cost/Foreign exchange differences	0	-	16	-	**16**
Other changes in amortization	0	-	(16)	-	**(16)**
(Amortization for the year)	(594)	(1,865)	(55)	(143)	**(2,657)**
Net book value 31.12.2018	**26,881**	**1,860**	**355**	**5,177**	**34,274**
Cost 1.1.2018	35,382	88,022	2,174	4,808	**130,386**
Accumulated Amortization 1.1.2018	(7,923)	(84,297)	(1,838)	(606)	**(94,664)**
Net book value 1.1.2018	**27,459**	**3,725**	**336**	**4,202**	**35,722**
Cost 31.12.2018	35,384	88,022	2,255	5,926	**131,587**
Accumulated Amortization 31.12.2018	(8,502)	(86,163)	(1,898)	(749)	**(97,312)**
Net book value 31.12.2018	**26,882**	**1,859**	**357**	**5,177**	**34,275**

GROUP

	Concessions and Rights	Rights from construction contract	Software	Research and development	Total
Net book value 1.1.2017	**28,005**	**11,928**	**166**	**3,139**	**43,238**
Additions	50	-	246	788	**1,084**
Transfer from / (to) tangible assets cost	-	-	0	398	**398**
Acquisition cost of sold – written off assets	(1,132)	-	(9)	-	**(1,141)**
Accumulated amortization of sold – written off assets	1,132	-	9	-	**1,141**
Other changes of acquisition cost of fixed assets (forex differences, etc.)	-	-	(47)	-	**(47)**
Other changes of amortization of fixed assets (forex differences, etc.)	-	-	46	-	**46**
Amortization for the year	(596)	(8,202)	(75)	(123)	**(8,996)**
Net book value 31.12.2017	**27,459**	**3,726**	**336**	**4,202**	**35,723**
Cost 1.1.2017	36,463	88,022	1,983	3,622	**130,090**
Accumulated Amortization 1.1.2017	(8,459)	(76,094)	(1,818)	(483)	**(86,854)**
Net book value 1.1.2017	**28,004**	**11,928**	**165**	**3,139**	**43,236**
Cost 31.12.2017	35,382	88,022	2,174	4,808	**130,385**
Accumulated Amortization 31.12.2017	(7,923)	(84,297)	(1,838)	(606)	**(94,664)**
Net book value 31.12.2017	**27,459**	**3,725**	**336**	**4,202**	**35,721**

(Amounts in thousands Euro, unless stated otherwise)

	COMPANY			
	Concessions and Rights	**Software**	**Research and development**	**Total**
Net book value 1.1.2018	**479**	**319**	**103**	**901**
Additions	-	239	-	**239**
Acquisition cost of sold – written off assets	-	(210)	-	**(210)**
Accumulated amortization of sold – written off assets	-	10	-	**10**
Other changes of acquisition cost of fixed assets (forex differences, etc.)	-	5	-	**5**
Other changes of amortization of fixed assets (forex differences, etc.)	-	(5)	-	**(5)**
Amortization for the year	(35)	(41)	(6)	**(82)**
Net book value 31.12.2018	**444**	**317**	**97**	**859**
Cost 1.1.2018	6,623	1,741	182	**8,546**
Accumulated Amortization 1.1.2018	(6,144)	(1,422)	(79)	**(7,645)**
Net book value 1.1.2018	**479**	**319**	**103**	**901**
Cost 31.12.2018	6,623	1,775	182	**8,580**
Accumulated Amortization 31.12.2018	(6,179)	(1,458)	(85)	**(7,722)**
Net book value 31.12.2018	**444**	**317**	**97**	**859**

	COMPANY			
	Concessions and Rights	**Software**	**Research and development**	**Total**
Net book value 1.1.2017	**513**	**163**	**109**	**785**
Additions	-	226	-	**226**
Acquisition cost of sold – written off assets	(1,131)	(4)	-	**(1,135)**
Accumulated amortization of sold – written off assets	1,131	4	-	**1,135**
Other changes of acquisition cost of fixed assets (forex differences, etc.)	-	(16)	-	**(16)**
Other changes of amortization of fixed assets (forex differences, etc.)	-	15	-	**15**
Amortization for the year	(35)	(69)	(6)	**(110)**
Net book value 31.12.2017	**478**	**319**	**103**	**900**
Cost 1.1.2017	7,753	1,535	182	**9,470**
Accumulated Amortization 1.1.2017	(7,240)	(1,372)	(73)	**(8,685)**
Net book value 1.1.2017	**513**	**163**	**109**	**785**
Cost 31.12.2017	6,623	1,741	182	**8,546**
Accumulated Amortization 31.12.2017	(6,144)	(1,422)	(79)	**(7,645)**
Net book value 31.12.2017	**479**	**319**	**103**	**901**

The amortization for the years 2018 and 2017 has been recognized in Cost of sales by 2,554 (8,718 in 2017), in Administrative and distribution expenses by 79 (238 in 2017), R&D expenses by 14 (15 in 2017), Other Income / (expenses) by 2 (0 in 2017) and Inventory by 8 (25 in 2017).

The corresponding amounts for the Company were 8 (29 in 2017) in Cost of sales, 72 (80 in 2017) in Administrative and distribution expenses and 2 (0 in 2017) in the Other Income / (expenses).

The account Concessions and Other Rights of the Group and the Company includes the recognition of purchased rights for the exploitation of quarries by 444 (479 in 2017), with an initial agreed term of 20-30 years and in the Group the rights for quarries of magnesite by 26,437 (26,979 in 2017), with an estimated economic life of 50 years.

The account Development expense of the Group mainly concerns the development expenses incurred in relation to the quarries of magnesite.

9. TANGIBLE FIXED ASSETS

The account of tangible fixed assets on 31 December 2018, in the accompanying financial statements, is analyzed as follows:

(Amounts in thousands Euro, unless stated otherwise)

GROUP	Quarries/ Land-Plots	Buildings and Facilities	Technological and mechanical equipment	Vehicles	Other	Assets under construction and prepayments for acquisition of fixed assets	Total
Net book value 1.1.2018	**10,017**	**4,849**	**64,271**	**11,050**	**3,669**	**11,979**	**105,835**
Additions	20	99	3,136	177	891	9,136	**13,459**
Transfers of constructed fixed assets' cost	0	399	3,419	33	0	(3,852)	**0**
Transfer from/(to) another asset account – cost	0	0	14	0	0	0	**14**
Transfer from/(to) another tangible fixed asset account – cost	0	0	0	(56)	0	0	**(56)**
Transfer from/(to) intangible fixed asset account – cost	0	0	0	0	0	(116)	**(116)**
Acquisition cost of assets sold / written-off	0	(52)	(4,826)	(601)	(767)	(387)	**(6,633)**
Accumulated depreciation of assets sold / written-off	0	38	2,003	420	600	0	**3,061**
(Impairments)/reversal of impairment of acquisition cost	0	0	210	0	0	0	**210**
(Impairments)/reversal of impairment - accumulated depreciation	0	0	(26)	(4)	0	0	**(30)**
Transfer (from) / to another fixed asset code – accumulated impairment	0	0	0	56	0	0	**56**
Other movements on acquisition cost / FX differences - cost	0	153	882	127	219	4	**1,385**
Other movements on depreciation / FX differences - accumulated depreciation	0	(71)	(811)	(109)	(179)	0	**(1,171)**
Depreciation for the year	(280)	(390)	(5,979)	(1,673)	(1,338)	0	**(9,660)**
Net book value 31.12.2018	**9,757**	**5,025**	**62,293**	**9,421**	**3,095**	**16,764**	**106,354**
Cost 1.1.2018	13,084	8,921	173,299	36,666	19,087	11,979	**263,036**
Accumulated Depreciation 1.1.2018	(3,066)	(4,072)	(109,029)	(25,616)	(15,418)	0	**(157,201)**
Net book value 1.1.2018	**10,018**	**4,849**	**64,270**	**11,050**	**3,669**	**11,979**	**105,835**
Cost 31.12.2018	13,104	9,521	176,134	36,347	19,430	16,764	**271,300**
Accumulated Depreciation 31.12.2018	(3,346)	(4,495)	(113,842)	(26,926)	(16,335)	0	**(164,944)**
Net book value 31.12.2018	**9,758**	**5,026**	**62,292**	**9,420**	**3,095**	**16,764**	**106,356**

(Amounts in thousands Euro, unless stated otherwise)

GROUP	Quarries/ Land-Plots	Buildings and Facilities	Technological and mechanical equipment	Vehicles	Other	Assets under construction and prepayments for acquisition of fixed assets	Total
Net book value 1.1.2017	**10,266**	**5,435**	**69,203**	**12,069**	**4,345**	**5,126**	**106,444**
Additions	31	108	2,194	730	1,480	8,749	**13,292**
Transfer from/(to) another tangible fixed asset account – cost	0	28	47	0	0	(75)	**0**
Transfer from/(to) intangible fixed asset account – cost	0	0	0	0	0	(398)	**(398)**
Acquisition cost of assets sold / written-off	0	(63)	(1,949)	(629)	(927)	0	**(3,568)**
Accumulated depreciation of assets sold / written-off	0	43	1,431	559	575	0	**2,608**
(Impairments)/reversal of impairment of acquisition cost	0	0	0	0	0	(884)	**(884)**
(Impairments)/reversal of impairment - accumulated depreciation	0	0	(138)	0	0	0	**(138)**
Other movements on acquisition cost / FX differences - cost	0	(459)	(2,609)	(318)	(495)	(539)	**(4,420)**
Other movements on depreciation / FX differences - accumulated depreciation	0	189	2,246	260	360	0	**3,055**
Depreciation for the year	(280)	(431)	(6,154)	(1,620)	(1,670)	0	**(10,155)**
Net book value 31.12.2017	**10,017**	**4,850**	**64,271**	**11,051**	**3,668**	**11,979**	**105,836**
Cost 1.1.2017	13,053	9,308	175,616	36,883	19,029	5,126	**259,015**
Accumulated Depreciation 1.1.2017	(2,786)	(3,873)	(106,413)	(24,814)	(14,683)	0	**(152,569)**
Net book value 1.1.2017	**10,267**	**5,435**	**69,203**	**12,069**	**4,346**	**5,126**	**106,446**
Cost 31.12.2017	13,084	8,921	173,299	36,666	19,087	11,979	**263,036**
Accumulated Depreciation 31.12.2017	(3,066)	(4,072)	(109,029)	(25,616)	(15,418)	0	**(157,201)**
Net book value 31.12.2017	**10,018**	**4,849**	**64,270**	**11,050**	**3,669**	**11,979**	**105,835**

(Amounts in thousands Euro, unless stated otherwise)

COMPANY	Quarries/ Land-Plots	Buildings	Machinery	Vehicles	Furniture and other equipment	Assets under construction and advances for asset acquisition	Total
Net book value 1.1.2018	**6,450**	**1,153**	**47,868**	**10,149**	**3,191**	**82**	**68,892**
Additions	20	99	651	21	705	0	**1,496**
Transfers of constructed fixed assets' cost	0	85	0	0	0	(85)	**0**
Acquisition cost of assets sold / written-off	0	(52)	(4,200)	(580)	(690)	0	**(5,523)**
Accumulated depreciation of assets sold / written-off	0	38	1,887	420	550	0	**2,895**
(Impairments)/reversal of impairment of acquisition cost	0	0	0	0	0	0	**0**
(Impairments)/reversal of impairment - accumulated depreciation	0	0	0	(4)	0	0	**(4)**
Other movements on acquisition cost / FX differences - cost	0	46	313	22	121	4	**506**
Other movements on depreciation / FX differences - accumulated depreciation	0	(35)	(277)	49	(93)	0	**(356)**
Depreciation for the year	(280)	(195)	(4,363)	(1,289)	(1,088)	0	**(7,215)**
Net book value 31.12.2018	**6,190**	**1,139**	**41,878**	**8,787**	**2,696**	**1**	**60,690**
Cost 1.1.2018	9,518	3,851	144,344	33,675	14,679	82	**206,149**
Accumulated Depreciation 1.1.2018	(3,067)	(2,699)	(96,476)	(23,526)	(11,488)	0	**(137,257)**
Net book value 1.1.2018	**6,450**	**1,153**	**47,868**	**10,149**	**3,191**	**82**	**68,892**
Cost 31.12.2018	9,538	4,029	141,107	33,137	14,816	1	**202,628**
Accumulated Depreciation 31.12.2018	(3,348)	(2,891)	(99,229)	(24,350)	(12,119)	0	**(141,936)**
Net book value 31.12.2018	**6,190**	**1,138**	**41,878**	**8,787**	**2,697**	**1**	**60,690**

(Amounts in thousands Euro, unless stated otherwise)

COMPANY	Quarries/ Land-Plots	Buildings	Machinery	Vehicles	Furniture and other equipment	Assets under construction and advances for asset acquisition	Total
Net book value 1.1.2017	**6,699**	**1,391**	**51,367**	**11,155**	**3,736**	**0**	**74,349**
Additions	31	19	1,654	327	1,264	81	**3,375**
Transfer from/(to) another tangible fixed asset account – cost	0	0	0	0	0	0	**0**
Transfer from/(to) another tangible fixed asset account – accumulated depreciation	0	0	0	0	0	0	**0**
Acquisition cost of assets sold / written-off	0	(25)	(886)	(448)	(741)	0	**(2,099)**
Accumulated depreciation of assets sold / written-off	0	25	685	403	443	0	**1,556**
Change of percentage of consolidated companies in terms of cost	0	0	0	0	0	0	**0**
Change of percentage of consolidated companies in terms of accumulated depreciation	0	0	0	0	0	0	**0**
(Impairments)/reversal of impairment of acquisition cost	0	0	0	0	0	0	**0**
(Impairments)/reversal of impairment - accumulated depreciation	0	0	(138)	0	0	0	**(138)**
Other movements on acquisition cost / FX differences - cost	0	(132)	(901)	(32)	(212)	1	**(1,276)**
Other movements on depreciation / FX differences - accumulated depreciation	0	95	753	25	110	0	**983**
Depreciation for the year	(280)	(220)	(4,665)	(1,282)	(1,409)	0	**(7,857)**
Net book value 31.12.2017	**6,450**	**1,153**	**47,869**	**10,148**	**3,191**	**82**	**68,893**
Cost 1.1.2017	9,487	3,990	144,478	33,828	14,368	0	206,149
Accumulated Depreciation 1.1.2017	(2,787)	(2,598)	(93,111)	(22,673)	(10,631)	0	(131,800)
Net book value 1.1.2017	**6,700**	**1,392**	**51,367**	**11,155**	**3,737**	**0**	**74,351**
Cost 31.12.2017	9,518	3,851	144,344	33,675	14,679	82	206,151
Accumulated Depreciation 31.12.2017	(3,067)	(2,699)	(96,476)	(23,526)	(11,488)	0	(137,256)
Net book value 31.12.2017	**6,451**	**1,152**	**47,868**	**10,149**	**3,191**	**82**	**68,893**

(Amounts in thousands Euro, unless stated otherwise)

The depreciations of the Group for the reported year, have been registered in Cost of sales by 8,524 (8,808 in 2017), in Administration and Distribution Expenses by 772 (851 in 2017), in Research and development expenses by 9 (6 in 2017), in Other income/(expenses) by 347 (358 in 2017) and in the inventories by 58 (132 in 2017).

