TERNA OVERSEAS LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2018

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BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Alexandros Hadjinicolaou Konstantinos Iliadis Dimitrios Antonakos (Appointed on 29 May 2018) Athanasios Papadopoulos (Appointed on 29 May 2018) Georgios Perdikaris (Appointed on 29 May 2018) Despina Georgiou (Resigned on 29 May 2018)
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 LLC 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 National Bank of Greece (Cyprus) Ltd Mashreq Bank (Dubai) Eurobank Cyprus Ltd Alpha Bank Cyprus Ltd Piraeus Bank (Greece)
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 2018.

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 €200.667 (2017: €1.826.541). On 31 December 2018 the total assets of the Company were €86.482.298 (2017: €68.525.655) and the net assets of the Company were €53.260.681 (2017: €49.923.348). 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 29 June 2018 the authorised share capital of the Company was increased from 403.605 ordinary shares of €10 each to 404.030 ordinary shares of €10 each.

On 24 September 2018 the authorised share capital of the Company was increased from 404.030 ordinary shares of €10 each to 405.530 ordinary shares of €10 each.

On 28 September 2018 the authorised share capital of the Company was increased from 405.530 ordinary shares of €10 each to 409.730 ordinary shares of €10 each.
Issued capital
On 29 June 2018, the Company issued 425 additional ordinary shares of nominal value €10 each (additional share capital €4.250) at a premium of €230 each (additional share premium €97.750).

On 24 September 2018, the Company issued 1.500 additional ordinary shares of nominal value €10 each (additional share capital €15.000) at a premium of €230 each (additional share premium €345.000).

On 28 September 2018, the Company issued 4.200 additional ordinary shares of nominal value €10 each (additional share capital €42.000) at a premium of €230 each (additional share premium €966.000).

Board of Directors
The members of the Company's Board of Directors as at 31 December 2018 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 2018.

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

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, 26 March 2019

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 5 to 39 and comprise the statement of financial position as at 31 December 2018, 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 2018, 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.

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.

Independent Auditor's Report (continued)

To the Members of Terna Overseas Limited

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism 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.

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.

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

Nicosia, 26 March 2019

TERNA OVERSEAS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
31 December 2018

	Note	**2018 €**	2017 €
Revenue	8	**36.775.261**	24.964.546
Cost of sales	9	**(36.292.101)**	(24.140.757)
Gross profit		**483.160**	823.789
Other operating income	10	**807.000**	-
Administration expenses		**(1.127.035)**	(181.086)
Other expenses	11	**(362.193)**	(2.250.000)
Operating loss		**(199.068)**	(1.607.297)
Finance income	14	**189.384**	143.627
Finance costs	14	**(188.904)**	(351.054)
Loss before tax		**(198.588)**	(1.814.724)
Tax		**(2.079)**	(11.817)
Net loss for the year		**(200.667)**	(1.826.541)
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(200.667)**	(1.826.541)

TERNA OVERSEAS LIMITED

STATEMENT OF FINANCIAL POSITION
31 December 2018

	Note	2018 €	2017 €
ASSETS			
Non-current assets			
Property, plant and equipment	17	**2.120.378**	-
Investments in subsidiaries	18	**27.347.715**	28.385.805
Investments in associates	19	**4.962.265**	7.082.979
		34.430.358	35.468.784
Current assets			
Trade and other receivables	20	**26.133.914**	20.144.716
Contract assets	8	**19.770.766**	10.827.431
Cash and cash equivalents	21	**6.147.260**	2.084.724
		52.051.940	33.056.871
Total assets		**86.482.298**	68.525.655
EQUITY AND LIABILITIES			
Equity			
Share capital	22	**4.097.300**	4.036.050
Share premium	22	**94.007.900**	92.599.150
Accumulated losses		**(46.912.519)**	(46.711.852)
		51.192.681	49.923.348
Advances from shareholders	23	**2.068.000**	-
Total equity		**53.260.681**	49.923.348
Non-current liabilities			
Trade and other payables	25	**5.120.420**	3.360.367
		5.120.420	3.360.367
Current liabilities			
Trade and other payables	25	**5.474.140**	1.736.641
Borrowings	24	**734.740**	694.740
Current tax liabilities	26	**369.392**	294.859
Contract liabilities	8	**21.522.925**	12.515.700
		28.101.197	15.241.940
Total liabilities		**33.221.617**	18.602.307
Total equity and liabilities		**86.482.298**	68.525.655

On 26 March 2019 the Board of Directors of Terna Overseas Limited authorised these financial statements for issue.

