TERNA OVERSEAS LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2017

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BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Alexandros Hadjinicolaou Despina Georgiou Konstantinos Iliadis
Company Secretary:	Alexandros Hadjinicolaou
Independent Auditors:	EPW Europe Private Wealth Ltd Certified Puplic Accountants and Registered Auditors 16 Ekaterinis Kornaro Street Third Floor, 2015, Strovolos Nicosia, Cyprus
Legal Advisers:	Stelios Panayides LL Advocates & Legal Consultants Panlaw House, 31 Gladstonos street Nicosia, Cyprus
Registered office:	Annis Komninis, 37 Elenion Building, 2nd floor Flat/Office 7, Nicosia Cyprus
Bankers:	Bank of Cyprus Public Company Ltd Bank of Cyprus Greece National Bank of Greece (Cyprus) Ltd EFG Bank Mashreq Bank
Registration number:	HE177105

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2017.

Principal activities and nature of operations of the Company
The principal activities of the Company, which are unchanged from last year, are the provision of consultancy services in the construction field, the execution and supervision of public and private technical projects and land development including any interest earning activities.

Review of current position, future developments and performance of the Company's business
The net loss for the year attributable to the shareholders of the Company amounted to €1.826.541 (2016: €48.925.120). On 31 December 2017 the total assets of the Company were €68.525.655 (2016: €67.320.332) and the net assets of the Company were €49.923.348 (2016: €50.831.889). The financial position, development and performance of the Company as presented in these financial statements are not considered satisfactory and the Board of Directors is making an effort to reduce the Company losses.

Share capital
Authorised capital
On 20 June 2017 the authorised share capital of the Company was increased from 399.780 ordinary shares of €10 each to 400.630 ordinary shares of €10 each.

On 16 November 2017 the authorised share capital of the Company was increased from 400.630 ordinary shares of €10 each to 403.605 ordinary shares of €10 each.
Issued capital
On 20 June 2017, the Company issued 850 additional ordinary shares of nominal value €10 each (additional share capital €8.500) at a premium of €230 each (additional share premium €195.500).

On 16 November 2017, the Company issued 2.975 additional ordinary shares of nominal value €10 each (additional share capital €29.750) at a premium of €230 each (additional share premium €684.250).

Board of Directors
The members of the Company's Board of Directors as at 31 December 2017 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2017.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 24 to the financial statements.

Independent Auditors
The Independent Auditors, EPW Europe Private Wealth Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Alexandros Hadjinicolaou
Director

Nicosia, 28 March 2018

Independent Auditor's Report

To the Members of Terna Overseas Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of parent company Terna Overseas Limited (the "Company"), which are presented in pages 6 to 26 and comprise the statement of financial position as at 31 December 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of parent company Terna Overseas Limited as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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Independent Auditor's Report (continued)

To the Members of Terna Overseas Limited

In preparing the financial statements, the Board of Directors is responsible for assessing the Company'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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors 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.

Independent Auditor's Report (continued)

To the Members of Terna Overseas Limited

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the management report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

George Theocharous
Certified Public Accountant and Registered Auditor
for and on behalf of
EPW Europe Private Wealth Ltd
Certified Puplic Accountants and Registered Auditors

Nicosia, 28 March 2018

TERNA OVERSEAS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
31 December 2017

	Note	**2017** €	2016 €
Revenue	5	**24.964.546**	8.492.708
Cost of sales		**(24.159.091)**	(7.840.477)
Gross profit		**805.455**	652.231
Administration expenses		**(162.752)**	(86.564)
Other expenses	6	**(2.250.000)**	(49.366.164)
Operating loss		**(1.607.297)**	(48.800.497)
Finance income	9	**143.627**	274.855
Finance costs	9	**(351.054)**	(328.946)
(Loss) before tax		**(1.814.724)**	(48.854.588)
Tax		**(11.817)**	(70.532)
Net loss for the year		**(1.826.541)**	(48.925.120)
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(1.826.541)**	(48.925.120)

The notes on pages 10 to 26 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
31 December 2017