The depreciations of the Company for the reported year have been registered in Cost of sales by 6,347 (7,052 in 2017), in Administration and Distribution Expenses by 668 (599 in 2017) and in Other income/(expenses) by 200 (207 in the previous financial year).

Within the year 2018, the impairments of the machinery and assets under construction which were accounted for in the year mainly concern obsolete machinery of the industrial / quarry segment due to the non-recoverability of their value amounting to 177. The above amount was recognized in the Other income / (expenses) of the Statement of results for the year.

Within the year 2017, the impairments of the machinery and assets under construction which were accounted for in the year mainly concern obsolete machinery of the industrial / quarry segment due to the non-recoverability of their value amounting to 1,022. The above amount was recognized in the Other income / (expenses) of the Statement of results for the year.

The above tangible assets also include those that have been acquired through financial leasing contracts:

GROUP	**Machinery**	**Vehicles**	**Total**
Cost 31.12.2018	24,291	6,428	**30,719**
Accumulated depreciation 31.12.2018	(8,781)	(2,868)	**(11,649)**
Net book value 31.12.2018	**15,510**	**3,560**	**19,070**

COMPANY	**Machinery**	**Vehicles**	**Total**
Cost 31.12.2018	23,184	6,023	**29,207**
Accumulated depreciation 31.12.2018	(8,290)	(2,654)	**(10,944)**
Net book value 31.12.2018	**14,894**	**3,369**	**18,623**

GROUP	**Machinery**	**Vehicles**	**Total**
Cost 31.12.2017	24,353	6,428	**30,781**
Accumulated depreciation 31.12.2017	(7,879)	(2,544)	**(10,423)**
Net book value 31.12.2017	**16,474**	**3,884**	**20,358**

(Amounts in thousands Euro, unless stated otherwise)

COMPANY	Machinery	Vehicles	Total
Cost 31.12.2017	23,246	6,023	**29,269**
Accumulated depreciation 31.12.2017	(7,492)	(2,332)	**(9,824)**
Net book value 31.12.2017	**15,754**	**3,691**	**19,445**

10. **INVESTMENT PROPERTY**

Investment property on 31 December 2018 is analyzed as follows:

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
Balance 1 January	**3,001**	**2,512**	**2,377**	**1,889**
Additions for the period	5,674	0	5,674	0
Fair value adjustments	(285)	489	(285)	489
Transfer from/to fixed assets	0	0	0	0
Balance 31 December	**8,390**	**3,001**	**7,766**	**2,378**

During the closing year, in cases of active market there was a valuation of the fair value of the Group's property from independent auditors. The respective valuations are presented in the following table.

For the valuation of specific investment property, it was not possible to establish reliable comparable market prices, based on which the determination of fair value could be reliably evidenced. For such cases, the Management, with the assistance of real estate professionals, defined the fair values by taking into account its experience as well as the current general economic environment and conditions.

Group's investment property valuation at fair is performed taking into consideration the high and best use of each asset that is legally permissible and financially possible.

From the aggregate valuations conducted for the investment property, a loss of 285 (profit of 489 in 2017) was generated which was recorded in the Other income / (expenses).

The following table presents data concerning the major assumptions taken into consideration for the valuation of the investment properties on 31.12.2018:

Property	Fair Value 31.12.2018	Method	Market value	Interest rate	Inflation	Return	Cost of develop ment
Kos - Land	957	Real estate market	28 euro per sqm	-	-	-	-
Madoudi, (Evoia) – Plots	623	Real estate market	5.50 euro per sqm	-	-	-	-

(Amounts in thousands Euro, unless stated otherwise)

Property	Fair Value 31.12.2018	Method	Market value	Interest rate	Inflation	Return	Cost of develop ment
Plot in Posidonia position, Laurio, Attica	13	Real estate market	1.87 euro per sqm	-	-	-	-
Building and Plot position of Lezides Aliveri Evoia	1,122	Real estate market and capitalization of revenues	Building 1.40-3 euro/sqm, land 5-9.5 euro/sqm, lease of building 1.68 euro/sqm	-	-	12.50%	-
Bulgaria-Plots	5,675	Real estate market /	35.10 euro per sqm	-	-	-	-
	8,390						

The corresponding information of the major assumptions taken into consideration for the valuation of the investment properties on 31.12.2017, are as follows:

Property	Fair Value 31.12.2017	Method	Market value	Interest rate	Inflation	Return	Cost of develop ment
Kos - Land	1,250	Real estate market	28 euro per sqm	-	-	-	-
Madoudi, (Evoia) – Plots	623	Real estate market	0.50 euro per sqm	-	-	-	-
Plot in Posidonia position, Laurio, Attica	13	Real estate market	1.87 euro per sqm	-	-	-	-
Building and Plot position of Lezides Aliveri Evoia	1,114	Real estate market and capitalization of revenues	Building 2.9-5 euro/sqm, land 4.5-11 euro/sqm, lease of building 1.67 euro/sqm	-	-	12.50%	-
	3,000						

11. PARTICIPATION IN SUBSIDIARIES

11.1 Analysis of changes of investments in subsidiaries for the year 2018

The subsidiaries of the Company are presented in detail in Note 5.
The change in the book value of investments in subsidiaries in the Company's financial statements is as follows:

(Amounts in thousands Euro, unless stated otherwise)

	2018	2017
Balance 1 January	**110,248**	111,580
Additions	3,537	918
Recovery of impairment	(9,727)	(2,250)
Balance 31 December	**104,058**	**110,248**

Additions of the amount in the year 2018 are broken down into:

The change of the account Participation in subsidiaries is due to the participation by 3,538 (918 in the previous period) in the share capital increase which took place in TERNA OVERSEAS LTD and to the impairment of its participation in TERNA LEFKOLITHI SA by an amount of 9,727 (2,250 in 2017 with regard to TERNA OVERSEAS). The particular loss of 9,727 was recognized in the statement of total comprehensive income and in the item “Profit/(Losses) from sale and valuation of participations and equity investments”.

11.2 Impairment test

In accordance with the accounting policies followed and the requirements of IAS 36, the Company performs an impairment test on the assets at the end of each annual reporting period if there is any indication of impairment. A test may be carried out earlier if any evidence of impairment arises. The evaluation conducted focuses on both extrinsic and endogenous factors. In addition, the Company, in the case of participations that have already been impaired and when there is evidence of reversal, compares the book value with their recoverable value and evaluates the possibility of reversing part or all of the impairment recognized in prior periods.

With respect to the impairment test of the subsidiaries: for subsidiaries that are a separate and individual cash flow-generating unit (CFGU), the determination of the recoverable amount was based on the value in use. Value in use was calculated using the discounted cash flow method according to the business plans which incorporate major assumptions and estimates by the management such as revenue growth rate, capital and operating expenditures and the discount rates used. This method of determining value in use is affected (sensitively) by the following key assumptions as adopted by the Management for the determination of future cash flows: (a) the estimated revenue deriving from the management's assumptions and estimates that have taken into account the conditions prevailing in the magnesite market as well as the relevant operating cost of the subsidiary company TERNA LEFKOLITHI; (b) the Discount rate (9%).

Within the year ended on December 31, 2018, there was an impairment on the value of the participations of “Terna Lefkolithoi S.A.” totaling to 9,727.

11.3 Subsidiaries with significant percentage of non-controlling interests

The accounts and items of the financial statements of significant subsidiaries, in which exist non-controlling interests, are as follows:

(Amounts in thousands Euro, unless stated otherwise)

	TERNA MAG	TERNA MAG
Geographical area of activity	Greece	Greece
Business Activity	Mining and processing of magnesite	Mining and processing of magnesite
Percentage of non-controlling interests	51.02%	51.02%
	31.12.2018	**31.12.2017**
Non-current assets	64,880	53,966
Current assets	21,499	19,432
(Long-term liabilities)	(48,310)	(33,676)
(Short-term liabilities)	(38,576)	(33,920)
Net fixed assets	**507**	**5,802**
Equity corresponding to non-controlling interests	259	2,960

In addition to the above, the proportional amount of the non-controlling interests in the difference of the valuation of magnesite quarries at fair value, at the acquisition time by TERNA SA in year 2018, corresponds to 10,110 as of 31/12/2018 (10,516 on 31/12/2017).

	1.1. - 31.12.2018	1.1. - 31.12.2017
Turnover	10,389	7,049
Net Profit / (Losses)	(6,283)	(3,975)
Other Comprehensive Income	(26)	(2)
Total Results	**(6,309)**	**(3,977)**
Net Profit / (Losses) corresponding to non-controlling interests	(3,219)	(2,028)
Dividends from subsidiaries payable to non controlling interests	0	0

	1.1. - 31.12.2018	1.1. - 31.12.2017
Cash flows from operating activities	(4,424)	(3,352)
Cash outflows from investment activities	(9,854)	(9,401)
Cash outflows for financing activities	15,532	12,837
Net increase / (decrease) of cash	**1,254**	**84**

The above financial accounts of the subsidiary are before elimination entries due to consolidation. Apart from the company presented above, there is no other subsidiary with significant non-controlling interests. The entire non-controlling interests concern the parent company of the Group, TERNA SA.

(Amounts in thousands Euro, unless stated otherwise)

12. PARTICIPATION IN JOINT VENTURES

12.1 Participation in Joint Ventures

The Group holds interests of 25% in HERON II joint venture which is consolidated with the Equity method according to the requirements of IAS 28 as presented in Note 5 of the Financial Statements. The movement of participations in joint ventures for the presented period is as follows:

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
Balance 1 January	**20,657**	**21,006**	**21,006**	**21,006**
Profit / (Loss) from valuation	0	0	0	0
Impairment	0	0	0	0
Additions / (eliminations)	2,716	0	2,716	0
Share in the change of equity	(2,182)	(348)	0	0
Balance 31 December	**21,191**	**20,658**	**23,722**	**21,006**

The most important accounts of the financial statements of HERON II (100%) are summarized as follows:

Geographic area of activity	Greece	
Business activity	Electricity production from natural gas	
Importance of participation for the Group	Secondary due to cash related reasons	
	31.12.2018	**31.12.2017**
Non-current assets	158,656	169,399
Cash and cash equivalents	8.994	13.047
Other current assets	39,720	37,840
Total assets	**207,370**	**220,286**
Long-term financial liabilities (apart from trade and other liabilities, provisions and deferred tax liability)	74,920	82,521
Other long-term liabilities	18,510	15,949
Short-term financial liabilities (apart from trade and other liabilities, provisions and deferred tax liability)	12,686	12,001
Other short-term liabilities	27,355	27,186

(Amounts in thousands Euro, unless stated otherwise)

Total liabilities	**133.471**	**137.657**
Net fixed assets	**73,899**	**82,629**
Proportion in the net fixed assets before valuation differences at fair value	18,475	20,657
Valuation differences at fair value	0	0
Proportion in the net fixed assets	**18,475**	**20,657**

	1.1 - 31.12.2018	**1.1 - 31.12.2017**
Turnover	131,013	100,065
(Depreciation)	(10,802)	(11,296)
(Financial expenses)	(5,891)	(9,097)
Financial income	46	54
(Expense)/Income from tax	(2.443)	(3.351)
Results from continued operations	(8,713)	(1,393)
Results from discontinued operations	0	0
Other comprehensive income	(17)	0
Total Results	**(8,730)**	**(1,393)**
Share in the results of the Group	(2,178)	(348)
Share in the other comprehensive results of the Group	(4)	0
Share in the total comprehensive results of the Group	**(2,182)**	**(348)**

The financial figures of the joint ventures are based on financial statements compiled according to the IFRS.

The financial statements of the joint ventures have been compiled with the same date compared to the ones of the Group.

12.2 Investments in joint operations – Proportional consolidation

The companies, accounted for using the proportionate consolidation method in the Company's consolidated and separate financial statements are analytically presented in Note 5. These companies concern schemes of joint operations with the other shareholders and pertain to joint operations, which do not constitute a separate entity under IFRS. Their assets and liabilities are consolidated, in accordance with the proportion of the participating interest in the Group and Company financial statements.