....	....
Alexandros Hadjinicolaou	Konstantinos Iliadis
Director	Director

STATEMENT OF CHANGES IN EQUITY
31 December 2018

	Note	Share capital €	Share premium €	Advances from shareholders €	Accumulated losses €	Total €
Balance at 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)
Total comprehensive income for the year		-	-	-	(1.826.541)	(1.826.541)
Transactions with owners						
Issue of share capital	22	38.250	879.750	-	-	918.000
Total transactions with owners		38.250	879.750	-	-	918.000
Balance at 31 December 2017/ 1 January 2018		**4.036.050**	**92.599.150**	**-**	**(46.711.852)**	**49.923.348**
Comprehensive income						
Net loss for the year		-	-	-	(200.667)	(200.667)
Total comprehensive income for the year		-	-	-	(200.667)	(200.667)
Transactions with owners						
Issue of share capital	22	61.250	1.408.750	-	-	1.470.000
Proceeds for the year		-	-	2.068.000	-	2.068.000
Total transactions with owners		61.250	1.408.750	2.068.000	-	3.538.000
Balance at 31 December 2018		**4.097.300**	**94.007.900**	**2.068.000**	**(46.912.519)**	**53.260.681**

Share premium is not available for distribution.

The advance from shareholders is made available to the Board of Directors for future increases of the share capital of the Company and are not refundable.

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 2018

	Note	**2018**	2017
		€	€
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(198.588)**	(1.814.724)
Adjustments for:			
Depreciation of property, plant and equipment	17	**296.544**	-
Unrealised exchange (profit)/loss		**(47.934)**	149.336
Loss from the sale of investments in associated undertakings		**320.714**	-
Impairment charge - investments in subsidiaries	18	**30.836**	2.250.000
Impairment charge - receivables from related parties	27	**10.594**	-
Impairment charge - trade receivables	20	**49**	-
Interest income	14	**(9.235)**	(3.278)
Interest expense	14	**40.000**	40.000
		442.980	621.334
Changes in working capital:			
(Increase)/decrease in trade and other receivables		**(5.989.247)**	3.564.701
Increase in contract assets		**(8.943.335)**	(10.827.431)
Increase in bank deposits		**(3.747)**	(600.000)
Increase/(Decrease) in trade and other payables		**5.497.552**	(3.028.314)
Increase in contract liabilities		**9.007.225**	12.515.700
Cash generated from operations		**11.428**	2.245.990
Tax refunded/(paid)		**72.454**	(125.447)
Net cash generated from operating activities		**83.882**	2.120.543
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	17	**(2.416.922)**	-
Payment for purchase of investments in subsidiaries	18	**-**	(8.192.402)
Return of capital from subsidiary		**1.007.254**	7.533.730
Loans repayments received		**(10.594)**	-
Proceeds from sale of investments in associated undertakings		**1.800.000**	-
Interest received		**9.235**	3.278
Net cash generated from/(used in) investing activities		**388.973**	(655.394)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**1.470.000**	918.000
Advances from shareholders		**2.068.000**	-
Proceeds from borrowings		**40.000**	40.000
Unrealised exchange profit/(loss)		**47.934**	(149.336)
Interest paid		**(40.000)**	(40.000)
Net cash generated from financing activities		**3.585.934**	768.664
Net increase in cash and cash equivalents		**4.058.789**	2.233.813
Cash and cash equivalents at beginning of the year		**1.484.724**	(749.089)
Cash and cash equivalents at end of the year	21	**5.543.513**	1.484.724

The notes on pages 9 to 39 form an integral part of these financial statements.

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. 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.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3. Adoption of new or revised standards and interpretations

As from 1 January 2018, 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.

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. Apart from the accounting policy changes resulting from the adoption of IFRS 9 and IFRS 15 effective from 1 January 2018, these policies have been consistently applied to all the years presented, unless otherwise stated. The principal accounting policies in respect of financial instruments and revenue recognition applied till 31 December 2017 are presented in note 31.

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.

4. Significant accounting policies (continued)

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.

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 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 and measurement

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Company includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

The Company recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Company can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Company's future cash flows is expected to change as a result of the contract), it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

4. Significant accounting policies (continued)

Revenue recognition (continued)

The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Company considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by management.

Identification of performance obligations

The Company assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

- **Rendering of services**

  Revenue from rendering of services is recognised over time while the Company satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

- **Commission income**

  Commission income is recognised when the right to receive payment is established.

- **Construction contracts**

  Revenue is recognised over time based on the cost-to-cost method. The related costs are recognised in profit or loss when they are incurred. Advances received are included in contract liabilities.

- **Financing component**

  The Company does not have any material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company elects to use the practical expedient and does not adjust any of the transaction prices for the time value of money.

4. Significant accounting policies (continued)

Revenue recognition (continued)

- **Contract assets and contract liabilities**

  In case the services rendered by the Company as of the reporting date exceed the payments made by the customer as of that date and the Company does not have the unconditional right to charge the client for the services rendered, a contract asset is recognised. The Company assesses a contract asset for impairment in accordance with IFRS 9 using the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the contract asset. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9. If the payments made by a customer exceed the services rendered under the relevant contract, a contract liability is recognised. The Company recognises any unconditional rights to consideration separately from contract assets as a trade receivable because only the passage of time is required before the payment is due.

  Contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

- **Costs to obtain or fulfil contracts with customers**

  The Company recognizes the incremental costs incurred by the Company to obtain contracts with customers and the costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset if those costs are expected to be recoverable, and record the in "Other assets" in statement of financial position. Incremental costs of obtaining contracts are those costs that the Company incurs to obtain a contract with customer that would not have been incurred if the contract had not been obtained. The asset is amortised on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue and recognised in "cost of sales" in statement of profit or loss and other comprehensive income. Additionally the asset is assessed for impairment and any impairment loss is recognized in "cost of sales" in statement of profit or loss and other comprehensive income.

  The Company recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

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.

4. Significant accounting policies (continued)

(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.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Plant and machinery	20-33,3
Motor vehicles	20
Furniture, fixtures and office equipment	20-33,3

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets - Classification

From 1 January 2018, the Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

4. Significant accounting policies (continued)

Financial assets - Classification (continued)

The classification and subsequent measurement of debt financial assets depends on: (i) the Company's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Company may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment?by?investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Company commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

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 the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

4. Significant accounting policies (continued)

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets - impairment - credit loss allowance for ECL

From 1 January 2018, the Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets".

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For trade receivables including trade receivables with a significant financing component and contract assets and lease receivables the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

4. Significant accounting policies (continued)

For all other financial asset that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 6, Credit risk section for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer tonote 6, Credit risk section for a description of how the Company determines low credit risk financial assets.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Company exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Company may write-off financial assets that are still subject to enforcement activity when the Company seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

Financial assets - modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (eg profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Company derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Company also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Company compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Company recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

4. Significant accounting policies (continued)

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand.Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Company. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Financial guarantee contracts

Financial guarantee contracts are contracts that require the Company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are recognised as a financial liability at the time the guarantee is issued. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee in other income in profit or loss.

At the end of each reporting period, the guarantee is subsequently at the higher of:
- the amount of the loss allowance determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Credit related commitments

The Company issues commitments to provide loans. Commitments to provide loans are initially recognised at their fair value, which is normally evidenced by the amount of fees received. Such loan commitment fees are deferred and included in the carrying value of the loan on initial recognition. Loan commitments provided by the Company are measured as the amount of the loss allowance calculated under IFRS 9.

At the end of each reporting period, the commitments are measured at:
(i) the remaining unamortised balance of the amount at initial recognition, plus
(ii) the amount of the loss allowance determined based on the expected credit loss model.

If the loan commitments are provided at a below-market interest rate, they are measured at the higher of:
(i) the amount of the loss allowance determined based on the expected loss model and
(ii) the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

4. Significant accounting policies (continued)

Credit related commitments (continued)

For loan commitments (where those components can be separated from the loan), a separate provision for ECL is recognised as a liability in the statement of financial position. However, for contracts that include both a loan and an undrawn commitment and the Company cannot separately identify the expected credit losses on the undrawn commitment component from those on the loan component, the expected credit losses on the undrawn commitment are recognised together with the loss allowance for the loan. To the extent that the combined expected credit losses exceed the gross carrying amount of the loan, the expected credit losses are recognised as a provision.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

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.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

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.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

4. Significant accounting policies (continued)

Trade receivables (continued)

20. Trade and other receivables (continued)

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9.The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See Note 6 Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

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.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

5. New accounting pronouncements

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
- *IAS 1 (revised): "Presentation of Financial Statements: A Revised Presentation" (effective for annual periods beginning on or after 1 January 2009).*
- *IAS 23 (revised): "Borrowing Costs" (effective for annual periods beginning on or after 1 January 2009).*
- *IAS 24 (revised): "Related Party Disclosures" (effective for annual periods beginning on or after 1 January 2011).*
- *IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).*
- *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).*
- *IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).*

Amendments
IFRS Interpretations Committee

5. New accounting pronouncements (continued)

(i) Adopted by the European Union (continued)

- *Amendments to IAS 19 - "Employee Benefits" (amendments) (effective for annual periods beginning on or after 1 January 2013).*
- *IAS 19 (Amendments) "Defined Benefit Plans: Employee Contributions" (effective for annual periods beginning on or after 1 February 2015).*
- *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).*
- *Amendment to IAS32 "Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2014).*
- *Amendment to IAS 36 "Recoverable Amount - Disclosures for Non-Financial Assets" (effective for annual periods beginning on or after 1 January 2014).*
- *Annual improvements to IFRSs 2008 - Amendments to IFRS 5 "Non-current assets held for sale and discontinued operations (effective for annual periods beginning on or after 1 July 2009)."*
- *Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016).*
- *Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017) (effective for annual periods beginning on or after 1 January 2019).*
- *Clarifications to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).*

New IFRICs

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

(ii) Not adopted by the European Union

New standards

- *IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021).*

Amendments

- *Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31 October 2018) (effective for annual periods beginning on or after 1 January 2020).*
- *Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017) (effective for annual periods beginning on or after 1 January 2019).*
- *Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018) (effective for annual periods beginning on or after 1 January 2019).*
- *Annual Improvements to IFRSs 2015-2017 Cycle (issued on 12 December 2017) (effective for annual periods beginning on or after 1 January 2019)*
- *Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020)*

5. New accounting pronouncements (continued)

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.