	Note	2017 €	2016 €
ASSETS			
Non-current assets			
Investments in subsidiaries	12	**28.385.805**	29.977.133
Investments in associates	13	**7.082.979**	7.082.979
		35.468.784	37.060.112
Current assets			
Trade and other receivables	14	**30.972.147**	26.973.369
Cash and cash equivalents	15	**2.084.724**	3.286.851
		33.056.871	30.260.220
Total assets		**68.525.655**	67.320.332
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**4.036.050**	3.997.800
Share premium	16	**92.599.150**	91.719.400
Accumulated (losses)		**(46.711.852)**	(44.885.311)
Total equity		**49.923.348**	50.831.889
Non-current liabilities			
Borrowings	17	**-**	654.740
Trade and other payables	18	**3.360.367**	4.549.476
		3.360.367	5.204.216
Current liabilities			
Trade and other payables	18	**14.252.341**	10.875.738
Borrowings	17	**694.740**	-
Current tax liabilities	19	**294.859**	408.489
		15.241.940	11.284.227
Total liabilities		**18.602.307**	16.488.443
Total equity and liabilities		**68.525.655**	67.320.332

On 28 March 2018 the Board of Directors of Terna Overseas Limited authorised these financial statements for issue.

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Alexandros Hadjinicolaou, Director — Despina Georgiou, Director

The notes on pages 10 to 26 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
31 December 2017

	Note	Share capital €	Share premium €	Accumulated (losses)/retained earnings €	Total €
Balance at 1 January 2016		**3.917.800**	**89.879.400**	**4.039.809**	**97.837.009**
Comprehensive income					
Net loss for the year		-	-	(48.925.120)	(48.925.120)
Transactions with owners					
Issue of share capital	16	80.000	1.840.000	-	1.920.000
Total transactions with owners		80.000	1.840.000	-	1.920.000
Balance at 31 December 2016/ 1 January 2017		**3.997.800**	**91.719.400**	**(44.885.311)**	**50.831.889**
Comprehensive income					
Net loss for the year		-	-	(1.826.541)	(1.826.541)
Transactions with owners					
Issue of share capital	16	38.250	879.750	-	918.000
Total transactions with owners		38.250	879.750	-	918.000
Balance at 31 December 2017		**4.036.050**	**92.599.150**	**(46.711.852)**	**49.923.348**

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

CASH FLOW STATEMENT
31 December 2017

	Note	2017 €	2016 €
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss) before tax		**(1.814.724)**	(48.854.588)
Adjustments for:			
Unrealised exchange loss/(profit)		**149.336**	(51.997)
Impairment charge - investments in subsidiaries	12	**2.250.000**	42.677.670
Impairment charge - investments in associates	13	**-**	6.688.494
Interest income	9	**(3.278)**	(1.199)
Interest expense	9	**40.000**	40.110
		621.334	498.490
Changes in working capital:			
Increase in trade and other receivables		**(3.998.778)**	(8.472.503)
Increase in bank deposits		**(600.000)**	-
Increase in trade and other payables		**2.187.494**	9.071.079
Cash (used in)/generated from operations		**(1.789.950)**	1.097.066
Tax paid		**(125.447)**	(79.731)
Net cash (used in)/generated from operating activities		**(1.915.397)**	1.017.335
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in subsidiaries	12	**(8.192.402)**	-
Payment for purchase of investments in associated undertakings	13	**-**	(257.072)
Return of capital from subsidiary		**7.533.730**	-
Interest received		**3.278**	1.199
Net cash used in investing activities		**(655.394)**	(255.873)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**918.000**	1.920.000
Unrealised exchange (loss)		**(149.336)**	51.996
Net cash generated from financing activities		**768.664**	1.971.996
Net (decrease)/increase in cash and cash equivalents		**(1.802.127)**	2.733.458
Cash and cash equivalents at beginning of the year		**3.286.851**	553.393
Cash and cash equivalents at end of the year	15	**1.484.724**	3.286.851

1. Incorporation and principal activities

Country of incorporation

The Company Terna Overseas Limited (the "Company") was incorporated in Cyprus on 20 May 2006 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Annis Komninis, 37, Elenion Building, 2nd floor, Flat/Office 7, Nicosia, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the provision of consultancy services in the construction field, the execution and supervision of public and private technical projects and land development including any interest earning activities.

2. Significant accounting policies

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

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

These financial statements are the separate financial statements. The Company has not prepared consolidated financial statements as the exemption from consolidation in paragraph 10 of IAS27, "Consolidated and Separate Financial Statements", has been used. The Company's parent TERNA S.A., a Company incorporated in Greece produced consolidated financial statements available for public use that comply with International Financial Reporting Standards as issued by the IASB.