The following amounts are included in the consolidated and separate Financial Statements for FYs 2018 and 2017 and represent the Group's share in assets and liabilities and profit after tax of the jointly controlled entities: The following amounts represent the contribution of joint operations (see Note 5) both to the Company and the Group. These amounts are included in the Statement of Financial Position and the Group and Company Income Statement for FYs 2018 and 2017:

(Amounts in thousands Euro, unless stated otherwise)

	GROUP		COMPANY	
	31/12/18	**31/12/17**	**31/12/18**	**31/12/17**
Non-current assets	16,154	15,841	14,825	14,345
Other current assets	140,682	173,953	130,887	166,298
Total assets	**156,836**	**189,794**	**145,712**	**180,643**
Long-term liabilities	3,073	1,974	2,812	1,772
Other short-term liabilities	153,642	178,771	145,087	171,099
Total liabilities	**156,715**	**180,745**	**147,899**	**172,871**
Equity	121	9,048	-2,188	7,772
Turnover	129,730	149,769	114,349	137,632
Gross results	2,947	(13,678)	1,997	(14,220)
Profit after tax	(1,716)	(9,445)	(2,656)	(10,123)

13. OTHER LONG-TERM RECEIVABLES

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Loans granted	139,004	127,615	161,275	110,005
Approved but not collected grants	10,441	10,441	0	0
Given guarantees	734	1,277	734	923
Withheld amounts of invoiced receivables	7,385	10,139	6,289	2,475
Other long-term receivables	1,322	1,058	935	1,058
Provision for impairment of long-term financial assets	(64)	0	(69)	0
Total	**158,822**	**150,530**	**169,164**	**114,461**

During the period under consideration, the Group and the Company participated in the issuance of the bond loan of the parent company GEK TERNA SA of amount 85.3 million.
An amount of 10,441 relates to an approved but not received subsidy of the Group's subsidiary TERNA Lefkolithoi (or TERNA Mag).
The provisions for impairment of Other long-term receivables are analyzed according to the new standard IFRS 9 as following:

GROUP

(Amounts in thousands Euro, unless stated otherwise)

	Stage 1	Stage 2	Stage 3	Total
Balance 31.12.2017	**0**	**0**	**0**	**0**
Revision due to adoption of IFRS 9	**0**	**0**	**0**	**0**
Balance 1.1.2018	**0**	**0**	**0**	**0**
(Provision of credit loss for the period)	0	64	0	64
Balance 31.12.2018	**0**	**64**	**0**	**64**

	COMPANY			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance 31.12.2017	**0**	**0**	**0**	**0**
Revision due to adoption of IFRS 9	**0**	**0**	**0**	**0**
Balance 1.1.2018	**0**	**0**	**0**	**0**
(Provision of credit loss for the period)	0	69	0	69
Balance 31.12.2018	**0**	**69**	**0**	**69**

14. **INVENTORIES**

The account inventories on 31st December 2018 in the attached financial statements is analyzed as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Raw-auxiliary materials	5,088	3,220	4,250	2,255
Spare parts of fixed assets	25	0	25	0
Merchandise and Finished and semi-finished products	17,140	17,607	4,400	3,915
Property to be developed	2,196	2,196	0	0
Property under construction	0	0	0	0
Total	**24,450**	**23,023**	**8,675**	**6,170**

Regarding the inventories of the parent company TERNA S.A. and of TERNA Lefkolithi, following a relevant impairment test, a loss of 980 was recognized (versus 736 in the previous fiscal year) in the "Other income / (expenses)".

15. **TRADE RECEIVABLES**

The trade receivables on 31.12.2018 in the accompanying financial statements are analyzed as follows:

(Amounts in thousands Euro, unless stated otherwise)

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Trade receivables	239,769	206,085	224,277	210,495
Customers – Doubtful and litigious	4,937	4,800	4,684	4,684
Notes / Checks Receivable overdue	824	824	824	824
Checks Receivable	988	5,274	988	5,274
Minus: Provisions for doubtful trade receivables	(18,672)	(19,549)	(18,109)	(17,198)
Total	**227,846**	**197,434**	**212,664**	**204,079**

From 1 January 2018, the Group applies the simplified approach of IFRS 9 and calculates the expected credit losses over the entire life of its receivables. To measure expected credit losses, trade receivables, receivables from contracts with customers, prepayments and other receivables have been grouped on the basis of their credit characteristics and maturity (days of delay) on the reference date. The measurement of expected credit losses is based on specific parameters including:

a) the probability of default (Probability of Default-PD) which is estimated on the basis of historical data, assumptions and future estimates and calculated on the basis of Days Sales Outstanding in relation to the limit for each counterparty to determine whether it is default or not,
b) Loss Given Default which represents the estimate of the loss that will occur on the date of the default and
c) Exposure at default which represents the amount of the Group's exposure at the reporting date.

The provisions for impairment of the trade receivables are analyzed according to the new standard IFRS 9 as following:

	GROUP			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance 31.12.2017	**0**	**0**	**19,549**	**19,549**
Revision due to adoption of IFRS 9	**0**	**0**	**212**	**212**
Balance 1.1.2018	**0**	**0**	**19,761**	**19,761**
(Provision of credit loss for the period)	0	314	924	1,238
Recovery of provision of credit loss for the period	0	68	(2,150)	(2,082)
Eliminations for the period	0	4	(282)	(278)
Foreign exchange differences	0	5	29	33
Balance 31.12.2018	**0**	**390**	**18,282**	**18,672**

COMPANY

(Amounts in thousands Euro, unless stated otherwise)

	Stage 1	Stage 2	Stage 3	Total
Balance 31.12.2017	**0**	**0**	**17,198**	**17,198**
Revision due to adoption of IFRS 9	**0**	**0**	**1,776**	**1,776**
Balance 1.1.2018	**0**	**0**	**18,974**	**18,974**
(Provision of credit loss for the period)	0	312	788	1,100
Recovery of provision of credit loss for the period	0	0	(1,715)	(1,715)
Eliminations for the period	0	4	(281)	(277)
Foreign exchange differences	0	3	24	27
Balance 31.12.2018	**0**	**319**	**17,790**	**18,109**

The maturity of the balances is depicted as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Not in delay	118,003	135,534	110,885	86,071
Delay of 0-6 months	27,387	18,514	27,662	53,490
Delay of 6-12 months	67,454	15,632	60,165	33,939
Delay of 12-24 months	14,115	17,341	12,110	17,008
Delay of over 24 months	19,560	29,962	19,951	30,767
Minus: Impairments of receivables	(18,672)	(19,549)	(18,109)	(17,197)
Total	**227,846**	**197,434**	**212,664**	**204,078**

In the amounts that are not overdue it is included an amount of € 79.4 million (€ 33.9 million on 31.12.17), which relates to good execution withholding (retained guarantees).
The receivables for which an impairment provision was formed concern almost all receivables with a delay of more than 12 months. With regard to the entire receivables which are in delay and after the impairment, the following amounts are included:

(a) receivables from entities of the Greek State (including LAGIE) and other entities of foreign states of total amount € 0.82 million (€ 1.6 million on 31.12.17),
b) receivables from PPC, IPTO and HEDNO of total amount € 98.8 million (€ 1.4 million on 31.12.17),
c) receivables from joint ventures in which the Group participates in their equity and which are consolidated under the equity method of total amount € 5.7 million (€ 13.9 million on 31.12.17) and receivables from other affiliated companies of total amount € 11.8 million (€ 21.3 million on 31.12.17), which, taken as a whole, are considered to be of safe collection.

The remaining balances, after impairments, refer to customers of amount € 31 million (€ 11.6 million on 31.12.17) which, according to the Management's estimate, are considered as safe and secure collection.

(Amounts in thousands Euro, unless stated otherwise)

The Group undertake on a case-by-case basis the necessary measures to ensure the recoverability of the receivables.
Lastly, important guarantees for the collection of balances are also the advances received for construction contracts, which at 31.12.2018 amounted to € 302.5 million (€ 361.4 million on 31.12.2017).

16. RECEIVABLES / LIABILITIES FROM CONTRACTS WITH CUSTOMERS

The receivables from contracts with customers are analyzed as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Receivables from construction contracts with customers	197,438	155,192	168,069	132,535
Receivables from other contracts with customers	423	(0)	150	0
Less: Impairments of receivables from contracts with customers	(6,101)	(5,979)	(119)	0
	191,760	**149,213**	**168,101**	**132,535**

The provisions for impairment of receivables from contracts with customers are analyzed according to the new standard IFRS 9 as following:

	GROUP			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance 31.12.2017	**0**	**5,979**	**0**	**5,979**
Revision due to adoption of IFRS 9	**0**	**(65)**	**0**	**(65)**
Balance 1.1.2018	**0**	**5,914**	**0**	**5,914**
(Provision for impairment loss in the period)	0	262	(75)	187
Balance 31.12.2018	**0**	**6,176**	**(75)**	**6,101**

	COMPANY			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance 31.12.2017	**0**	**0**	**0**	**0**
Revision due to adoption of IFRS 9	**0**	**(163)**	**0**	**(163)**
Balance 1.1.2018	**0**	**(163)**	**0**	**(163)**
(Provision for impairment loss in the period)	0	357	(75)	282
Balance 31.12.2018	**0**	**194**	**(75)**	**119**

The liabilities in relation to contracts with customers are analyzed as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Customer advances	225,993	130,871	170,798	118,921

(Amounts in thousands Euro, unless stated otherwise)

Non-completed liabilities from construction contracts	88,285	170,178	67,576	142,290
	314,278	**301,049**	**238,373**	**261,211**

The changes in Receivables and liabilities from Contracts with customers within the current fiscal year are due to the following factors:

Receivables from contracts with customers	**GROUP**
Balance 31.12.2017	149,213
Accrued income	836
Balance 1.1.2018	**150,049**
Effect due to execution of existing contracts	30,257
Effect due to new contracts	10,528
Foreign exchange translation differences for the period	926
Balance 31.12.2018	**191,760**

Liabilities due to contracts with customers	**GROUP**
Short term part	**170,178**
Long term part	**6,505**
Balance 1.1.2018	**176,683**
Effect due to execution of existing contracts	(89,946)
Effect due to new contracts	450
Foreign exchange translation differences for the period	1,098
Balance 31.12.2018	**88,285**

17. PREPAYMENTS AND OTHER RECEIVABLES

The “Prepayments and other receivables” on 31st December 2018 in the attached financial statements are analyzed as follows:

	GROUP		**COMPANY**	
Prepayments and other short-term non-financial receivables	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
Advances to suppliers	63,636	127,887	56,213	120,668
VAT for rebate – offsetting	8,380	535	6,267	0
Prepayment to insurance funds (Social Security Organization of technical works)	3,491	5,089	3,490	5,086
Accounts for the management of prepayments and credits	1,920	2,233	1,774	1,789
Other deferred expenses	3,668	4,109	2,880	3,559

(Amounts in thousands Euro, unless stated otherwise)

Prepaid expenses	3,635	4,238	3,219	4,007
Other transitory asset accounts	323	0	323	0
Total	**85,053**	**144,091**	**74,166**	**135,109**

	GROUP		COMPANY	
Other short-term financial receivables	**31.12.2018**	**31.12.2017**	**31.12.2018**	**31.12.2017**
Receivables from j/v, related companies and other associates	3,152	7,529	16,171	32,054
Short-term part of granted long-term loans	250	247	250	247
Financial receivables from other various debtors	11,898	9,605	10,364	10,174
Receivables from insurance indemnities	0	155	0	155
Accrued income	0	836	0	376
Blocked bank deposit accounts	1,371	1,318	41	49
Doubtful – Litigious other receivables	1,111	1,111	1,111	1,111
Minus: Impairments of other short-term financial receivables	(10,548)	(10,757)	(10,355)	(10,575)
Total	**7,234**	**10,044**	**17,582**	**33,591**
Total prepayments and other receivables	**92,287**	**154,135**	**91,748**	**168,699**

The movement in the provision for impairment of these current assets of the Group and the Company, following the application of the requirements of IFRS 9, is as follows:

	GROUP			
	Stage 1	**Stage 2**	**Stage 3**	**Total**
Balance 31.12.2017	**0**	**0**	**10,757**	**10,757**
Revision due to adoption of IFRS 9	**0**	**0**	**3,099**	**3,099**
Balance 1.1.2018	**0**	**0**	**13,856**	**13,856**
Provision for impairment loss in the period	0	341	2,000	2,341
Recovery of provision of credit loss for the period	0	0	(4,854)	(4,854)
Transfers among different stages	0	0	0	0
Eliminations for the period	0	0	(800)	(800)
Other transfers	0	0	0	0
Foreign exchange translation differences	0	0	4	4
Balance 31.12.2018	**0**	**341**	**10,206**	**10,547**

	COMPANY

	Stage 1	Stage 2	Stage 3	Total
Balance 31.12.2017	**0**	**0**	**10,575**	**10,575**
Revision due to adoption of IFRS 9	**0**	**0**	**3,099**	**3,099**
Balance 1.1.2018	**0**	**0**	**13,674**	**13,674**
Provision for impairment loss in the period	0	336	2,000	2,336
Recovery of provision of credit loss for the period	0	0	(4,854)	(4,854)
Transfers among different stages	0	0	0	0
Eliminations for the period	0	0	(800)	(800)
Other transfers	0	0	0	0
Balance 31.12.2018	**0**	**336**	**10,020**	**10,356**

18. INVESTMENT IN EQUITY INTEREST

The movement of investments available for sale in the year 2018 is analyzed as follows:

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
Balance 1.1.2018	**14,925**	**13,506**	**7,828**	**6,409**
Additions / (Reductions)	(3,096)	130	(976)	130
Adjustment at fair through the Other Comprehensive Income	(704)	1,288	(704)	1,288
Balance 31.12.2018	**11,125**	**14,924**	**6,148**	**7,827**

The participation stakes in the related / affiliated companies of the Company and the Group on 31/12/2018 concern the non-listed companies ILIOHORA by 29.45% participation percentage of the Group and the Company, VIOMEK by 29.07% participation percentage of the Group and Company, ICON BOROVETS participation by 0% (15.63% and 49.59% respectively for the company and the group), and ICON EOOD, by 16.47% participation percentage of the Group. In the above companies, the Group does not exercise any significant operational or financial control or influence. The exclusive operational and financial control is exercised by the Group of the parent company TERNA.

- Additions / Reductions

During the current fiscal year, the Group through its parent company TERNA SA and of the subsidiary company TERNA OVERSEAS LTD sold its equity stake in the company ICON BOROVEC to the affiliated company of GEK TERNA Group, ICON EOOD. The total consideration of the sale for the parent company TERNA and the subsidiary company TERNA OVERSEAS LTD amounted to 900 and 1,800 respectively. The result following the above transaction amounted to a loss of 75 and 321 respectively which was recognized in the item “Profit / (Losses) from sale and valuation of participation interests and other equity investments”. On aggregate basis, the results of the Group were burdened with a loss of 396 and of the Company with a loss of 75.

(Amounts in thousands Euro, unless stated otherwise)

The Company and the Group during the current fiscal year acquired shares of the parent company GEK TERNA of a total acquisition cost of 0 (430 in 2017). In addition a capital return was implemented by 0 from the company ILIOCHORA (300 in 2017).