6. 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:

6.1 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.

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

	2018	2017
	€	€
Fixed rate instruments		
Financial liabilities	**(734.740)**	(694.740)
	(734.740)	(694.740)

6.2 Credit risk
Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets.

(i) Risk management

Credit risk is managed on a group basis.

For banks and financial institutions, only independently rated parties with a minimum rating of 'C' are accepted. If wholesale customers are independently rated, these ratings are used.

Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.

(ii) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:
- trade receivables
- contract assets
- financial assets at amortised cost
- cash and cash equivalents

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Trade receivables and contract assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including those with a significant financing component, lease contracts and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Company defines default as a situation when the debtor is more than 90 days past due on its contractual payments. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 180 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. A provision for impairment of trade receivables was established when there was objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments (more than 120 days overdue) were considered indicators that the trade receivable was impaired. The amount of the provision was the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate.

(iii) Net impairment losses on financial and contract assets recognized in profit or loss

Impairment losses	**2018**	2017
	€	€
Impairment charge - investments in subsidiaries	**(30.836)**	(2.250.000)
Impairment charge - receivable from related parties	**(10.594)**	-
Impairment charge - trade receivables	**(49)**	-
Net impairment (loss) on financial and contract assets	**(41.479)**	(2.250.000)

6. Financial risk management (continued)

6.2 Credit risk (continued)

(iv) Financial assets at fair value through profit or loss

The Company is also exposed to credit risk in relation to debt investments that are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments €10.643 (2017: € -).

(v) Credit related commitments

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Guarantees which represent irrevocable assurances that the Company will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. With respect to credit risk on commitments to extend credit, the Company is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. The Company monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

6.3 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 2018	Carrying amounts	Contractual cash flows	On demand	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Trade and other payables	5.206.523	22.404.709	-	22.404.709	-	-	-
Payables to related parties	5.120.420	5.120.420	5.120.420	-	-	-	-
Loans from associates	734.740	734.740	-	734.740	-	-	-
	11.061.683	**28.259.869**	**5.120.420**	**23.139.449**	**-**	**-**	**-**

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	1.714.875	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	-	-	-
	5.769.982	14.797.965	3.360.367	11.437.598	-	-	-

6. Financial risk management (continued)

6.4 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 and the Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

6.5 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:

	2018	2017
	€	€
Total borrowings (Note 24)	**734.740**	694.740
Less: Cash and cash equivalents (Note 21)	**(6.147.260)**	(2.084.724)
Net debt	**(5.412.520)**	(1.389.984)
Total equity	**53.260.681**	49.923.348
Total capital	**47.848.161**	48.533.364
Gearing ratio	**(11,31)%**	(2,86)%

The decrease in the gearing ratio during the year ended 31 December 2018 resulted primarily from the issue of share capital at premium within the year.

6.6 Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

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.

7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

7. Critical accounting estimates and judgments (continued)

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.

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

- **Work in progress**

  Work in progress is stated at cost plus any attributable profit less any foreseeable losses and less amounts received or receivable as progress payments. The cost of work in progress includes materials, labour and direct expenses plus attributable overheads based on a normal level of activity. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

- **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.

- **Impairment of financial assets**

  The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

- **Impairment of non-financial assets**

  The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

8. Revenue

	2018	2017
	€	€
Rendering of services	**2.847.140**	3.341.730
Contract income	**33.928.121**	21.622.816
	36.775.261	24.964.546

(a) Assets and liabilities related to contracts with customers

The Company has recognised the following assets and liabilities related to contracts with customers:

	2018	2017
	€	€
Contract assets		
Current contract assets		
Contract assets	**10.170.213**	3.579.310
Contract retentions	**4.771.133**	2.018.302
Contract prepayments	**4.829.420**	5.229.819
Total contract assets	**19.770.766**	10.827.431
Other assets recognised for costs incurred to fulfil a contract		
Total other assets recognised for costs incurred to fulfil a contract	**19.770.766**	10.827.431

	2018	2017
	€	€
Contract liabilities		
Current		
Contract liabilities	**4.324.739**	3.487.717
Subcontractors retentions	**4.140.404**	2.027.983
Contract advances	**13.057.782**	7.000.000
Total contract liabilities	**21.522.925**	12.515.700

For opening balances as of 1 January 2018 of contract assets, contract liabilities and non-current other asset recognised for costs incurred to fulfil a contract after adoption of IFRS 15, refer to note 3.

(i) Unsatisfied long-term contracts with customers

All other contracts are for periods of one year or less or are billed based on time incurred. As permitted under IFRS 15, the transaction price allocated to these unsatisfied contracts with customers is not disclosed.