Adoption of new and revised IFRSs

As from 1 January 2017, the Company adopted all the following IFRSs and International Accounting Standards (IAS), which are relevant to its operations. The adoption of these Standards did not have a material effect on the financial statements.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

At the date of approval of these financial statements the following accounting standards were issued by the International Accounting Standards Board but were not yet effective:

(i) Adopted by the European Union
New standards

- *IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2014).*
- *IFRS 12 "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2014).*
- *IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).*

Amendments
IFRS Interpretations Committee

- *IAS 19 (Amendments) "Defined Benefit Plans: Employee Contributions" (effective for annual periods beginning on or after 1 February 2015).*

2. Significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

(i) Adopted by the European Union (continued)
- *IAS 27 (Revised): "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2014).*
- *IAS 28 (Revised): "Investments in Associates" (effective for annual periods beginning on or after 1 January 2014).*
- *Amendments to IAS32 and IAS1 - Puttable Financial Instruments and Obligations Arising on Liquidation (effective for annual periods beginning on or after 1 January 2009).*
- *Amendment to IAS 36 "Recoverable Amount - Disclosures for Non-Financial Assets" (effective for annual periods beginning on or after 1 January 2014).*
- *Amendment to IAS 39 "Financial Instruments: Recognition and Measurement", Novation of Derivatives and Continuation of Hedge Accounting (effective for annual periods beginning on or after 1 January 2014).*
- *Transition Guidance for IFRS 10, 11 & 12 (effective for annual periods beginning on or after 1 January 2014).*

(ii) Not adopted by the European Union
New standards
- *IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).*
- *Annual Improvements to IFRSs 2014–2016 Cycle (issued on 8 December 2016) (effective for annual periods beginning on or after 1 January 2018)*
- *Amendments to IAS 40: "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018).*

New IFRICs
- *IFRIC Interpretation 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).*
- *IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019).*

The Board of Directors expects that the adoption of these standards or interpretations in future periods will not have a material effect on the financial statements of the Company.

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

2. Significant accounting policies (continued)

Investments in associates (continued)

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When an entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

Revenue recognition

Revenue comprises the invoiced amount for the sale of products net of Value Added Tax, rebates and discounts. Revenues earned by the Company are recognised on the following bases:

- **Rendering of services**

  Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

- **Construction contracts**

  Contract costs are recognised when incurred.

  When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

  When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised by reference to the stage of completion of the contract activity at the reporting date. When it is probable that total contract costs will exceed total contract revenue, the total expected loss is recognised as an expense immediately.

2. Significant accounting policies (continued)

Revenue recognition (continued)

Construction contracts (continued)

The Company uses the "percentage of completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the reporting date as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

The Company presents, as an asset, the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Progress billings not yet paid by customers and retention are included within trade and other receivables.

The Company presents, as a liability, the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

Finance income

Interest income is recognised on a time-proportion basis using the effective method.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) Functional and presentation currency
Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

2. Significant accounting policies (continued)

Financial instruments (continued)

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Prepayments from clients

Payments received in advance on development contracts for which no revenue has been recognised yet, are recorded as prepayments from clients as at the reporting date and carried under liabilities. Payments received in advance on development contracts for which revenue has been recognised, are recorded as prepayments from clients to the extent that they exceed revenue that was recognised in profit or loss as at the reporting date.

Financial assets

(1) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- Loans and receivables

  Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

(2) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

2. Significant accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

3. Financial risk management

Financial risk factors
The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

3. Financial risk management (continued)

At the reporting date the interest rate profile of interest- bearing financial instruments was:

	2017	2016
	€	€
Fixed rate instruments		
Financial liabilities	**(694.740)**	(654.740)
	(694.740)	(654.740)

3.2 Credit risk
Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2017	2016
	€	€
Trade and other receivables	**6.993.809**	2.289.870
Cash at bank	**1.484.724**	3.286.851
Bank deposits	**600.000**	-
Receivables from related companies	**16.811.575**	20.026.237
	25.890.108	25.602.958

3.3 Liquidity risk
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2017	Carrying amounts	Contractual cash flows	On demand	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Trade and other payables	10.742.858	10.742.858	-	10.742.858	-	-	-
Payables to related parties	3.360.367	3.360.367	3.360.367	-	-	-	-
Loans from associates	694.740	694.740	-	694.740	-	-	-
	14.797.965	**14.797.965**	**3.360.367**	**11.437.598**	**-**	**-**	**-**