- Adjustment into fair value via Other Comprehensive Income

The Group and the Company on 31.12.2018, through the valuation of the business interest in the company ILIOCHORA at fair value, recognized an impairment of amount 958 (0 in the previous fiscal year). The above impairment was reclassified in the Other comprehensive results of the Company and the Group.

The Group and the Company held shares of the parent company GEK TERNA as of 31/12/2018 for a total acquisition cost of 1,566, which were valued at 3,303 (3,049 in the previous period). The above valuation resulted into a gain of 255 (gain of 1,288 in the previous year) which was recorded in the Other comprehensive results.

19. CASH AND CASH EQUIVALENTS

The account "Cash and cash equivalents" in the accompanying financial statements is analyzed as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Cash in hand	111	135	89	75
Sight Deposits	223,257	287,596	146,933	256,484
Term Deposits	4,123	7,673	3,519	7,474
Total	**227,491**	**295,404**	**150,541**	**264,033**

Term deposits have a usual duration of 1-3 months and interest rates ranging between 0.5%-1.0% during the financial year (0.5-1.2% during the previous financial year).

20. LONG-TERM LOANS AND FINANCE LEASES

The long-term loans and liabilities from finance leases on 31st December 2018, in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Liabilities from finance leases	11,882	16,725	11,457	16,055
Minus: Short-term portion	(5,335)	(5,051)	(4,980)	(4,792)
Loans from financial leases	**6,547**	**11,674**	**6,478**	**11,263**

(Amounts in thousands Euro, unless stated otherwise)

Long-term loans	190,746	129,086	178,900	127,669
Minus: Short-term portion	(19,301)	(107,896)	(18,748)	(107,669)
Long term part	**171,445**	**21,190**	**160,152**	**20,000**

The repayment period of long-term loans is analyzed in the following table:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Up to 1 Year	19,301	107,896	18,748	107,669
Between 2 - 5 Years	70,990	13,190	59,697	12,000
Over 5 Years	100,455	8,000	100,455	8,000
	190,746	**129,086**	**178,900**	**127,669**

The repayment period of liabilities from finance leases is analyzed in the following table:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Up to 1 Year	5,335	5,051	4,980	4,792
Between 2 - 5 Years	6,547	11,674	6,478	11,263
Over 5 Years	0	0	0	0
	11,882	**16,725**	**11,458**	**16,055**

A. Long-term Loans

Long term debt is by 100% in euro (99.5% at the end of the previous year) and represents approximately 71.38% of the Group's total debt (62.41% at the end of the previous year). Except for the short-term part, the respective percentage is 63% (14% in the previous fiscal year). The long term debt mainly covers financing needs for the investments of the Group.

Almost the entire long-term debt of the Group (100%) is based on floating rates (99.3% at the end of the previous fiscal year).

The average effective interest rate paid for the long-term debt during the closing year settled at 3.8% (5.1% in the previous financial year).

It is noted that as of 31.12.2018, there were loans of the Group amounting to 10,000, classified as short-term borrowings and particularly in the item "Long-term liabilities payable in the following fiscal year" under the requirements of IAS 1, as the companies were not in compliance with the financial ratios defined in the relevant loan agreements or on contractual basis the loans should have been repaid within the next twelve months from the reporting date. Respectively, on 31/12/2017 there were loans amounting to 101.74 million which did not comply with the financial ratios agreed or in which the date for their contractual repayment had expired. The particular loans were reclassified as “Long-term liabilities payable in the following year”. The parent company GEK TERNA SA signed, on 01/12/2017, an Joint Secured Bond Loan Agreement amounting to 193.95 million euro with Greek Credit Institutions in order to refinance the existing debt obligations of the Group’s companies. The above amount included loans of 81.74 million of the Company TERNA and were fully repaid within the fiscal year under consideration.

Below are described the significant changes in the Group's loans for the year ended 31.12.2018.

TERNA Bond Loan of € 127.3 million for the refinancing of its existing loan liabilities and for the financing of the acquisition of FERROVIAL

On December 7, 2018, the TERNA Group signed a € 127.3 million secured Bond Loan Program with Greek Credit Institutions for the purpose of: a) refinancing existing bank loans of € 42 million; and b) financing (through GEK TERNA parent company) of the acquisition of the shares of FERROVIAL in the Concession Companies "NEA ODOS SA" and "CENTRAL GREECE SA" and in the Consortium under the name "FERROVIAL JOINT VENTURES SA - GEK TERNA SOCIETE ANONYME OF HOLDINGS AND PROPERTIES".

The main terms of the Program provide for the following: (a) the maturity of the 8-year loan maturing in July 2026; (b) the six-month interest period with an interest rate of 6M Euribor with an annual surcharge of 3.75% (depending on the interest periods, (c) the balloon payment of 50.2% with the last installment and (d) the maintenance of financial ratios by the guarantor GEK TERNA, similar to those agreed with the Common Bond Loan (CBL) amounting to € 120 million, issued in April 2018 by the guarantor GEK TERNA.

On December 10, 2018, the total amount of € 127.3 million (two series of Bonds A & B) of the above-mentioned Secured Bond Loan, which was signed on 07.12.2018, was covered by the Greek Credit Institutions and the purpose of it to refinance existing lending, was fulfilled.

<u>B. Financial Leasing contracts</u>

Finance leases have been contracted in euro and concern mechanical and construction site equipment used for the execution needs of construction projects by 96% (96% during the previous year). The remaining part concerns equipment of the mining activities.

Finance leases represent 4.2% (7.2% during the previous year) of the Group’s total debt. 100% (100% during the previous year) of liabilities from finance leases of the Group are under floating interest rates.

The average effective interest rate of the Group and the Company settled at 5% (5% during the previous year).

During the present year, the Group did not enter into new leasing agreements.

The following table presents the changes of the long-term loans and financial leases during the year:

(Amounts in thousands Euro, unless stated otherwise)

	GROUP		
	2018		
	Long-term debt	Liabilities from Leasing	Total liabilities from Financial Activities
Balance 1/1	**129,086**	**16,725**	**145,811**
Disbursements/(payments) of capital	50,352	(4,853)	**45,498**
Payments of interest	(2,641)	(707)	**(3,348)**
Forex differences	21	0	**21**
Loan's interest on financial results	3,689	709	**4,398**
Transfers	10,240	7	**10,247**
Balance 31/12	**190,747**	**11,881**	**202,627**

	GROUP		
	2017		
	Long-term debt	Liabilities from Leasing	Total liabilities from Financial Activities
Balance 1/1	**123,449**	**21,182**	**144,631**
Disbursements/(payments) of capital	5,427	(4,457)	970
Payments of interest	(6,201)	(938)	(7,139)
Loans from new subsidiaries	0	0	0
Forex differences	(35)	0	(35)
Loan's interest on financial results	6,447	938	7,385
Balance 31/12	**129,087**	**16,725**	**145,812**

21. SHARE CAPITAL AND RESERVES

The Company's share capital amounted to fifty two million two hundred and ten thousand Euros (52,210,000) divided into five hundred twenty two thousand and one hundred (522,100) common registered shares with a nominal value of one hundred (100) Euros per share.

At the end of the present period, the Group did not hold, either directly through its parent company or indirectly through subsidiaries, any treasury shares.

The weighted average number of the outstanding shares during the presented period, utilized for the calculation of earnings per share, settled at 522,100 (522,100 in the previous comparative period).

The earnings per share of the Group during the presented period amount to € 16.3934 (€ 55.2557 in the comparative period) and were calculated based on the earnings/losses from continued activities that correspond to the owners of the parent company, amounting to -8,559 (28,849 in the comparative period).

(Amounts in thousands Euro, unless stated otherwise)

The Board of Directors of the Company proposes the non-distribution of dividend for the year 2018.

The account "Reserves" on 31.12.2018 is analyzed as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Reserve from fair value of available for sale assets	584	1,053	584	1,053
Tax free reserves	38,061	37,936	37,680	37,680
Regulatory reserve	14,591	14,590	13,350	13,350
Reserve due to foreign exchange differences	692	1,824	647	1,452
Other reserves	(14)	147	20	164
Total	**53,914**	**55,550**	**52,281**	**53,699**

Tax free reserves in case of distribution or capitalization will be taxed with the current tax rate.

22. PROVISION FOR STAFF INDEMNITIES

According to Greek labor law, each employee is entitled to a lump-sum indemnity in case of dismissal or retirement. The amount of the indemnity depends on the length of service with the company and the employee's wages the day he/she is dismissed or retires. Employees that resign or are justifiably dismissed are not entitled to such an indemnity. The indemnity payable in case of retirement in Greece is equal to 40% of the indemnity calculated in case of dismissal. According to the practices in the countries where the subsidiaries of the Group are operating in, staff indemnity programs are usually not funded.

The estimations for staff indemnity liabilities were determined through an actuarial study. The following tables present an analysis of the net expenditure for the relevant provisions recorded in the Statement of Comprehensive Results as well as the movement of the relevant provision accounts for staff indemnities presented in the accompanying Statement of Financial Position.

The expenditure for personnel indemnities which was recognized in the Net Earnings was recorded by the Group in the Cost of sales by 1,379, in the Administrative and distribution expenses by 175 and in the Net financial income/(expenses) by 34 (2,051, 49, 38 in 2018 respectively), whereas by the Company in the Cost of sales by 1,059, in the Administrative and distribution expenses by 147 and in the Net financial income/(expenses) by 33 (1,727, 1, 37 in 2018 respectively).

The amount due for staff indemnities is analyzed as follows:

(Amounts in thousands Euro, unless stated otherwise)

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Current service cost	1,023	1,003	523	627
Financial cost	34	38	33	37
Effect of cut-backs or settlements	678	1,100	684	1,103
Recognition of actuarial (profits) / losses	239	(235)	205	(238)
	1,974	**1,906**	**1,445**	**1,529**

The movement of the relevant provision in the Statement of Financial Position is as follows:

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
Balance 1.1	**6,350**	**7,802**	**3,724**	**4,793**
Provision recognized in Net earnings	1,588	2,138	1,239	1,766
Provision recognized in Other Total Comprehensive Income	239	(235)	205	(238)
Provision recognized in inventories	0	2	0	0
Foreign exchange translation differences	334	(608)	71	(251)
Compensation payments	(1,884)	(2,716)	(1,236)	(1,976)
Transfers among the companies of the Group	(6)	(33)	(3)	(370)
Balance 31.12	**6,621**	**6,350**	**4,000**	**3,724**

The main actuarial assumptions for the financial years 2018 and 2017 are as follows:

	2018	**2017**
Discount rate (based on the yields of the E.C.B. bonds)	1.5%	1.5%
Mortality: Greek mortality table	MT_EAE2012P	MT_EAE2012P
Future salaries increases	1.25%	1.25%
Movement of salaried workers (departure under their own will)	1%	1%
Movement of day-waged workers (departure under their own will)	1%	1%
Movement of salaried workers (laid-off)	6%	6%
Movement of day-waged workers (laid-off)	6%	6%

The following table presents the sensitivity of the liability concerning the rendering of benefits to personnel in cases of changes occurring in certain actuarial assumptions.

	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Discount Rate	2.00%	1.00%	1.50%	1.50%
Future Salaries Increases	1.25%	1.25%	1.50%	1.00%
Effect on the net earnings / (losses)	(116)	(349)	(294)	(165)

(Amounts in thousands Euro, unless stated otherwise)

23. OTHER PROVISIONS

The movement of the account "Other provisions" in the Statement of Financial Position is as follows:

	GROUP			COMPANY		
	Provisions for environmental rehabilitation	Other provisions	Total	Provisions for environmental rehabilitation	Other provisions	Total
Balance 1.1.2018	**114**	**9,876**	**9,990**	**114**	**8,676**	**8,790**
Provisions recognized in results	0	12,284	**12,284**	0	12,252	**12,252**
Utilized provisions	0	(2,567)	**(2,567)**	0	(2,035)	**(2,035)**
Transfer from / (to) another account	0	4,639	**4,639**	0	4,147	**4,147**
Eliminations for the period	0	(1,762)	**(1,762)**	0	(1,762)	**(1,762)**
Non utilized provisions recognized in the results	0	(473)	**(473)**	0	(473)	**(473)**
Foreign exchange differences	0	99	**99**	0	90	**90**
Balance 31.12.2018	**114**	**22,096**	**22,209**	**114**	**20,895**	**21,009**

	GROUP			COMPANY		
	Provisions for environmental rehabilitation	Other provisions	Total	Provisions for environmental rehabilitation	Other provisions	Total
Balance 1.1.2017	**114**	**27,570**	**27,684**	**114**	**26,370**	**26,484**
Provisions recognized in results	0	1,124	**1,124**	0	1,124	**1,124**
Utilized provisions	0	(1,432)	**(1,432)**	0	(1,432)	**(1,432)**
Interest of provisions recognized in the Net earnings	0	0	**0**	0	0	**0**
Transfer from / (to) another account	0	(17,133)	**(17,133)**	0	(17,133)	**(17,133)**
Non utilized provisions recognized in the results	0	(35)	**(35)**	0	(35)	**(35)**
Foreign exchange differences	0	(218)	**(218)**	0	(218)	**(218)**
Balance 31.12.2017	**114**	**9,876**	**9,990**	**114**	**8,676**	**8,790**

The Group is obliged to proceed to environmental rehabilitation where it installs production units for management of quarries, after the completion of the concession period, which is 20-30 years, according to the licenses granted by state. The aforementioned provision reflects the required expenses for the removal of equipment and formation of the area in which the equipment was installed, using the available technology and materials.