9. Cost of sales

	2018	2017
	€	€
Staff costs	**330.246**	572.738
Telephone and postage	**-**	753
Subcontracted work	**9**	-
Services received	**2.211.290**	2.409.809
Commissions payable	**9.692**	-
Transportation expenses	**40.871**	75.211
Contract expenses	**33.699.993**	21.082.246
	36.292.101	24.140.757

10. Other operating income

	2018	2017
	€	€
Commissions received	**387.679**	-
Sundry operating income	**419.321**	-
	807.000	-

11. Other expenses

	2018	2017
	€	€
Loss from sale of investments in associates	**320.714**	-
Impairment charge - investments in subsidiaries	**30.836**	2.250.000
Impairment charge - loans to related parties	**10.594**	-
Impairment charge - trade receivables	**49**	-
	362.193	2.250.000

12. Expenses by nature

	2018	2017
	€	€
Staff costs (Note 13)	**1.981.974**	591.072
Auditors' remuneration	**6.400**	8.900
Impairment charge - assets held for sale	**-**	2.250.000
Other expenses	**35.792.955**	23.721.871
Total expenses	**37.781.329**	26.571.843

13. Staff costs

	2018	2017
	€	€
Salaries	**1.833.093**	572.738
Social security costs	**119.596**	14.392
Social cohesion fund	**29.285**	3.942
	1.981.974	591.072

Salaries consist of €194.415 salaries to cypriot employees included in the administration expenses, €1.470.629 salaries to cypriot employees included in construction cost and €362.464 salaries to foreign employees.

14. Finance income/(costs)

	2018	2017
	€	€
Interest income	**9.235**	3.278
Exchange profit	**180.149**	140.349
Finance income	**189.384**	143.627
Net foreign exchange losses	**(133.074)**	(302.272)
Interest expense	**(40.000)**	(40.000)
Sundry finance expenses	**(15.830)**	(8.782)
Finance costs	**(188.904)**	(351.054)
Net finance income/(cost)	**480**	(207.427)

Interest income is analysed as follows:

	2018	2017
	€	€
Bank deposits	**9.235**	3.278
	9.235	3.278

15. Financial instruments by category

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

31 December 2018	Financial assets at amortised cost	Total
	€	€
Assets as per statement of financial position:		
Trade and other receivables	38.853.243	38.853.243
Financial assets	32.309.980	32.309.980
Cash and cash equivalents	6.147.260	6.147.260
Total	**77.310.483**	**77.310.483**

	Borrowings and other financial liabilities	Total
	€	**€**
Liabilities as per statement of financial position:		
Borrowings	734.740	734.740
Trade and other payables	10.326.943	10.326.943
Total	**11.061.683**	**11.061.683**

15. Financial instruments by category as at 31 December 2017: (continued)

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

	Borrowings and other financial liabilities €	Total €
Liabilities as per statement of financial position:		
Borrowings	694.740	694.740
Trade and other payables	1.714.875	1.714.875
Total	2.409.615	2.409.615

16. 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:

	2018 €	2017 €
Fully performing other receivables		
Group 4	**21.857.898**	18.859.526
Group 5	**166.500**	166.500
	22.024.398	19.026.026
(1)		
Baa2	**872.550**	849.422
Caa3	**5.264.642**	1.224.439
Caa2	**10.062**	10.863
No rating	**6.147.254**	2.084.724

The rest of the statement of financial position item "Cash and cash equivalents" is cash in hand.

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.

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

17. Property, plant and equipment

	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Total
	€	€	€	€
Cost				
Additions	2.186.376	105.203	125.343	2.416.922
Balance at 31 December 2018	**2.186.376**	**105.203**	**125.343**	**2.416.922**
Depreciation				
Charge for the year	197.299	79.503	19.742	296.544
Balance at 31 December 2018	**197.299**	**79.503**	**19.742**	**296.544**
Net book amount				
Balance at 31 December 2018	**1.989.077**	**25.700**	**105.601**	**2.120.378**
Balance at 31 December 2017	**-**	**-**	**-**	**-**

Borrowings costs capitalised for qualifying assets during year amounted to €10.643 (2017: € -).

18. Investments in subsidiaries

	2018	2017
	€	€
Balance at 1 January	**28.385.805**	29.977.133
Additions	**-**	8.192.402
Impairment charge	**(30.836)**	(2.250.000)
Return of capital	**(1.007.254)**	(7.533.730)
Balance at 31 December	**27.347.715**	28.385.805

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2018 Holding %	2017 Holding %	2018 €	2017 €
Terna Bahrain Holding W.L.L.	Bahrain	Services	99,99	99,99	**14.063.279**	14.063.279
Terna Qatar LLC (1)	Qatar	Services	35	35	**13.283.367**	14.321.457
Malcem Construction Materials Ltd	Malta	Dormant	75	75	**-**	-
Terna Contracting W.L.L. (2)	Bahrain	Services	0,01	0,01	**169**	169
QE Energy Europe Ltd	Cyprus	Supply of gas	90	90	**900**	900
					27.347.715	28.385.805

(1) During the year there was a return of capital to the Company from Terna Qatar for the amount of €1.007.254.