3. Financial risk management (continued)

3.3 Liquidity risk (continued)

31 December 2016	Carrying amounts	Contractual cash flows	On demand	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Trade and other payables	10.768.319	10.768.319	-	10.768.319	-	-	-
Payables to related parties	4.549.476	4.549.476	4.549.476	-	-	-	-
Loans from associates	654.740	654.740	-	-	654.740	-	-
	15.972.535	15.972.535	4.549.476	10.768.319	654.740	-	-

3.4 Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

3.5 Capital risk management
Capital includes equity shares and share premium, convertible preference shares and loan from parent company.

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

The Company's capital is analysed as follows:

	2017	2016
	€	€
Total borrowings (Note 17)	**694.740**	654.740
Less: Cash and cash equivalents (Note 15)	**(2.084.724)**	(3.286.851)
Net debt	**(1.389.984)**	(2.632.111)
Total equity	**49.923.348**	50.831.889
Total capital	**48.533.364**	48.199.778
Gearing ratio	**(2,86)%**	(5,46)%

The increase in the gearing ratio during the year ended 31 December 2017 resulted primarily from the losses incurred by the Company

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate to their carrying amounts at the reporting date except as disclosed in note 17.

3. Financial risk management (continued)

Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods, such as estimated discounted cash flows, and makes assumptions that are based on market conditions existing at the reporting date.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgments

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Provision for bad and doubtful debts**

  The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of investments in subsidiaries/associates**

  The Company periodically evaluates the recoverability of investments in subsidiaries/associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries/associates may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

5. Revenue

	2017	2016
	€	€
Rendering of services	**3.341.730**	6.353.193
Contract income	**21.622.816**	2.139.515
	24.964.546	8.492.708

6. Other expenses

	2017	2016
	€	€
Impairment charge - investments in subsidiaries	**2.250.000**	42.677.670
Impairment charge - investments in associates	**-**	6.688.494
	2.250.000	49.366.164

7. Expenses by nature

	2017	2016
	€	€
Staff costs (Note 8)	**591.072**	1.511.734
Auditors' remuneration	**8.900**	5.000
Impairment charge - assets held for sale	**2.250.000**	49.366.164
Other expenses	**23.721.871**	6.410.307
Total expenses	**26.571.843**	57.293.205

8. Staff costs

	2017	2016
	€	€
Salaries	**572.738**	1.503.343
Social security costs	**14.392**	6.892
Social cohesion fund	**3.942**	1.499
	591.072	1.511.734

9. Finance income/cost

	2017	2016
	€	€
Interest income	**3.278**	1.199
Exchange profit	**140.349**	273.656
Finance income	**143.627**	274.855
Net foreign exchange losses	**(302.272)**	(276.871)
Interest expense	**(40.000)**	(40.110)
Sundry finance expenses	**(8.782)**	(11.965)
Finance costs	**(351.054)**	(328.946)
Net finance costs	**(207.427)**	(54.091)

10. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2017	Available-for-sale financial assets	Loans and receivables	Total
	€	**€**	**€**
Assets as per statement of financial position:			
Trade and other receivables	-	23.805.384	23.805.384
Financial assets	35.468.784	-	35.468.784
Cash and cash equivalents	-	2.084.724	2.084.724
Total	**35.468.784**	**25.890.108**	**61.358.892**

10. Financial instruments by category (continued)

	Borrowings and other financial liabilities	Total
	€	€
Liabilities as per statement of financial position:		
Borrowings	694.740	694.740
Trade and other payables	5.075.242	5.075.242
Total	**5.769.982**	**5.769.982**

31 December 2016	Available-for-sale financial assets	Loans and receivables	Total
	€	€	€
Assets as per statement of financial position:			
Trade and other receivables	-	22.316.107	22.316.107
Financial assets	37.060.112	-	37.060.112
Cash and cash equivalents	-	3.286.851	3.286.851
Total	37.060.112	25.602.958	62.663.070

	Borrowings and other financial liabilities	Total
	€	€
Liabilities as per statement of financial position:		
Borrowings	654.740	654.740
Trade and other payables	8.020.402	8.020.402
Total	**8.675.142**	**8.675.142**

11. Credit quality of financial assets

The credit quality of financials assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates:

	2017	2016
	€	€
Fully performing other receivables		
Group 4	**18.859.526**	19.859.737
Group 5	**166.500**	166.500
	19.026.026	20.026.237
Baa2	**849.422**	251.334
Caa3	**1.224.439**	3.031.681
Caa2	**10.863**	3.836
No rating	**2.084.724**	3.286.851

Group 4 - companies within the group, common control companies and associates with no defaults in the past.