The account "Other provisions" in the above table is analyzed as follows:

(Amounts in thousands Euro, unless stated otherwise)

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Provisions of tax for tax unaudited years	2,250	2,250	2,050	2,050
Provisions for litigations	4,831	3,154	3,831	2,154
Provisions for granted guarantees	0	1,762	0	1,762
Provisions of loss-making agreements in relation to construction works	12,393	0	12,393	0
Other provisions	2,621	2,710	2,621	2,710
	22,095	**9,876**	**20,895**	**8,876**

24. **GRANTS**

The movement of grants of the Group in the Statement of Financial Position for 2018 and 2017 is as follows:

	GROUP	
	31.12.2018	**31.12.2017**
Balance 1.1	**14,451**	**14,584**
Collected grants	0	0
Approved but not collected grants	0	0
Amortization of grants of fixed assets recognized in the Net Results	(125)	(104)
Amortization of grants of fixed assets recognized in the Inventories	(8)	(29)
Balance 31.12	**14,318**	**14,451**

The grants concern the investment program of the subsidiary company TERNA Lefkolithoi. The grants are amortized in accordance to the granted assets' depreciation or utilization rates. The amount of the approved but not yet collected grants for the Group is included in the "Other long-term receivables". These grants were recognized on the basis of the Group management's assurance that all the conditions for the collection of these are normally met and that these amounts will be collected with the final approval of the completion of the relevant investments.

25. **SUPPLIERS**

The suppliers in the accompanying financial statements, are analyzed as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Suppliers	247,307	197,189	221,985	178,312
Checks and notes payable	2,979	3,433	2,132	3,146
Total	**250,286**	**200,622**	**224,117**	**181,458**

(Amounts in thousands Euro, unless stated otherwise)

26. ACCRUED AND OTHER LIABILITIES

The account "Accrued and other liabilities" (long and short term) on 31st December 2018 in the accompanying financial statements, is analyzed as follows:

Other long-term liabilities

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Withheld amounts and guarantees to suppliers	2,141	27,023	8,867	31,375
Other long-term financial liabilities	0	0	0	0
	2,141	**27,023**	**8,867**	**31,375**

Other long-term liabilities

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Collected advances from customers relating to construction agreements	76,468	232,829	76,468	232,829
Liabilities from construction agreements	0	6,505	0	6,505
Other long-term non-financial liabilities	156	10,145	156	10,145
	76,624	**249,479**	**76,624**	**249,479**
Total other long-term liabilities	**78,765**	**276,502**	**85,491**	**280,854**

Accrued and other short-term financial liabilities

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Dividends payable	7	7	7	7
Liabilities against joint ventures, associates and other related companies	1,986	2,508	2,062	5,986
Accrued expenses	12,046	10,118	5,104	3,554
Fees payable to personnel and BoD members	2,115	2,626	1,294	1,282
Purchases under settlement	20,509	0	20,509	0

(Amounts in thousands Euro, unless stated otherwise)

Sundry Creditors	6,112	5,927	4,406	5,830
	42,775	**21,186**	**33,382**	**16,659**

Other short-term non financial liabilities

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Liabilities from taxes-duties	8,709	18,902	8,528	17,462
Social security funds	2,600	2,948	2,307	2,771
Deferred income and other transitory accounts	73	0	73	273
Approved and collected grants to be returned	0	0	0	0
Provisions for loss making contracts of construction works	1,987	0	1,924	0
	13,369	**21,850**	**12,832**	**20,506**
Total accrued and other short-term liabilities	**56,145**	**43,037**	**46,215**	**37,165**

The grants concern the investment plan of the subsidiary company TERNA Mag. The grants are amortized in accordance to the granted assets’ depreciation or utilization rates.

The amount of the approved but not collected grants for the Group is included in the “Other long-term receivables”. These grants were recognized given the certainty, expressed by the Group’s Management, that all preconditions have been fulfilled as required by law and the respective amounts will be collected with the final approval of the completion of the respective investments.

27. SHORT-TERM LOANS

The Group’s short-term loans refer mainly to revolving bank loans having duration between one and twelve months depending on the needs. The amounts withdrawn are used partly to cover the liquidity needs of the Group either during the construction period of technical works or during the development period of the investments in the mining of magnesite.

Such loans, with the completion of the relevant projects, are repaid with the collection of the contractor prices, or are converted into long-term as regards to investments in the mining of magnesite.

The short-term debt of the Group is based by 98.57% on floating rates (99.95% in 2017), is agreed on local currencies for any Group company, and in total is allocated by 93.45% in EUR (92.14% in 2017), 4.19% in QAR (5.87% at the end of the previous year), 0% in AED (0% at the end of the previous year) and 2.36% in BHD (1.97% in 2017). Moreover, it represents 28.62% (38% in 2017) approximately of the total debt of the Group and covers the working capital needs by 63% (71% at the end of the previous year) of the construction sector, whereas the remaining part covers the working capital needs of the mining sector.

(Amounts in thousands Euro, unless stated otherwise)

The average weighted interest rate on such during the year amounted to 4.91% (6.12% in 2017).

The following table presents the movement of the short-term debt in years 2018 and 2017:

	Short-term Debt	
	2018	**2017**
Balance 1.1	**87,808**	**46,698**
Disbursement/(payment) of capital	3,588	41,249
Interest payments	(5,265)	(2,968)
Foreign exchange differences	251	(667)
Loan's interest	5,113	3,495
Transfers	(10,240)	0
Balance 31.12	**81.255**	**87,808**

28. **INCOME TAX**

According to Greek tax legislation the tax rate corresponded to 29% for the years 2018 and 2017. Article 23, Law 4579/2018, states that income tax rates are gradually reduced to twenty-eight percent (28%) for income of tax year 2019, to twenty-seven percent (27%) for income of tax year 2020, to twenty-six per cent (26%) for income of tax year 2021 and twenty five per cent (25%) for income of tax year 2022 and thereafter. The effective tax rate differs from the nominal. The calculation of the effective tax rate is affected by several factors, the most important of which are the non-exemption of specific expenses, differences from the use of depreciation rates that emerge between the fixed asset's useful life and the use of rates stipulated by L. 4172/2013, and the ability of companies to generate tax-exempt discounts and tax-exempt reserves.

(a) Income tax expense

Income tax in the total comprehensive income statement is analyzed as follows:

	GROUP		COMPANY	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Current tax expense				
Current tax	1,985	12,501	1,386	9,281
Tax differences from previous years	40	(157)	48	(157)
Tax audit differences	2,256	1,569	2,256	615
Total	**4,281**	**13,913**	**3,690**	**9,739**
Deferred tax from temporary differences	14,842	17,597	14,509	22,369

(Amounts in thousands Euro, unless stated otherwise)

Deferred tax from recognition of transf. tax losses and credits that were not recognized in previous year	(6)	0	(6)	0
Total	**14,837**	**17,597**	**14,503**	**22,369**
Total expense / (income)	**19,118**	**31,510**	**18,193**	**32,108**

A reconciliation of income tax and the accounting profit multiplied by the applicable tax rate is as follows:

	GROUP		**COMPANY**	
	31.12.2018	**31.12.2017**	**31.12.2018**	**31.12.2017**
Earnings/(loss) before tax	**7,773**	**58,714**	**16,895**	**84,652**
Nominal tax rate	29%	29%	29%	29%
Income tax expense/(income) based on the effective nominal tax rate	**2,254**	**17,027**	**4,900**	**24,549**
Adjustments for:				
Results recognized directly in Equity	0	(49)	0	(49)
Permanent tax (/under taxation) differences (results not included in the calculation of tax)	5,661	13,515	6,063	9,422
Effect of differences of tax rate	606	0	528	0
Tax adjustments from previous years	40	(157)	48	(157)
Tax audit differences	2,256	1,569	2,256	615
Difference in taxation of foreign companies	2,234	(6,731)	579	(7,173)
Elimination/(offsetting) of tax losses	5,454	6,472	4,327	4,998
Taxable differences of previous year from which no deferred tax was recognized but it is recognized in the current period	(761)	(63)	(761)	(63)
Effect of net temporary taxable differences of current period for which no DT is recognized	162	(169)	253	(130)
Effect from elimination of DT receivable or offsetting of elimination in previous years	580	(5)	0	(5)
Effect from participation in the net results of associates and joint ventures	632	101	0	101
Real tax expense	**19,118**	**31,510**	**18,193**	**32,108**

With circulars 1154/2017, Circ. 1191/2017, Circ. 1192/2017, Circ. 1194/2017 and Circ. 1208/2017, the Governor of the Independent Public Revenue Authority (IPRA) provided instructions for the uniform application of those accepted under no. C. 1738/2017 C. 2932/2017, C 2934/2017 and C 2935/2017 decisions of the Council of State (CoS) 268/2017 Opinion of the State Legal Council (SLC). From the above circulars, there is a five-year limitation period - based on the general rule - for fiscal

(Amounts in thousands Euro, unless stated otherwise)

years from 2012 onwards, as well as for the tax years to which the Code of Tax Procedure - CTP applies (from 2014 onwards), except for specific exceptions defined in the relevant provisions of the CTP.
Consequently, and in accordance with what is stated in the number Circ. 1192/2017, the right of the tax authorities to impose tax until the fiscal year of 2012 is time-barred unless the specific provisions on 10-year, 15-year and 20-year limitation periods apply. Analytically, the unaudited fiscal years per company of the Group are described in note 5.

(b) Deferred tax

Deferred income tax is calculated on all the temporary tax differences between the book value and the tax basis of the assets and liabilities.
A deferred tax asset is recognized for the transferred tax losses to the extent that a respective tax benefit can be realized via future taxable earnings.
Deferred income tax is calculated on all the temporary tax differences between the book value and the tax basis of the assets and liabilities.

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
Deferred tax asset	25,232	39,857	15,711	30,012
Deferred tax (liability)	0	(45)	0	(45)
Net deferred tax asset / (liability)	**25,232**	**39,812**	**15,711**	**29,967**
Balance 1.1	**39,812**	**57,802**	**29,968**	**52,730**
(Expense)/Income recognized in net earnings	(14,835)	(17,597)	(14,503)	(22,369)
(Expense)/Income recognized in Other comprehensive income	304	(442)	295	(443)
(Expense) /Income directly recognized in Equity	(49)	49	(49)	49
Balance 31.12	**25,232**	**39,812**	**15,711**	**29,967**

Analysis of expenses / (income) of deferred tax recognized in the Other Comprehensive Results per category:

	GROUP		COMPANY	
	2018	**2017**	**2018**	**2017**
Valuation of investments available for sale	(235)	374	(236)	374
Actuarial income / losses from defined benefit plans	(69)	68	(60)	69
Balance 31.12	**(304)**	**442**	**296**	**443**

The deferred taxes (assets and liabilities) of 2018 and 2017 are analyzed as follows:

(Amounts in thousands Euro, unless stated otherwise)

GROUP	Statement of financial position		Net earnings (Debit)/Credit	Other comprehensive income or directly in Equity (Debit)/Credit
	31.12.2018	31.12.2017	1.1 – 31.12.2018	1.1 – 31.12.2018
Deferred tax asset				
Expense for issuing capital	0	52	(3)	(49)
Provision for staff indemnities	634	653	(19)	0
Losses recognized on tax basis	7,055	10,644	(3,658)	69
Other provisions and accrued income	3,743	33	3,710	0
Impairment of receivables	5,122	8,363	(3,241)	0
Impairment of inventories	207	841	(869)	235
Other	(221)	0	(221)	0
Deferred tax liability				
Investment property valuation	(349)	(475)	126	0
Valuation of investments	(4,413)	(246)	(4,167)	0
Recognition of revenue based on the percentage of completion	18,846	34,402	(15,556)	0
Depreciation differences	(4,329)	(5,799)	1,470	0
Intangible assets differences	(459)	(170)	(289)	0
Tangible assets differences	(187)	(332)	145	0
Recognition of assets from concession contracts	664	831	(167)	0
Companies' acquisitions and sales	(1,081)	(8,985)	7,905	0
Deferred tax on net earnings/ other comprehensive income			**(14,836)**	**255**
Net deferred income tax asset / (liability)	**25,232**	**39,812**		

GROUP	Statement of financial position		Net earnings (Debit)/Credit	Other comprehensive income or directly in Equity (Debit)/Credit
	31.12.2017	31.12.2016	1.1 – 31.12.2017	1.1 – 31.12.2017
Deferred tax asset				
Expense for issuing capital	52	0	3	49
Provision for staff indemnities	653	726	-5	(68)
Losses recognized on tax basis	10,644	5,293	5,351	0
Other provisions and accrued income	33	1,531	-1,498	0
Impairment of receivables	8,363	6,044	2,319	0
Impairment of inventories	841	442	399	0

(Amounts in thousands Euro, unless stated otherwise)

Deferred tax liability				
Investment property valuation	(475)	(333)	(142)	0
Recognition of financial leases	0	0	0	0
Valuation of investments	(246)	127	1	(374)
Recognition of revenue based on the percentage of completion	34,402	59,005	(24,603)	0
Depreciation differences	(5,799)	15,530	(21,329)	0
Intangible assets differences	(170)	72	(242)	0
Tangible assets differences	(332)	(247)	(85)	0
Recognition of assets from concession contracts	831	900	(69)	0
Companies' acquisitions and sales	(8,985)	(31,288)	22,303	0
Deferred tax on net earnings/ other comprehensive income			**(17,597)**	**(393)**
Net deferred income tax asset / (liability)	**39,812**	**57,802**		

COMPANY	**Statement of financial position**		**Results for the year (Debit)/Credit**	**Other comprehensive income or directly in Equity (Debit)/Credit**
	31.12.2018	**31.12.2017**	**1.1 – 31.12.2018**	**1.1 – 31.12.2018**
Deferred tax asset				
Expense for issuing capital	0	49	0	(49)
Provision for staff indemnities	600	632	(32)	0
Losses recognized on tax basis	2,825	5,750	(2,985)	60
Other provisions and accrued income	3,743	33	3,710	0
Impairment of receivables	5,026	7,681	(2,655)	0
Impairment of inventories	162	78	(151)	235
Deferred tax liability				
Investment property valuation	103	37	66	0
Recognition of financial leases	0	0	0	0
Valuation of investments	(4,413)	(246)	(4,167)	0
Recognition of revenue based on the percentage of completion	13,088	26,384	(13,296)	0
Depreciation differences	(3,825)	(3,504)	(321)	0
Intangible assets differences	29	138	(109)	0
Tangible assets differences	(1,173)	(1,457)	(284)	0
Recognition of assets from concession contracts	628	781	(153)	0
Companies' acquisitions and sales	(1,082)	(6,389)	5,306	0
Deferred tax on net earnings/ other comprehensive income			**(14,503)**	**246**
Net deferred income tax asset / (liability)	**15,711**	**29,967**		