(2) 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.

19. Investments in associates

	2018	2017
	€	€
Balance at 1 January	**7.082.979**	7.082.979
Disposals	**(2.120.714)**	-
Balance at 31 December	**4.962.265**	7.082.979

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	2018 Holding %	2017 Holding %	2018 €	2017 €
Icon Borovets EOOD (1)	Bulgaria	Real estate		33,96	**-**	2.120.714
Icon EOOD	Bulgaria	Real estate	16,47	16,47	**4.962.265**	4.962.265
					4.962.265	7.082.979

(1) On 19 December 2018, the Company proceeded with the sale of investment in associated company Icon Borovets EOOD and recognised a loss on disposal of €320.174.

20. Trade and other receivables

	2018	2017
	€	€
Trade receivables	**1.301.304**	1.386.253
Less: credit loss on trade receivables	**(49)**	-
Trade receivables - net	**1.301.255**	1.386.253
Receivables from own subsidiaries (Note 27.5)	**12.354.882**	7.956.511
Receivables from associates (Note 27.5)	**10.036.288**	8.688.564
Receivables from parent (Note 27.5)	**166.500**	166.500
Less: credit loss on receivables from related parties	**(10.594)**	-
Deposits and prepayments	**1.266.068**	1.645.181
Deferred expenses	**106.270**	205.518
Other receivables	**63.517**	9.944
Refundable VAT	**849.728**	86.245
	26.133.914	20.144.716

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

For a summary of key terms and conditions relating to the balances with related parties, refer to note 27 of the financial statements.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 6 of the financial statements.

21. Cash and cash equivalents

	2018	2017
	€	€
Cash at bank and in hand	**5.543.513**	1.484.724
Bank deposits	**603.747**	600.000
	6.147.260	2.084.724

21. Cash and cash equivalents (continued)

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

	2018	2017
	€	€
Cash at bank and in hand	**5.543.513**	1.484.724
	5.543.513	1.484.724

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

22. Share capital and share premium

Issued and fully paid	**Number of shares**	**Share capital**	**Share premium**	**Total**
		€	**€**	**€**
Balance at 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/ 1 January 2018	**403.605**	**4.036.050**	**92.599.150**	**96.635.200**
Issue of shares in 2018	6.125	61.250	1.408.750	1.470.000
Balance at 31 December 2018	**409.730**	**4.097.300**	**94.007.900**	**98.105.200**

Authorised capital

On 29 June 2018 the authorised share capital of the Company was increased from 403.605 ordinary shares of €10 each to 404.030 ordinary shares of €10 each.

On 24 September 2018 the authorised share capital of the Company was increased from 404.030 ordinary shares of €10 each to 405.530 ordinary shares of €10 each.

On 28 September 2018 the authorised share capital of the Company was increased from 405.530 ordinary shares of €10 each to 409.730 ordinary shares of €10 each.

Issued capital

On 29 June 2018, the Company issued 425 additional ordinary shares of nominal value €10 each (additional share capital €4.250) at a premium of €230 each (additional share premium €97.750).

On 24 September 2018, the Company issued 1.500 additional ordinary shares of nominal value €10 each (additional share capital €15.000) at a premium of €230 each (additional share premium €345.000).

On 28 September 2018, the Company issued 4.200 additional ordinary shares of nominal value €10 each (additional share capital €42.000) at a premium of €230 each (additional share premium €966.000).

23. Advances from shareholders

	2018	2017
	€	€
Balance at 1 January	**-**	-
Proceeds during the year	**2.068.000**	-
Balance at 31 December	**2.068.000**	-

23. Advances from shareholders (continued)

The advance from shareholders is made available to the Board of Directors for future increases of the share capital of the Company and are not refundable.

24. Borrowings

	2018	2017
	€	€
Balance at 1 January	**694.740**	654.740
Interest charged	**40.000**	40.000
Balance at 31 December	**734.740**	694.740

	2018	2017
	€	€
Current borrowings		
Loans from associates (Note 27.7)	**734.740**	694.740
	734.740	694.740

25. Trade and other payables

	2018	2017
	€	€
Trade payables	**5.206.523**	1.714.875
Social insurance and other taxes	**66.387**	4.203
Payables to parent (Note 27.6)	**4.163.164**	2.491.415
Accruals	**201.230**	17.563
Payables to own subsidiaries (Note 27.6)	**2.708**	-
Payables to associates (Note 27.6)	**954.548**	868.952
	10.594.560	5.097.008
Less non-current payables	**(5.120.420)**	(3.360.367)
Current portion	**5.474.140**	1.736.641

For a summary of key terms and conditions relating to the balances with related parties, refer to note 27 of the financial statements.