Group 5 - Directors, shareholders and key management personnel.

Group 6 - new receivables (less than 6 months).

None of the financial assets that are fully performing has been renegotiated.

12. Investments in subsidiaries

	2017	2016
	€	€
Balance at 1 January	**29.977.133**	68.483.925
Additions	**8.192.402**	4.170.878
Impairment charge	**(2.250.000)**	(42.677.670)
Return of capital	**(7.533.730)**	-
Balance at 31 December	**28.385.805**	29.977.133

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Holding %	2017 €	2016 €
Terna Bahrain Holding W.L.L. (1)	Bahrain	Services	99,99	**14.063.279**	5.870.877
Terna Qatar LLC (2	Qatar	Services	35	**14.321.457**	23.855.187
Malcem Construction Materials Ltd	Malta	Construction	75	**-**	250.000
Terna Contracting W.L.L. (3)	Bahrain	Services	0,01	**169**	169
QE Energy Europe Ltd	Cyprus	Supply of gas	90	**900**	900
				28.385.805	29.977.133

(1) During the year, the Company increased its investment in the share capital of subsidiary Terna Bahrain Holding W.L.L. by contributing an amount of €8.192.402 that was previously recognised as a receivable from related party.

(2) During the year there was a return of capital to the Company from Terna Qatar for the amount of €7.533.730. Furthermore the Company recognised an impairment charge for the investment in subsidiary Terna Qatar LLC for the amount of €2.000.000.

(3) The Company also has 99,99% indirect shareholding in Terna Contracting W.L.L through its 99,99% investment in Terna Bahrain Holding W.L.L.

13. Investments in associates

	2017	2016
	€	€
Balance at 1 January	**7.082.979**	13.514.401
Additions	**-**	257.072
Impairment charge	**-**	(6.688.494)
Balance at 31 December	**7.082.979**	7.082.979

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	Holding %	2017 €	2016 €
Icon Borovets EOOD	Bulgaria	Real estate	33,96	**2.120.714**	2.120.714
Icon EOOD	Bulgaria	Real estate	16,47	**4.962.265**	4.962.265
				7.082.979	7.082.979

14. Trade and other receivables

	2017	2016
	€	€
Trade receivables	1.386.253	147.508
Contract retentions	2.018.302	213.952
Amount due from customers for contract work	3.579.310	1.925.563
Receivables from own subsidiaries (Note 20.4)	7.956.511	9.914.257
Receivables from associates (Note 20.4)	8.688.564	9.945.480
Receivables from parent (Note 20.4)	166.500	166.500
Deposits and prepayments	6.875.000	4.355.460
Deferred expenses	205.518	259.887
Other receivables	9.944	2.847
Refundable VAT	86.245	41.915
	30.972.147	26.973.369

The Company does not hold any collateral over the trading balances.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

15. Cash and cash equivalents

Cash balances are analysed as follows

	2017	2016
	€	€
Cash at bank and in hand	1.484.724	3.286.851
Bank deposits	600.000	-
	2.084.724	3.286.851

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3 of the financial statements.

16. Share capital and share premium

Issued and fully paid	Number of shares	Share capital	Share premium	Total
		€	€	€
Balance at 1 January 2016	391.780	3.917.800	89.879.400	93.797.200
Issue of shares in 2016	8.000	80.000	1.840.000	1.920.000
Balance at 31 December 2016/ 1 January 2017	**399.780**	**3.997.800**	**91.719.400**	**95.717.200**
Issue of shares in 2017	3.825	38.250	879.750	918.000
Balance at 31 December 2017	**403.605**	**4.036.050**	**92.599.150**	**96.635.200**

Authorised capital

On 20 June 2017 the authorised share capital of the Company was increased from 399.780 ordinary shares of €10 each to 400.630 ordinary shares of €10 each.

On 16 November 2017 the authorised share capital of the Company was increased from 400.630 ordinary shares of €10 each to 403.605 ordinary shares of €10 each.