(Amounts in thousands Euro, unless stated otherwise)

COMPANY	**Statement of financial position**		**Results for the year (Debit)/Credit**	**Other comprehensive income or directly in Equity (Debit)/Credit**
	31.12.2017	**31.12.2016**	**1.1 – 31.12.2017**	**1.1 – 31.12.2017**
Deferred tax asset				
Expense for issuing capital	49	0	0	49
Provision for staff indemnities	632	706	(5)	(69)
Losses recognized on tax basis	5,750	2,734	3,016	0
Other provisions and accrued income	33	1,531	(1,498)	0
Impairment of receivables	7,681	5,431	2,250	0
Impairment of inventories	78	0	78	0
Deferred tax liability				
Investment property valuation	37	178	(141)	0
Recognition of financial leases	0	0	0	0
Valuation of investments	(246)	127	1	(374)
Recognition of revenue based on the percentage of completion	26,384	50,828	-24,444	0
Depreciation differences	(3,504)	(1,582)	(1,922)	0
Intangible assets differences	138	169	(31)	0
Tangible assets differences	(1,457)	(1,292)	(165)	0
Recognition of assets from concession contracts	781	840	(59)	0
Companies' acquisitions and sales	(6,389)	(6,940)	551	0
Deferred tax on net earnings/ other comprehensive income			**(22,369)**	**(443)**
Net deferred income tax asset / (liability)	**29,967**	**52,730**		

29. TURNOVER

The account "Turnover" in the accompanying financial statements, is analyzed as follows:

Turnover from contracts with customers per category

	GROUP	
1) Revenues from contracts with customer per segment	**1.1-31.12.2018**	**1.1-31.12.2017**
<u>*Revenues from construction services' segment*</u>		
Infrastructure Projects– Motorways	296,255	617,252
Industrial –Energy	648,094	267,368
Other services of construction services' segment	3,390	2,024
	947,739	**886,644**
<u>*Revenues from industry segment*</u>		
Sales of industrial products - quarries	11,205	7,918
	11,205	**7,918**

(Amounts in thousands Euro, unless stated otherwise)

Total revenues from contracts with customers	**958,944**	**894,562**

2) The analysis of turnover from contracts with customers at the time of income recognition is analyzed as follows:

	GROUP	
	1.1-31.12.2018	**1.1-31.12.2017**
Transfer of goods and services at a specific time	14,595	9,943
Services rendered with the passage of time	944,350	884,620
Total turnover from contracts with customers	**958,945**	**894,563**

3) The time analysis of expected execution of a backlog of customer contracts is set out below (a) 749,827 in 2019 and (b) 757,050 for a period up to 2023.

4) The segment turnover breakdown by customer geographic area and operating segment is as follows:

	GROUP						
	1.1-31.12.2018						
	GREECE	**BALKANS**	**MIDDLE EAST**	**EASTERN EUROPE**	**USA**	**OTHER REGIONS**	**Total**
Revenue of Construction Segment	829,496	57,444	60,799	0	0	0	**947,739**
Revenue of Industry Segment	853	0	0	0	0	10,352	**11,205**
Total	**830,349**	**57,444**	**60,799**	**0**	**0**	**10,352**	**958,944**

	GROUP						
	1.1-31.12.2017						
	GREECE	**BALKANS**	**MIDDLE EAST**	**EASTERN EUROPE**	**USA**	**OTHER REGIONS**	**Total**
Revenue of Construction Segment	772,591	24,548	89,506	0	0	0	**886,645**
Revenue of	867	0	0	0	0	7,049	**7,916**

(Amounts in thousands Euro, unless stated otherwise)

Industry Segment

Total	**773,458**	**24,548**	**89,506**	**0**	**0**	**7,049**	**894,561**

30. COST OF SALES - ADMINISTRATIVE AND DISTRIBUTION EXPENSES - RESEARCH AND DEVELOPMENT EXPENSES

The accounts "Cost of sales", "administrative and distribution expenses" and "Research & development expenses" in the accompanying financial statements are analyzed as follows:

Cost of Sales	**GROUP**		**COMPANY**	
	1.1-31.12.2018	**1.1-31.12.2017**	**1.1-31.12.2018**	**1.1-31.12.2017**
Cost of inventories-materials of projects	572,097	290,372	553,208	280,212
Employee remuneration	42,811	62,094	28,227	50,192
Sub-contractors	162,680	260,572	129,960	194,104
Remuneration of engineers, technical advisors and third parties	67,650	68,002	62,704	63,294
Other third-party benefits	5,172	5,689	3,783	4,740
Taxes-duties-contributions for projects	1,647	1,735	1,538	1,691
Provisions	7,713	5,002	8,212	4,877
Travel expenses	979	819	694	638
Expenses of lab audit	498	764	483	763
Depreciations	11,078	17,527	6,355	7,081
Judicial and other indemnities / Expenses of legal disputes	1,609	284	1,609	284
Operating leases	13,639	34,651	10,813	32,644
Insurance premiums	3,003	2,779	2,112	2,381
Transfer expenses	5,059	10,815	4,530	10,348
Repair and maintenance	6,023	7,216	5,582	6,849
Auditor fees	137	272	60	211
Commissions and expenses E/E	12,989	20,304	14,977	17,297
Net financial cost of projects	107	484	107	396
Other financials, expenses and other commissions	76	87	36	69
Other	1,860	5,250	1,357	1,962
Total	**916,827**	**794,718**	**836,347**	**680,033**

Administrative and distribution expenses	**GROUP**		**COMPANY**	
	1.1-31.12.2018	**1.1-31.12.2017**	**1.1-31.12.2018**	**1.1-31.12.2017**
Employee remuneration	9,970	6,384	8,308	3,966
Remuneration of engineers, technical advisors and third parties	11,108	9,009	7,878	7,157

(Amounts in thousands Euro, unless stated otherwise)

Other third-party benefits	924	788	703	521
Travel expenses	389	232	221	143
Subscriptions-contributions-Advertising expenses	1,298	2,300	1,271	2,117
Depreciation	851	1,089	740	679
Impairments of assets	387	0	0	0
Repair and maintenance	455	225	435	180
Insurance premiums	290	177	160	91
Auditors fees	174	199	109	121
Fees of board of directors	100	200	100	200
Operating leases	1,740	1,049	1,518	928
Taxes - duties	580	548	307	325
Transfer expenses	1,774	1,406	614	511
Expenses due to legal conflicts	89	20	89	20
Other	1,508	601	1,226	441
Total	**31,637**	**24,227**	**23,679**	**17,400**

The account "Research and development expenses" in the accompanying financial statements is analyzed as follows:

Research and development expenses	**GROUP**		**COMPANY**	
	1.1-31.12.2018	**1.1-31.12.2017**	**1.1-31.12.2018**	**1.1-31.12.2017**
Employee remuneration	234	175	27	26
Remuneration of engineers, technical advisors and third parties	134	59	66	0
Amortization	23	21	0	0
Taxes-duties	9	2	1	0
Transfer expenses	14	17	0	0
Travel expenses	86	63	84	60
Insurance premiums	6	6	5	6
Other	25	18	8	2
Total	**531**	**361**	**191**	**94**

31. AUDITORS' FEES

	GROUP		**COMPANY**	
	1.1-31.12.2018	**1.1-31.12.2017**	**1.1-31.12.2018**	**1.1-31.12.2017**
Fees for statutory audits	309	461	167	322

(Amounts in thousands Euro, unless stated otherwise)

Fees for extraordinary audits	0	10	0	10
Fees for other services	2	0	2	0
	311	**471**	**169**	**332**

32. PAYROLL COST

Expenses for employee fees that have been recognized in the period's results are analyzed as follows:

	GROUP		COMPANY	
	1.1-31.12.2018	**1.1-31.12.2017**	**1.1-31.12.2018**	**1.1-31.12.2017**
Wages and related employee benefits	43,562	54,894	28,559	41,625
Social security fund contributions	7,899	11,658	6,797	10,829
Provision for employee indemnities	1,554	2,138	1,206	1,767
Total	**53,015**	**68,690**	**36,562**	**54,221**

33. OTHER INCOME/(EXPENSES)

The account "Other income/(expenses) in the accompanying financial statements, is analyzed as follows:

	GROUP		COMPANY	
	1.1-31.12.2018	**1.1-31.12.2017**	**1.1-31.12.2018**	**1.1-31.12.2017**
Amortization of fixed assets' grants	125	104	0	0
Income from services to third parties	237	1,232	406	90
Income from leases	711	1,067	83	154
Charges of expenses	(418)	74	330	75
Interest on overdue amounts	(578)	(4)	(578)	(4)
Expenses' grants	99	31	77	13
Sales of fixed assets and inventories	(410)	665	99	248
Income from judicial indemnities	38	0	38	0
Income from insurance indemnities	223	204	223	181
Earnings from elimination of liabilities	2,194	31	1	31
Other income	5,987	1,086	2,427	278
Valuation of investment property	(285)	489	(285)	489
Foreign exchange differences on payments	1,095	1,332	1,096	1,345
Foreign exchange differences on valuation	525	(5,155)	(387)	(626)
Collapse of guarantees – criminal clauses	0	15	0	15
Recovery of impairments (Impairment/Write-off) of trade receivables	3,106	(4,342)	2,782	(3,919)
Recovery of impairments (Impairment/Write-off) of fixed assets	177	(1,023)	(4)	(138)
Recovery of impairments (Impairment/Write-off) of inventories	(980)	(736)	0	(568)

(Amounts in thousands Euro, unless stated otherwise)

Provisions	(1,678)	(474)	(1,678)	(474)
Taxes – duties	(1,877)	1,009	(1,877)	1,017
Depreciations	(349)	(358)	(204)	(207)
Expenses due to insurance indemnities	(48)	(130)	(47)	(130)
Other expenses	(2,873)	(1,560)	(2,545)	(1,294)
	5,021	**(6,443)**	**(45)**	**(3,424)**
Results from participations and securities				
Goodwill impairment	0	(6,576)	0	0
Earnings / (Losses and expenses) from sale of shares traded on Athens Exchange	0	(1)	0	(1)
Impairment of participations in subsidiaries	0	0	0	(2,250)
	0	**(6,577)**	**0**	**(2,251)**
Total	**5,021**	**(13,020)**	**(45)**	**(5,675)**

34. **FINANCIAL INCOME/(EXPENSES)**

The account "Financial income/(expenses)" in the accompanying financial statements, is analyzed as follows:

	GROUP		**COMPANY**	
	1.1-31.12.2018	**1.1-31.12.2017**	**1.1-31.12.2018**	**1.1-31.12.2017**
Financial income				
Interest on deposit accounts and similar items	653	1,605	620	1,468
Interest on loans	4,441	6,263	4,910	4,756
Interest on trade receivables	245	316	245	316
	5,339	**8,184**	**5,775**	**6,540**
Financial expenses				
Interest and expenses of short term financing	(5,113)	(3,350)	(3,410)	(2,003)
Interest and expenses of long term financing	(3,689)	(6,425)	(3,277)	(6,379)
Interest and expenses of trade and other short-term liabilities	(15)	0	(15)	0
Interest on financial leasing contracts	(709)	(938)	(673)	(899)
Inflation based adjustment of provision for personnel indemnity	(34)	(37)	(33)	(37)
Bank commissions and expenses	(403)	(607)	(176)	(387)
	(9,963)	**(11,357)**	**(7,584)**	**(9,705)**
Total	**(4,624)**	**(3,173)**	**(1,809)**	**(3,165)**

(Amounts in thousands Euro, unless stated otherwise)

35. INCOME FROM PARTICIPATIONS AND OTHER EQUITY INVESTMENTS

During the current fiscal year, the Company collected a dividend of amount 9,500 from the subsidiary company J/V EUROIONIA based on the decision of the supervisory council of the joint venture dated 5 June 2018. The particular amount was recorded as income in the Statement of Total Comprehensive Income of the Company, whereas the effect on the Group following the particular transaction is zero.

36. TRANSACTIONS WITH RELATED PARTIES

The transactions, as well as the balances of the Group and Company with related parties for the financial years 2018 and 2017, are analyzed as follows:

Purchases and sales of goods and services

Year 2018	GROUP				COMPANY			
Related party	**Revenue**	**Purchases**	**Debit Balances**	**Credit Balances**	**Revenue**	**Purchases**	**Debit Balances**	**Credit Balances**
Parent	421	917	434	507	421	908	434	507
Subsidiaries	0	0	0	0	28,339	16,396	20,445	41,843
Joint Ventures	30	0	37	0	30	0	37	0
Other related parties	45,901	8,960	9,925	73,486	19,550	6,195	9,023	2,103

Year 2017	GROUP				COMPANY			
Related party	**Revenue**	**Purchases**	**Debit Balances**	**Credit Balances**	**Revenue**	**Purchases**	**Debit Balances**	**Credit Balances**
Parent	779	522	4,501	769	779	521	4,501	769
Subsidiaries	0	0	0	0	239,424	4,830	111,905	20,244
Joint Ventures	95	0	12	0	95	0	12	0
Other related parties	294,256	33,326	105,794	16,894	14,961	2,245	17,190	5,251

Dividends – Capital Return
The Company collected a dividend of 9,500 from the subsidiary company J/V EUROIONIA. The dividend as of 31/12/2018 was fully paid.

Share capital increases of subsidiaries
The Company paid the amount of 3,358 for the share capital increase of its subsidiaries (918 during the previous comparative period).