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

26. Current tax liabilities

	2018	2017
	€	€
Corporation tax	**368.901**	294.859
Special contribution for defence	**491**	-
	369.392	294.859

27. Related party transactions

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.

27. Related party transactions (continued)

The following transactions were carried out with related parties:

27.1 Directors' remuneration

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

	2018	2017
	€	€
Directors' fees	**1.200**	2.100
	1.200	2.100

27.2 Sales of goods and services

	2018	2017
	€	€
Terna S.A. Serbia Branch	**2.874.140**	2.985.780
Terna S.A. Cyprus Branch	**31.899**	-
Terna S.A. Abu Dhabi Branch	**14.065**	10.556
Terna S.A. Sharjah Branch	**14.065**	11.715
QE Energy Europe Ltd	**-**	10.000
Terna S.A. Bulgaria Branch	**15.000**	-
Terna Contracting WLL	**2.500**	-
Terna S.A. Saudi Arabia	**25.128**	-
	2.976.797	3.018.051

27.3 Purchases of property plant and equipment

	2018	2017
	€	€
Terna S.A.	**1.605.973**	-
	1.605.973	-

27.4 Loan interest expense

	2018	2017
	€	€
Terna Energy Overseas Ltd	**40.000**	40.000
	40.000	40.000

27. Related party transactions (continued)

27.5 Receivables from related parties (Note 20)

Name	Nature of transactions	**2018** €	2017 €
Malcem Construction Material Ltd	Finance	**76.051**	76.819
Terna Bahrain Holding WLL	Finance	**11.752.216**	7.359.429
Terna Contracting WLL	Finance	**2.488**	-
QE Energy Europe Ltd	Finance	**522.930**	520.264
Icon Borovets Eood	Finance	**271.930**	274.677
Terna S.A. Sharjah Branch	Finance	**14.065**	11.715
Terna S.A. Libya Branch	Finance	**530.606**	533.272
Icon Eood	Finance	**1.800.000**	141.186
Terna S.A. Abu Dhabi Branch	Finance	**14.052**	10.555
Terna S.A. Ogranak	Trade	**5.509.012**	5.822.750
Terna S.A. Cyprus Branch	Finance	**29.905**	-
Terna S.A Branch of Saudi Arabia	Finance	**24.877**	-
Terna S.A. Branch Bulgaria	Finance	**14.988**	168.780
Terna S.A. Iraq Branch	Finance	**1.818.290**	1.725.628
Terna S.A. Greece	Finance	**165.668**	166.500
		22.547.078	16.811.575

The receivables from related parties were provided interest free, and there was no specified repayment date.

27.6 Payables to related parties (Note 25)

Name	Nature of transactions	**2018** €	2017 €
Terna SA Sharjah Branch	Finance	**953.648**	866.500
Terna S.A. Greece	Finance	**4.163.164**	2.491.415
QE Energy Europe Limited	Finance	**900**	900
Terna S.A Abu Dhabi Branch	Finance	**-**	1.552
Terna Bahrain Holding WLL	Finance	**2.708**	-
		5.120.420	3.360.367

The payables to related parties were provided interest free, and there was no specified repayment date.

27.7 Loans from related parties (Note 24)

	2018 €	2017 €
Terna Energy Overseas Ltd	**734.740**	694.740
	734.740	694.740

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

27.8 Shareholders' current accounts - debit balances (Note 20)

	2018 €	2017 €
Terna S.A.	**165.668**	166.500
	165.668	166.500

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

27. Related party transactions (continued)

27.9 Shareholders' current accounts - credit balances

	2018	2017
	€	€
Terna S.A.	**3.808.654**	2.491.415
	3.808.654	2.491.415

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

28. Parent company

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

29. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2018.

30. Commitments

The Company had no capital or other commitments as at 31 December 2018.

31. Accounting policies up to 31 December 2017

Accounting policies applicable to the comparative period ended 31 December 2017 that were amended by IFRS 9 and IFRS 15, are as follows.

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.

  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.

31. Accounting policies up to 31 December 2017 (continued)

Construction contracts (continued)

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).

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.

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.

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.

(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.

31. Accounting policies up to 31 December 2017 (continued)

Financial instruments (continued)

<u>Financial assets</u> (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 onavailable-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 foravailable-for-sale securities 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.

Derecognition of financial assets and liabilities

<u>Financial assets</u>

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.

31. Accounting policies up to 31 December 2017 (continued)

Derecognition of financial assets and liabilities (continued)

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.