16. Share capital and share premium (continued)

Issued capital

On 20 June 2017, the Company issued 850 additional ordinary shares of nominal value €10 each (additional share capital €8.500) at a premium of €230 each (additional share premium €195.500).

On 16 November 2017, the Company issued 2.975 additional ordinary shares of nominal value €10 each (additional share capital €29.750) at a premium of €230 each (additional share premium €684.250).

17. Borrowings

	2017	2016
	€	€
Balance at 1 January	**654.740**	614.630
Interest charged	**40.000**	40.110
Balance at 31 December	**694.740**	654.740

	2017	2016
	€	€
Current borrowings		
Loans from associates (Note 20.6)	**694.740**	-
	694.740	-
Non-current borrowings		
Loans from associates (Note 20.6)	**-**	654.740
Total	**694.740**	654.740

18. Trade and other payables

	2017	2016
	€	€
Trade payables	**1.714.875**	3.470.926
Prepayments from clients	**7.000.000**	7.000.000
Social insurance and other taxes	**4.203**	3.783
Payables to parent (Note 20.5)	**2.491.415**	3.555.652
Subcontractors retentions	**2.027.983**	297.393
Accruals	**3.505.280**	103.636
Payables to associates (Note 20.5)	**868.952**	993.824
	17.612.708	15.425.214
Less non-current payables	**(3.360.367)**	(4.549.476)
Current portion	**14.252.341**	10.875.738

19. Current tax liabilities

	2017	2016
	€	€
Corporation tax	**294.859**	408.489
	294.859	408.489

20. Related party transactions

The Company is controlled by Terna S.A., incorporated in Greece, which owns 100% of the Company's shares.

20. Related party transactions (continued)

The Company is controlled by Terna S.A., incorporated in Greece, which owns 100% of the Company's shares. The Company's ultimate controlling party is Gek Terna S.A., which is listed in the Athens Stock Exchange.

The following transactions were carried out with related parties:

20.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2017	2016
	€	€
Directors' fees	**2.100**	1.200
	2.100	1.200

20.2 Sales of goods and services

	2017	2016
	€	€
Terna S.A. Serbia Branch	**2.985.780**	6.205.685
Terna S.A. Abu Dhabi Branch	**10.556**	-
Terna S.A. Sharjah Branch	**11.715**	-
QE Energy Europe Ltd	**10.000**	-
	3.018.051	6.205.685

20.3 Loan interest expense

	2017	2016
	€	€
Terna Energy Overseas Ltd	**40.000**	40.110
	40.000	40.110

20.4 Receivables from related parties (Note 14)

		2017	2016
Name	Nature of transactions	€	€
Malcem Construction Material Ltd	Finance	**76.819**	76.819
Terna Qatar LLC	Trade + Finance	**-**	2.430.181
Terna Bahrain Holding WLL	Finance	**7.359.429**	6.391.830
QE Energy Europe Ltd	Finance	**520.264**	740.749
Icon Borovets Eood	Finance	**274.677**	274.677
Terna S.A. Sharjah Branch	Finance	**11.715**	-
Terna S.A. Libya Branch	Finance	**533.272**	533.272
Icon Eood	Finance	**141.186**	141.187
Terna S.A. Abu Dhabi Branch	Finance	**10.555**	-
Terna S.A. Ogranak	Trade	**5.822.750**	7.027.970
Terna S.A. Branch Bulgaria	Finance	**168.780**	238.780
Terna S.A. Iraq Branch	Finance	**1.725.628**	2.004.272
Terna S.A. Greece	Finance	**166.500**	166.500
		16.811.575	20.026.237

20. Related party transactions (continued)

20.5 Payables to related parties (Note 18)

Name	Nature of transactions	2017 €	2016 €
Terna SA Sharjah Branch	Finance	**866.500**	992.923
Terna S.A. Greece	Finance	**2.491.415**	3.555.653
QE Energy Europe Limited	Finance	**900**	900
Terna S.A Abu Dhabi Branch	Finance	**1.552**	-
		3.360.367	4.549.476

20.6 Loans from related parties (Note 17)

	2017 €	2016 €
Terna Energy Overseas Ltd	**694.740**	654.740
	694.740	654.740

The loan bears interest at the rate of 8% and is repayable by 31 December 2018.

20.7 Shareholders' current accounts - debit balances (Note 14)

	2017 €	2016 €
Terna S.A.	**166.500**	166.500
	166.500	166.500

The shareholders' current accounts are interest free, and have no specified repayment date.