(Amounts in thousands Euro, unless stated otherwise)

Loans and interest

Year 2018	**GROUP**				**COMPANY**			
Related party	**Financial income**	**Financial expenses**	**Loans receivable**	**Loans payable**	**Financial income**	**Financial expenses**	**Loans receivable**	**Loans payable**
Parent	3,046	1,098	124,973	13,218	2,366	1,098	124,973	13,108
Subsidiaries	0	0	0	0	1,149	0	22,271	0
Joint Ventures	1,381	0	14,193	0	1,381	0	14,193	0
Other related parties	17	34	547	895	17	1	547	0

Year 2017	**GROUP**				**COMPANY**			
Related party	**Financial income**	**Financial expenses**	**Loans receivable**	**Loans payable**	**Financial income**	**Financial expenses**	**Loans receivable**	**Loans payable**
Parent	5,009	4	114,995	104	2,682	0	79,815	0
Subsidiaries	0	0	0	0	821	0	18,392	0
Joint Ventures	1,246	0	12,813	0	1,246	0	12,813	0
Other related parties	7	64	674	741	7	21	258	0

In terms of cash:
a) The Company and the Group granted amount of 85,298 and collected 35,181 and 42,505 respectively as loans to their parent company (granted the amount of 42,500 and 6,259 for loan to their parent company in the previous comparative period),
b) The Company granted loans to the subsidiary TERNA MAG of amount 6,530 and collected an amount of 2,690 (granted amount of 8,830 and collected amount of 0 in the previous comparative period),
c) The Company and the Group repaid loans from related parties of amount 41 (363 in the previous comparative period).

The transactions with related parties take place with the same terms that hold for transactions with third parties.

Remuneration of Board of Directors members and senior executives of the Company

The remuneration of Board of Directors members and senior executives of the Group and Company, that are included in the accompanying financial statements are as follows:

	GROUP		**COMPANY**	
	1.1-31.12.2018	**1.1-31.12.2017**	**1.1-31.12.2018**	**1.1-31.12.2017**
Remuneration for services rendered	1,852	1,597	1,533	1,343

(Amounts in thousands Euro, unless stated otherwise)

Remuneration of employees	301	331	301	331
Remuneration for participation in Board meetings	100	200	100	200
	2,253	**2,128**	**1,934**	**1,874**

	31.12.2018	31.12.2017	31.12.2018	31.12.2017
Liabilities	28	106	28	106
Receivables	11	0	0	0

37. AIMS AND POLICIES OF RISK MANAGEMENT

The Group is exposed to financial risks such as the market risk (volatility in exchange rates, interest rates, market prices etc.), the credit risk and the liquidity risk. The risk management plan aims to eliminate the negative effect of these risks on financial results of the group as these effects are the results of the uncertainty in financial markets and the changes in costs and sales. The risk management policy is applied by the financial services of the Group.

The procedure implemented is as follows:

- Evaluation of risks related to Group's activities and operations.
- Planning of the methodology and choice of the necessary financial products for the limitation of risk.
- Execution/application, in accordance with the approved procedure by the management, of the risk management plan.

The financial instruments of the group are mainly deposits in banks, loans, trade and other debtors and creditors, receivables from construction contracts, loans to affiliated companies, investments in equities, dividends payable, long-term and short-term liabilities from leasing agreements and loans.

MARKET RISK

The Group is exposed to a risk related to the change in the fair value of the Investments available for sale which may affect the Financial Statements.

FOREIGN EXCHANGE RISK

Foreign exchange risk is the risk that results from the fact that the fair value of future cash flows of a financial instrument will be subject to fluctuations due to changes in exchange rates.

This type of risk may result, for the Group, from foreign exchange differences due to valuation and conversion into the Group's currency of financial assets, mainly receivables and financial liabilities from transactions agreed in currency other than the operating currency of the Group's entities as well as from operating currencies of the Group's entities other than the Euro which is the reporting currency of the financial statements. The transactions mainly concern purchases of fixed assets and inventories, commercial sales, investments in financial assets, loans, as well as net investments in foreign operations. The Group operates through branches and companies in Greece, the Middle East and the Balkans and thus it may be exposed to foreign exchange risk.

(Amounts in thousands Euro, unless stated otherwise)

As regards to the construction projects in the Balkans: the contractual receivables, liabilities to basic suppliers (cement, iron products, asphalt, cobble, skids etc) and sub-contractors are realized mainly in euro and thus the exposure to foreign exchange risk is limited. Moreover, the Bulgarian lev (BGN) has a fixed exchange rate against the euro.

As regards to the construction projects in the Middle East, the contractual receivables, liabilities to basic suppliers (concrete, iron products, asphalt, cobble, skids etc) and sub-contractors are realized in local currencies, which are pegged to the US dollar (USD) and thus there is exposure to foreign exchange from change in the EUR/USD exchange rate.

2018

(amounts in euros)	**AED**	**ALL**	**BHD**	**IQD**	**LYD**	**MKD**	**QAR**	**RON**	**RSD**	**SAR**	**USD**	**EUR**
Financial assets	9,681	18	46,755	490	2,471	13	20,082	99	7,425	2,678	7,976	693,213
Financial liabilities	(11,328)	(1,587)	(22,825)	(931)	(13)	(6)	(15,313)	(337)	(1,988)	(1,894)	(6,131)	(535,147)
Total current	**(1,647)**	**(1,569)**	**23,930**	**(441)**	**2,458**	**7**	**4,769**	**(238)**	**5,437**	**784**	**1,845**	**158,066**
Financial assets	261	0	1,105	90	0	0	14	3	0	0	0	205,085
Financial liabilities	(5,138)	(3,672)	(396)	0	0	0	(172)	0	0	0	(2,102)	(212,432)
Total non-current	**(4,877)**	**(3,672)**	**709**	**90**	**0**	**0**	**(158)**	**3**	**0**	**0**	**(2,102)**	**(7,347)**

2017

(amounts in euros)	**AED**	**ALL**	**BHD**	**IQD**	**LYD**	**MKD**	**QAR**	**RON**	**RSD**	**SAR**	**USD**	**EUR**
Financial assets	18,920	590	30,894	2,268	2,876	15	25,827	285	5,180	1,643	10,142	23,393
Financial liabilities	(5,236)	(1,233)	(12,921)	(13)	(2,016)	(5)	(18,697)	(480)	(300)	(1,366)	(7,121)	(137,154)
Total current	**13,684**	**(643)**	**17,973**	**2,255**	**860**	**10**	**7,130**	**(195)**	**4,880**	**277**	**3,021**	**(113,761)**
Financial assets	423	0	7,670	4	0	0	158	3	0	0	0	2,615
Financial liabilities	(12,727)	(360)	(3,319)	0	0	0	(46)	0	0	0	(2,013)	(14,004)
Total non-current	**(12,304)**	**(360)**	**4,351**	**4**	**0**	**0**	**112**	**3**	**0**	**0**	**(2,013)**	**(11,389)**

The following table presents the sensitivity of Net Earnings as well as Other comprehensive income to fluctuations of exchange rates through their effect on financial assets and liabilities. For the BGN currency we did not examine the sensitivity as it maintains a stable exchange rate against the euro. For all other currencies, we examined the sensitivity to a +/- 10% change of the EUR against other currencies.

The table presents the effects of the +10% change.

2018

(Amounts in thousands Euro, unless stated otherwise)

(amounts in euros)	AED	MKD	RON	QAR	BHD	USD	LYD	ALL	RSD	IQD	SAR	EUR
Effect on Net earnings after taxes	0	0	0	0	0	95	0	0	0	0	3	7,614
Effect on other comprehensive income after taxes	(2,689)	232	(1,608)	(2,063)	1,454	0	(4)	937	(4,977)	(448)	177	0

2017												
(amounts in euros)	AED	MKD	RON	QAR	BHD	USD	LYD	ALL	RSD	IQD	SAR	EUR
Effect on Net earnings after taxes	0	0	0	0	0	0	0	0	0	3	89	9,688
Effect on other comprehensive income after taxes	(1,803)	416	1,998	(113)	(181)	238	1,830)	(1,571)	(5,645)	79	0	0

The table presents the effects of the -10% change.

2018												
(amounts in euros)	AED	MKD	RON	QAR	BHD	USD	LYD	ALL	RSD	IQD	SAR	EUR
Effect on Net earnings after taxes	(0)	0	0	0	0	(95)	0	0	0	0	(3)	(9,306)
Effect on other comprehensive income after taxes	2,689	(232)	1,608	2,063	(1,454)	0	4	(937)	4,977	448	(177)	0

2017												
(amounts in euros)	AED	MKD	RON	QAR	BHD	USD	LYD	ALL	RSD	IQD	SAR	EUR
Effect on Net earnings after taxes	0	0	(0)	0	0	0	(0)	0	0	(3)	(115)	(11,901)
Effect on other comprehensive income after taxes	1,803	(416)	(1,998)	103	181	(238)	1,830	1,572	5,713	(79)	0	0

To manage this category of risk, the Group's Management and the financial department makes sure that the cash management of the Group is covered against changes in foreign exchange rates. Furthermore, it makes sure that the largest possible part of receivables (income) and liabilities (expenses) are realized in euro or in currencies pegged to the euro (i.e. the Bulgarian lev (BGN).

With regard to the company's transactions with foreign houses, these take place mainly with European groups in Euro (settlement currency).

SENSITIVITY ANALYSIS OF INTEREST RATE RISK

Almost the entire long-term debt and financial leases, based on agreements with banks, held by the Group at the end of the present year was based on floating interest rates at 100% (versus 99.5% at the end of the previous year). The remaining amount was based on fixed interest rates.
The short-term debt of the Group is based by 98.75% on floating rates (99.95% in the previous period) with the remaining debt based on fixed rates.

(Amounts in thousands Euro, unless stated otherwise)

Due to the short-term nature of the placements in cash reserves, these are based on floating interest rates, whereas the entire receivables from loans granted to affiliated companies are based on fixed rates.
The following table presents the sensitivity of the results for the period towards a reasonable change in interest rates for long-term and short-term debt amounting to +/-20% (2017: +/-20%). The changes in interest rates are estimated to be normal in relation to current market conditions.

	2018		**2017**	
	+20%	-20%	+20%	-20%
Net earnings after taxes (from interest bearing liabilities)	(9.7)	9.7	(3.8)	3.8
Net earnings after taxes (from interest earning assets)	15.2	(15.2)	6.4	(6.4)

The Group is not exposed to other interest rate risks or to any changes in the prices of securities traded in an organized financial market.

ANALYSIS OF CREDIT RISK

The credit risk relates to the potential loss resulting from the inability of a counterparty participating in a financial transaction to fulfill its obligation and make the respective payment to the other counterparty.
The credit risk exposure of the Group is limited to financial assets which at the balance sheet date are as follows:

	31.12.2018	**31.12.2017**
Investments available for sale – Shares and other securities	3,303	3,064
Loans and receivables – Other long-term receivables	139,004	139,031
Loans and receivables – Prepayments and other receivables	92,287	12,133
Loans and receivables – Trade receivables	227,846	197,434
Loans and receivables – Receivables from construction contracts	191,760	149,213
Cash and cash equivalents – Sight and time deposits	227,846	295,404
	882,046	**796,279**

The Group continuously monitors its receivables, either separately or per group and encompasses any differences in its credit risk. In cases that is deemed necessary external reports related to current or potential customers are used.

The Group is not exposed to significant credit risk from customers' receivables. This is attributed to the fact that one the hand to the Group's policy which is focused on the cooperation with reliable clients and on the other to the activities' nature of the Group.

In particular, all the requirements relate either to the wider and "narrow" public sector, or to large customers with strong financial capabilities domestically and abroad. In spite of the above, these receivables are under special observation and Management consistently assesses the credibility of its

(Amounts in thousands Euro, unless stated otherwise)

clients, the size of each customer, regardless of whether it is an individual or domestic wider public sector entity, about the potential impact it could have, in order to take the necessary measures to minimize any impact on the Group.
It is noted though that cash collection from the state and from state-controlled companies presents significant delays.

The credit risk for the cash and the other receivables is considered negligible given that the counterparties are reliable banks with high quality capital structure, the Greek State and the broader public sector and powerful corporate groups.

The continuous delays observed in the payments of the broader Public Sector entities towards the private sector and the consequent financial difficulties affect the conventional behavior of these entities with which our Group interacts, and as result they affect our financial performance and generate greater anxiety for the future.

The management of the Group assumes that the aforementioned financial assets for which necessary impairment is calculated are of high credit quality.

ANALYSIS OF LIQUIDITY RISK

The Group manages its liquidity needs by closely monitoring its long-term financial liabilities and the daily payments. The liquidity needs are monitored in different time-zones daily and weekly as well as in a rolling 30 day period. The liquidity needs for the coming 6 months and the coming year are estimated on a monthly basis.

The Group maintains cash and deposits in banks in order to cover its liquidity needs for periods up to 30 days. The capital for mid-term liquidity needs is disbursed from time-deposits of the company. The maturity of the Group's financial liabilities is analyzed as follows:

	Short term	**Long term**	
31.12.2018	**0 to 12 months**	**2 to 5 years**	**Over 5 years**
Long-term Debt	19,301	51,689	100,455
Liabilities from finance leases	5,355	6,547	0
Short-term Debt	81,255	0	0
Trade Liabilities	250,286	0	0
Other liabilities	42,776	2,2297	0
Total	**398,973**	**80,533**	**100,455**

The respective maturity of financial liabilities for 31st December 2017 was as follows:

	Short term	**Long term**	
31.12.2017	**0 to 12 months**	**2 to 5 years**	**Over 5 years**
Long-term Debt	107,896	13,190	8,000
Liabilities from finance leases	5,851	11,952	0

(Amounts in thousands Euro, unless stated otherwise)

Short-term Debt	93,182	0	0
Trade Liabilities	200,622	0	0
Other liabilities	21,186	27,639	0
Total	**428,737**	**52,781**	**8,000**

The above contractual maturities reflect the gross cash flows, which may differ from the book values of liabilities during the end of the reporting period.

38. PRESENTATION OF FINANCIAL ASSETS AND LIABILITIES PER CATEGORY

The financial assets as well as the financial liabilities in the accompanying financial statements of the Group, are categorized as follows:

	31.12.2018	31.12.2017
Non-current assets		
Loans and receivables – Other long-term receivables	158,822	149,472
Financial assets at fair value – Investments available for sale	11,125	14,924
Total	**169,947**	**164,396**
Current assets		
Trade receivables	227,846	197,434
Receivables from contracts with customers	191,760	149,213
Other short-term financial assets	7,233	12,133
Cash and cash equivalents	227,490	295,404
Total	**654,329**	**654,184**

	31.12.2018	31.12.2017
Non-current liabilities		
Loans - Financial liabilities at amortized cost	171,445	21,189
Loans from financial leases - Financial liabilities at amortized cost	6,547	11,674
Other long-term liabilities - Financial liabilities at amortized cost	2,297	27,639
Total	**180,289**	**60,502**
Current liabilities		
Loans - Financial liabilities at amortized cost	81,255	87,808
Financial liabilities at amortized cost – Long term liabilities payable in the following year	24,636	112,948
Suppliers - Financial liabilities at amortized cost	250,286	200,622
Financial liabilities at amortized cost – Accrued and other short term liabilities	42,776	21,186

(Amounts in thousands Euro, unless stated otherwise)

Total	**398,953**	**422,564**

FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

The hierarchy of financial items measured at fair value is as follows:

- Level 1: Market prices on an active market,
- Level 2: Prices from valuation models based on observable market data,
- Level 3: Prices from valuation models that are not based on observable market data.