32. 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 4

ADDITIONAL INFORMATION TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

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TERNA OVERSEAS LIMITED

DETAILED INCOME STATEMENT
31 December 2018

	Page	2018 €	2017 €
Revenue			
Rendering of services		**2.847.140**	3.341.730
Cost of sales	3	**(2.592.108)**	(3.058.511)
Gross profit		**255.032**	283.219
Gross profit from contract work	4	**228.128**	540.570
Gross profit		**483.160**	823.789
Other operating income			
Commissions received		**387.679**	-
Sundry operating income		**419.321**	-
		1.290.160	823.789
Operating expenses			
Administration expenses	5	**(1.127.035)**	(181.086)
		163.125	642.703
Other operating expenses			
Impairment charge - loans to related parties		**(10.594)**	-
Impairment charge - trade receivables		**(49)**	-
Loss from sale of investments in associates		**(320.714)**	-
Impairment charge - investments in subsidiaries		**(30.836)**	(2.250.000)
Operating loss		**(199.068)**	(1.607.297)
Finance income	6	**189.384**	143.627
Finance costs	6	**(188.904)**	(351.054)
Net loss for the year before tax		**(198.588)**	(1.814.724)

COST OF SALES
31 December 2018

	2018	2017
	€	€
Cost of sales		
Direct costs		
Salaries	**330.246**	572.738
Telephone and postage	**-**	753
Subcontracted work	**9**	-
Services received	**2.211.290**	2.409.809
Commissions payable	**9.692**	-
Transportation expenses	**40.871**	75.211
	2.592.108	3.058.511

PROJECTS FOR THIRD PARTIES
31 December 2018

	2018	2017
	€	€
Projects for Third Parties		
Work certified on uncompleted projects:		
At the beginning	**(23.762.331)**	(2.139.515)
At the end	**57.690.452**	23.762.331
Work in progress:		
At the beginning	**23.168.273**	2.086.027
At the end	**(56.868.266)**	(23.168.273)
	228.128	540.570
Gross profit from contract work	**228.128**	540.570

TERNA OVERSEAS LIMITED

ADMINISTRATIVE EXPENSES
31 December 2018

	2018 €	2017 €
Administration expenses		
Staff salaries	**226.633**	-
Social insurance	**14.006**	14.392
Social cohesion fund	**3.861**	3.942
Rent	**11.016**	4.800
Common expenses	**402**	-
Annual levy	**350**	350
Electricity	**902**	720
Insurance	**84.333**	66.572
Repairs and maintenance	**60**	7.620
Sundry expenses	**47.878**	33.567
Telephone and postage	**815**	-
Courier expenses	**61**	381
Stationery and printing	**262**	733
Subscriptions and contributions	**1.428**	1.428
Staff training	**193**	-
Certification and legalisation expenses	**1.206**	1.384
Auditors' remuneration	**6.400**	8.900
Accounting fees	**59.883**	30.343
Other professional fees	**6.673**	3.854
Directors' fees	**1.200**	2.100
Revenue stamps	**48.128**	-
Travelling	**44.101**	-
Expenses for leasimg of equipment	**387.279**	-
Services received	**179.965**	-
	1.127.035	181.086

FINANCE INCOME/COST
31 December 2018

	2018 €	2017 €
Finance income		
Bank interest	**9.235**	3.278
Realised foreign exchange profit	**2**	102
Unrealised foreign exchange profit	**180.147**	140.247
	189.384	143.627

	2018 €	2017 €
Finance costs		
Interest expense		
Loan interest	**40.000**	40.000
Sundry finance expenses		
Bank charges	**15.830**	8.782
Net foreign exchange losses		
Realised foreign exchange loss	**861**	12.689
Unrealised foreign exchange loss	**132.213**	289.583
	188.904	351.054

TERNA OVERSEAS LIMITED

COMPUTATION OF DEFENCE CONTRIBUTION
31 December 2018

	Income	Rate	Defence
	€		€ c
INTEREST			
Interest that was subject to deduction at source	6.930		
	6.930	30%	2.079,00
Less: deductions at source			(2.079,00)
DEFENCE CONTRIBUTION DUE TO IRD			-

COMPUTATION OF CORPORATION TAX
31 December 2018

	Page	€	€
Net loss per income statement	2		(198.588)
Add:			
Loss from sale of investments in associates		320.714	
Impairment charge - investments in subsidiaries		30.836	
Impairment charge - loans to related parties		10.594	
Impairment charge - trade receivables		49	
Certification and legalisation of documents		1.206	
Capital duties for increase of share capital (included in professional fees)		696	
Bank Guarantee and commissions payable (included in CoS)		9.692	
Construction expenses re Ayia Napa Marina (refer to calculation re 51% & 7% completion)		33.699.993	
Disallowance of non-statutory administration expenses as per allocation schedule		60.264	
			34.134.044
			33.935.456
Less:			
Reversal of impairment - available-for-sale financial assets		6.930	
FX not relating to trading in FX (for own account)		47.075	
Construction income re Ayia Napa Marina (refer to calculation re 51% & 7% completion)		33.928.121	
			(33.982.126)
Net loss for the year			(46.670)

Calculation of corporation tax	Loss €	Rate %	Total € c
Tax at normal rates:			
Net (loss) as above	(46.670)	12,50	-
Tax paid provisionally	-		(3.648,88)
TAX REFUNDABLE			(3.648,88)