20.8 Shareholders' current accounts - credit balances

	2017 €	2016 €
Terna S.A.	**2.491.415**	3.555.652
	2.491.415	3.555.652

The shareholders' current accounts are interest free, and have no specified repayment date.

21. Parent company

The Company is controlled by Terna S.A., incorporated in Greece, which owns 100% of the Company's shares.

22. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2017.

23. Commitments

The Company had no capital or other commitments as at 31 December 2017.

24. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 3 to 5

DETAILED INCOME STATEMENT
31 December 2017

	Page	2017 €	2016 €
Revenue			
Rendering of services		**3.341.730**	6.353.193
Cost of sales	28	**(3.076.845)**	(5.754.450)
Gross profit		**264.885**	598.743
Gross profit from contract work	29	**540.570**	53.488
Gross profit		**805.455**	652.231
Operating expenses			
Administration expenses	30	**(162.752)**	(86.564)
		642.703	565.667
Other operating expenses			
Impairment charge - investments in subsidiaries		**(2.250.000)**	(42.677.670)
Impairment charge - investments in associates		**-**	(6.688.494)
Operating loss		**(1.607.297)**	(48.800.497)
Finance income	31	**143.627**	274.855
Finance costs	31	**(351.054)**	(328.946)
Net loss for the year before tax		**(1.814.724)**	(48.854.588)

COST OF SALES
31 December 2017

	2017	2016
	€	€
Cost of sales		
Direct costs		
Salaries	**572.738**	1.503.343
Social insurance	**14.392**	6.892
Social cohesion fund	**3.942**	1.499
Telephone and postage	**753**	719
Services received	**2.409.809**	4.143.938
Transportation expenses	**75.211**	71.551
Financial charges	**-**	26.508
	3.076.845	5.754.450

PROJECTS FOR THIRD PARTIES
31 December 2017

	2017	2016
	€	€
Projects for Third Parties		
Work certified on uncompleted projects:		
At the end	**21.622.816**	2.139.515
Work in progress:		
At the end	**(21.082.246)**	(2.086.027)
	540.570	53.488
Gross profit from contract work	**540.570**	53.488

SELLING AND DISTRIBUTION EXPENSES
31 December 2017

	2017	2016
	€	€
Administration expenses		
Rent	**4.800**	4.800
Annual levy	**350**	350
Electricity	**720**	586
Insurance	**66.572**	40.115
Repairs and maintenance	**7.620**	-
Sundry expenses	**33.567**	19.087
Courier expenses	**381**	284
Stationery and printing	**733**	340
Subscriptions and contributions	**1.428**	430
Certification and legalisation expenses	**1.384**	1.580
Auditors' remuneration	**8.900**	5.000
Accounting fees	**30.343**	9.314
Other professional fees	**3.854**	3.478
Directors' fees	**2.100**	1.200
	162.752	86.564

FINANCE INCOME/COST
31 December 2017

	2017 €	2016 €
Finance income		
Bank interest	**3.278**	1.199
Realised foreign exchange profit	**102**	-
Unrealised foreign exchange profit	**140.247**	273.656
	143.627	274.855

	2017 €	2016 €
Finance costs		
Interest expense		
Loan interest	**40.000**	40.110
Sundry finance expenses		
Bank charges	**8.782**	11.965
Net foreign exchange losses		
Realised foreign exchange loss	**12.689**	55.212
Unrealised foreign exchange loss	**289.583**	221.659
	351.054	328.946

COMPUTATION OF CORPORATION TAX

31 December 2017

	Page	€	€
Net loss per income statement	27		(1.814.724)
Add:			
Impairment charge - investments in subsidiaries		2.250.000	
FX not relating to trading FX (for own account)		161.923	
Disallowance of non-statutory administration expenses		37.705	
Construction expenses re Ayia Napa Marina		21.082.246	
			23.531.874
			21.717.150
Less:			
Interest income		3.278	
Construction income re Ayia Napa Marina		21.622.816	
			(21.626.094)
Chargeable income for the year			91.056

Calculation of corporation tax	Income	Rate	Total
	€	%	€ c
Tax at normal rates:			
Chargeable income as above	91.056	12,50	11.382,00
Tax paid provisionally	888.000		(111.000,00)
TAX REFUNDABLE			(99.618,00)