The financial assets of the Group which are measured at fair value, are analyzed on 31.12.2018 based on the above hierarchy levels as follows:

Financial instrument	Hierarchy Level	Fair value of the financial asset/(liability)	Change in net earnings/(losses)	Changes in Other comprehensive Income/(expenses)
Non-listed shares (equity investments)	3	7,807	(396)	(958)
Listed shares (equity investments)	1	3,303	0	254
Other financial assets (equity investments)	2	15	0	0

The respective amounts on 31.12.2017 were as following:

Financial instrument	Hierarchy Level	Fair value of the financial asset/(liability)	Change in net earnings/(losses)	Changes in Other comprehensive Income/(expenses)
Non-listed shares (equity investments)	3	11,861	0	0
Listed shares (equity investments)	1	3,049	0	1,288
Other financial assets (equity investments)	2	15	0	0

39. POLICIES AND PROCEDURES FOR CAPITAL MANAGEMENT

The aims of TERNA Group regarding the management of its capital are as follows:

- To ensure the ability of the Group to continue its activity (going-concern) and
- To secure a satisfactory return for its shareholders by pricing products and services according to their level of risk.

The Group defines the level of capital in proportion to the risk of its activities, it monitors the developments of the economic environment and their effect on the risk characteristics, and it manages the capital structure (relation of debt to equity) with the adjustment of the amount and maturity of debt, the issue of new shares or the return of capital to shareholders, with the adjustment of the dividend and the sale of individual or a group of assets.

(Amounts in thousands Euro, unless stated otherwise)

For this purpose, the Group monitors its capital based on the leverage ratio which is defined as Adjusted net Debt / Adjusted equity, where Adjusted net Debt is defined as Liabilities from loans and financial leases minus Cash equivalents, and Adjusted equity is defined as equity minus the capital due plus the grants, as such appear in the Statement of Financial Position.

The ratio at the end of 2018 and 20176 was as follows:

	31.12.2018	**31.12.2017**
Interest bearing debt	283,883	233,619
Minus:		
Cash and Cash equivalents	(227,490)	(295,404)
Adjusted Net Debt	**56,393**	**(61,785)**
Equity	134,867	151,776
Grants	14,318	14,451
Adjusted Equity	**149,185**	**166,227**
Leverage ratio	**38%**	**(37%)**

40. CONTINGENT LIABILITIES

The tax liabilities of the Group are not definitive as there are unaudited tax years, which are analyzed in note 5 of the Financial Statements of the year ended on31/12/2018. For the unaudited tax years there is the possibility of imposing additional taxes and surcharges at the time when they will be examined and finalized. The Group proceeds with an annual estimate of the contingent liabilities that are expected to arise from the tax audit of past years, making relevant provisions wherever is deemed necessary. The Group has made provision for unaudited tax years of 2,250 (2,250 on 31/12/2017).
The Management considers that in addition to the provision made any amounts of tax that may arise will not have a material impact on the Group's and Company's equity, results and cash flows.

1. Tax Compliance Report

For the years 2011 and until 2015, the companies of the Group operating in Greece and meeting the relevant criteria for tax auditing by the Certified Public Accountants have received a Certificate on Tax Compliance according to par. 5 of article 82 of Law 2238/1994 and Article 65A paragraph 1 of Law 41174/2013, without any substantial differences. It should be noted that, according to Circular POL. 1006/2016, the companies which have been subject to the above special tax audit are not exempted from the regular tax audit by the competent tax authorities. Furthermore, according to the relevant legislation, for the years 2016 onwards, the audit and issue of the Tax Compliance Certificate is valid on a voluntary basis. In this context, the parent company and its Greek subsidiaries did not receive any tax compliance report for the fiscal years 2016 and 2017.

For fiscal year 2018, concerning the Group's companies that activate in Greece and fulfill the relevant criteria for submission in the tax audit of the Certified Auditors Accountants, the special audit for the issuance of the Tax Compliance Certificate is in progress and the relevant tax certificates are to be issued after the publication of the financial statements of 31.12.2018. At the end of the tax audit, Management does not expect significant tax liabilities to incur other than those recorded and reflected in the Group's and Company's financial statements. It should be noted that, according to the issues mentioned in the Circular POL. 1192/2017, the right of the State for a tax charge up to and including the year 2012 has lapsed unless the specific provisions on 10-year, 15-year and 20-year limitation periods apply.

2. Commitments from construction contracts

The backlog of the construction contracts of the Group amounts to 1.507 billion on 31.12.2018. Under these commitments, the Group has issued letters of guarantee at an amount of EUR 851 million, compared with € 1,165 million in the year 2017.

Upon the temporary delivery of the Megalopolis V AHS B Unit and in particular by the signed Interim Receipt Protocol of August 28, 2018, there are recorded between the Customer and the Contractor, by each other receivables of approximately 60 million and for the settlement of these disputes, the envisaged contractual procedure will be followed.

3. Court cases

The Company and its consolidated companies are involved (in their capacity as defendant and plaintiff) in various court cases in the context of their normal operation. In particular, in the case of legal proceedings against the Group for accidents at work that occurred during the execution of construction works, it is noted that the Group is insured against accidents at work and therefore no significant burden is expected to arise from the possible negative outcome of such court cases.

The Group forms provisions in the financial statements for outstanding legal affairs when it is probable that an outflow of resources will be required to settle the obligation and that this amount can be reliably estimated. In this context, the Group has recognized as of 31.12.2018 provisions of 4,831 for litigations (see note 23).

The Management, as well as the legal advisors, consider that, besides the above-mentioned provisions, pending cases are expected to be settled without significant adverse effects on the consolidated financial position of the Group or the Company or the results of their operation, beyond the already established provision for litigations.

Client claims against Consortium in which the Company participates and the counterpart claim of the Consortium

There are pending litigations in the SIEMENS A.G. - AKTOR SA - TERNA SA Consortium (hereinafter referred to as "Consortium"), contractor of the project "Renovation of a railway line and manufacture of signaling electrification, - telecommunication in the part of Piraeus - Athens - Three bridges - SKA - Acharnes / Three bridges - Ano Liossia (connection to GYYT - Korinthos "(AS 994), with OSE SA, in which the Group participates with 37.5%.

In particular, OSE SA is bringing an action against the Consortium in which it also claims payment of EUR 18.5 million (excluding VAT) for the disputed 66th (negative) final account of the above project, which allegedly OSE SA does not respond and does not correspond to a specific contractual provision. The hearing of the above treatment was postponed for 5.12.2019.

Against the 66th negative final account, there is pending appeal of the Consortium against the OSE SA in relation to the recognition of the illegality of the 66th negative final account (for the reasons stated therein) and the payment of the expenses/fees made for additional studies that arose after the change of the first environmental study. The date on which this action will be discussed was also set on 05.12.2019. The assessment of the Legal Advisers with regards to the outcome of these legal disputes is positive for the Consortium, given that No. 1038/2017 decision of the Supreme Court in the appeal of the contractor consortium against OSE SA for the annulment of the rejection decision no. 1137/2013 of the Piraeus Appeal Court (which concerns the Final Measurement of the said project), which accepted the appeal and referred for re-hearing to the Five-member Court of Appeal of Piraeus. Following a relevant call to resume the debate, the case was postponed for 17/1/2019 when it was finally discussed whereas the relevant court decision is expected. It is noted that as a result of the referral for a new hearing, the appeal of the sponsor consortium will in essence be judged on the grounds that the No. 1137/2013 Decision, which was annulled, was dismissed as inadmissible.

4. Developments of competition procedures

The Company TERNA as well as almost all Hellenic Construction Companies and a significant number of foreign companies were audited by the Hellenic Competition Commission (HCC) on its own initiative, regarding actions thereof, which could be considered as leading to violation of the respective rules.

Further, the Company pursuant to article 25a of Law 3959/2011 and the decision with no. 628/2016 of HCC (Plenary Session) and following considerable concern, submitted, on the grounds of an apparent corporate interest and in order beneficial provisions of article 25A and 14 par. 2 case (id)(ee) of Law 3959/2011 and the decision with no. 628/2016 of HCC, regarding the terms, conditions and procedure for resolving disputes in cases of horizontal partnerships in violation of Article 1 of Law 3959/2011 and/or Article 101 of the Treaty on the Functioning of the European Union, request to be subject to the prescribed disputes settlement procedures, i.e. in a consensual resolution process.

On 03.08.2017, the decision with no. 642/9.3.2017 of the HCC was served to the Company, whereby a fine of Euro 18,612 is imposed on TERNA SA for violation of article 1 of Law 3959/2011 and article 101 of TFEU (for the period from 11.05.2005 to 04.01.2007 and from 04.06.2011 to 26.11.2012).

The settlement procedure for TERNA was finalized and the amount of the fine amounted to Euro 18,612, which was paid in full **within 2018**.

It is noted that according to the provisions of art. 44 par. 3 of Law 3959/2011, as in force, full payment of the fine results, among other things, in **total exemption** from any other administrative sanctions, which undoubtedly includes the administrative exclusion from ongoing and future tendering procedures of article 74 of Law 4412/2016 for the award of public contracts for a reasonable period of time with a maximum exclusion period.

Furthermore, in article 73 of Law 4412/2016, the provisions of Article 57 of Directive 2014/24 were incorporated in Greek law, providing for the grounds for exclusion from participation in the public procurement process.

The grounds for exclusion, which include as reason the conclusion of agreement with other entities to distort competition have been established by the Community legislator as **potential (optional)** and is left to the National Legislator’s discretion, whether such (National Legislator) shall render such mandatory for the awarding authority or not. Within the frame of the abovementioned discretion, the Greek Legislator opted not to require awarding authorities to provide in their respective tenders,

the optional grounds for exclusion; as a result, provision of such grounds for exclusion remains with each awarding authority.
Also, by adding of paragraph 10 in article 73, the Greek legislator inserted in the provisions of article 73, which determine the conditions and procedure for the exclusion of an economic operator from a particular tender procedure (by decision of the body which conducts such), a provision, which determines the period of time during which application of the compulsory grounds for exclusion and the potential (respectively) grounds for exclusion is considered (3 years from the date of the relevant event), provided though that the exclusion period has not been set by an irrevocable decision.
Based on the wording of that paragraph, the three-year period within which examination of the potential grounds commences from the time of infringement (consequently, according to the above provisions, the respective period for TERNA has lapsed as from 26.11.2015). The above statement, on a common acceptance and understanding basis, was also reflected in the European Single Procurement Document (ESPD) in the tender procedures.
On October 2018, decision with no. C-124/17 of the CJEU was issued, which is alleged to rule that, in case sanctions have been imposed by a decision of the competent Competition Authority, the exclusion period of three years from the procedures for the award of public contracts commences on the date of the decision imposing the sanctions.
The above development created new facts and relevant consideration, in clear distinction between situations, which the authorities and economic operators reasonably supported in relation to the timing/commencement of the above ground for exclusion, as explained above, and the related statements in the ESPD. At the level of court rulings of the Supreme Court, the above critical issue has not yet been definitively settled; the Group, in view of its interest and the protection of its shareholders and the retail investors, monitors and participates in court proceedings for pending tenders, in which TERNA SA has participated either before or after the issuance of the CJEU decision.
Regardless of the above, we need to note that there is no automatic ground for exclusion from tender procedures, but the awarding authority ought to, according to the provisions of article 73 par.7 of Law 4412/2016 to request the candidate to provide evidence, showing that the measures he has adopted are adequate to prove his credibility, and should such be considered to be sufficient, the above ground is lifted; otherwise the candidate is excluded and in such a case is also declared as temporary contractor, his offer is rejected and the participation letter of guarantee is forfeited.
Needless to note that the Group and its companies, as well as TERNA, have voluntarily adopted a series of compliance and remedial measures, which are constantly evolving and updated, which demonstrates their credibility and solvency as defined in article 73 par. 7 of Law 4412/2016.

41. EVENTS AFTER THE BALANCE SHEET DATE

On 05.02.2019, the Concession Company under the name "INTERNATIONAL AIRPORT OF HERAKLION CRETE CONCESSION S.A." was established and at a later stage, on 21.02.2019, it signed a Concession Agreement with the Greek State. The Agreement has been filed for approval in the Parliament by the Greek State and once it is validated the starting date of the Concession will be released.
In this concession company participates the subsidiary of the Group, TERNA SA in a joint venture with GMR Airports Limited with 90% and 10% respectively. It is noted that after the concession start date and according to the concession agreement, participation rates will be set at: TERNA 32.46% and GMR Airports Limited 21.64%, as well as the Greek State with 45.9%.

On 8/3/2019, TERNA SA forming a joint venture with J&P AVAX (J&P AVAX – TERNA JV-MEDITERRANEAN CITY OF DREAMS) and with participation stake of 40%, signed an agreement valued at EUR 270 million with the company ICR CYPRUS RESORT DEVELOPMENT CO LIMITED concerning the construction of a thematic park and casino of a total area of 96,000 m2 and with a timetable of 30 months in terms of completion.

Apart from the above mentioned, there are no other events subsequent to the financial statements, which concern either the Group or the Company, to which reference is made according to the International Financial Reporting Standards (IFRS).

THE CHAIRMAN OF THE BOARD	THE EXECUTIVE DIRECTOR
MICHAIL GOURZIS	ALEXANDROS MICHAILIDIS
THE CHIEF FINANCIAL OFFICER	THE CHIEF ACCOUNTANT
PANAGIOTIS KAZANTZIS	PARTHENA KOUVAKA